Dear Margaret

Changes to NI Renewable Heat Incentive payments

Thank for your email of 1 May, as to which please find our responses to your follow-up points:

Committee follow-up point:

Documentation on Moy Park’s signposting/support for farmers to RHI. Including documentation to show grower had two choices (Mr Coleman said he didn’t have them with him but that Moy Park would have it). (Qs 5-10 and Q34)

Moy Park Response:

In the pre-read pack of documents we provided to the Committee on 19 April, and again when I was giving evidence to the Committee, mention was made of Moy Park’s Focus to Win Strategy and Plan to Grow Investment (2011 – 2017) which (not by design) coincided with the Northern Ireland RHI Scheme. The Plan to Grow Strategy presentations and publications were previously disclosed to the RHI Inquiry as exhibits to our then CEO, Janet McCollum’s witness statement to the RHI Inquiry.

The link to the RHI Inquiry website is: https://www.rhiinquiry.org/, and Janet McCollum’s statement can be found by clicking first on the “Evidence” tab followed by the “Witness Statement” tab, and then scroll down to the relevant witness statement. All witness statements are in chronological (Date of Publication) order - Janet’s witness statement was published on 28 June 2018. The Moy Park presentations and publications relevant to your follow-up point are contained in Exhibit 9 and its appendices – see Appendix 4 of Janet’s witness statement on the RHI website, as to which the link is https://www.rhiinquiry.org/sites/rhi/files/media-files/WIT-264123toWIT-264284JanetMcCollum-MoyParkLtd_Redacted-Part4.pdf.

Committee follow-up point:

An initial number, which may evolve over time, of the number of growers going back to LPG/gas boilers (Qs 25-28)

Moy Park Response:

Based on our figures for Northern Ireland suppliers, there are currently (1/5/2019) 717 sheds using biomass boilers (895,357m2).
The proposed tariff payments are such that we believe Growers will find it an economic imperative to switch to LPG as the source of heating for Indirect Heating systems – based on maintenance costs, fuel cost differentials the low level of RHI income and cash flow.

We estimate that 65% of these are already currently capable of heating using indirect gas (466 sheds, 581,982m²). In these cases an LPG Hot Water Boiler was fitted as part of the installation to act as an emergency backup system so is completely interchangeable for the Grower.

Of the remaining 35% of installations c.20% of Growers have made contact expressing a wish to install a LPG Hot Water Boiler linked to the Hot Water system (Moy Park has supported through AHP all such installations and will continue to do so for these cases) currently supplied by the Biomass Boiler on its own. This work could be completed before the end of this year (143 sheds, 179,071m²).

In total we might expect to see (609 sheds and 761,053m²) using LPG rather than wood pellet by the end of the year, with the remaining converting in early 2020.

Committee follow-up point:

*Whether Moy Park senior Executives met with Northern Ireland Ministers at the time the RHI Scheme was being introduced, or with senior leadership teams (Q66)*

Moy Park Response:

All interactions between Moy Park and public bodies were similarly listed in Janet McCollum’s witness statement, which are to be found in parts 2 & 3 of Janet’s witness statement on the RHI website. Specifically, the summary of public body interactions is in Exhibit 7: https://www.rhiinquiry.org/sites/rhi/files/media-files/WIT-263828toWIT-263995JanetMcCollum-MoyParkLtd_Redacted-Part2.pdf.

There were no RHI Scheme meetings with Northern Ireland ministers until 5 January 2017 and 9 January 2017, when Moy Park met with the Department of the Economy and with the Department of Finance respectively. Both meetings were at the invite of the Departments, and a copy of the presentation which was made to each Department is in Appendix 18 to Exhibit 7: https://www.rhiinquiry.org/sites/rhi/files/media-files/WIT-263996toWIT-264122JanetMcCollum-MoyParkLtd_Redacted-Part3.pdf.

I am also taking the opportunity to attach some additional comments in response to some points raised by the Committee.

Yours sincerely,

Justin Coleman
Agri Business and Live Production Services Director
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| The NI RHI Scheme opportunity for Growers | • The NI RHI Scheme presented a potential business opportunity for Growers.  
• Moy Park signposted (but it did not drive) Growers to the RHI Scheme, which at the time was a bona fide government devised and sponsored scheme which Moy Park supported. The Moy Park promotional literature is consistent on this point.  
• The final decision on whether to use LPG or biomass (or any other fuel for that matter) as the primary heat source for heating poultry sheds was (and remains) a matter solely for the Growers and their advisers. Moy Park did not influence or participate in any Grower’s decision-making process. The heat source utilised was not important for Moy Park.  
• The tariffs received by a Grower were for the sole benefit of the Grower alone and were never reflected in annual flesh price negotiations, and specifically any of the performance adjustments and target expenses. No Grower has been treated detrimentally by Moy Park, nor has Moy Park benefitted financially, as a result of Grower RHI Scheme participation.  
• At no point did Moy Park ever make RHI Scheme accreditation a condition of housebuilding or retrofits. Moy Park’s only requirement (supported by Moy Park Additional House Payments - AHP) was for indirect hot water heating to be installed in each poultry house, and that an LPG backup boiler was also installed (although some Growers also installed biomass backup boilers). |
| Parity of treatment for Moy Park Growers | • Moy Park acknowledges its market position as the largest purchaser/producer of chickens in NI. Over 80% of NI produced chicken is for the GB market.  
• Moy Park treats its NI and GB Growers comparably, given the c50:50 split of poultry production between GB and in NI. It operates a level playing field so that for example in matters such a transport costs, feed and fuel etc, which are higher in NI than in GB, Moy Park smooths any such cost differentials in matters over which it has control, across its business as a whole. It has no control over RHI Scheme tariffs and excludes these from its commercial reviews and negotiations with the Growers (and more specifically the Grower Committees).  
• Moy Park accepts that within the UK, the degree of difference between the NI and GB RHI Schemes financially has a discriminatory impact on Moy Park’s NI Growers and advocates parity between both jurisdictions. It is not unreasonable for all UK Growers to expect the same treatment on foot of a UK government environmental program that was designed by its architects to provide financial incentives to increase the uptake of renewable heat.  
• Moy Park cannot be reasonably expected to plug the financial gap brought about by changes to the NI RHI Scheme. The disparity as between NI and GB Growers can only be corrected by the UK government. |
| Hot water heating in poultry sheds - benefits | • The benefits that hot water heating provides cannot be taken in isolation and instead properly need to be considered in combination with other factors such as improvements in feed mix, ventilation, genetics etc.  
• Hot water heating certainly helped improved bird performance and welfare. But, this would have been the case regardless of the heat source.  
• The biggest Grower cost = feed, and if feed conversion rate (FCR) is improved as a result of indirect hot water heating (and as to which it is irrelevant whether LPG or wood pellets are used), that drives down Grower costs, and associated target expenses (and consequently performance is improved). Both Moy Park and the Growers benefit.  
• Indirect heat, regardless of source (be it LPG or biomass) drives efficiency improvements. Moy Park did not benefit from the RHI Scheme tariffs, but rather from the hot water heating in the poultry houses. The RHI Scheme did not of itself provide any enhanced financial benefits to Moy Park. |