

**Central Finance Group  
Supply 1**

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**Mr Iain McFarlane, (by e-mail)**  
**Department of Enterprise Trade and Investment**  
**Netherleigh**  
**Massey Avenue**  
**Belfast,**  
**BT4 2JP**

**9 September 2011**

**Dear Iain,**

**APPOINTMENT OF OFGEM TO CARRY OUT A FEASIBILITY STUDY INTO  
THE ADMINISTRATION ARRANGEMENTS FOR THE RENEWABLE HEAT  
INCENTIVE (RHI) FOR NORTHERN IRELAND**

I refer to your submission of 31 August 2011 seeking DFP approval to the appointment of Ofgem to carry out the above feasibility at a cost of £98k. It is proposed to appoint Ofgem to carry out this work via a Direct Award Contract. It is noted that your Departmental Accounting Officer has approved this course of action and CPD has concluded that there is 'minimal risk in engaging Ofgem' to undertake this work.

Having considered the submission, I am satisfied that a reasonable case has been made and accordingly I am content to convey DFP approval to this proposal.

In considering this letter, it should be noted that DFP Supply approval is granted subject to the strict adherence to the following three conditions:

- that the project is commenced within 24 months of the date of this letter;
- that there are no substantial changes to the scope/scale of the project as described in the business case;
- that resource or capital costs or assumptions vary by no more than 10% from the value stated;

Requests for revised approval will take account of factors such as:

- Where Supply is approached on the earliest indication that compliance with one or more of the above conditions is under question.
- Adherence to correct appraisal procedure;

Should the request for DFP Supply approval be declined, these factors, along with any other mitigating circumstances will be taken into account when determining the extent of the irregular spend.

DFP does not require a PPE to be submitted for this project; however suitable arrangements for PPE must still be made; i.e. a PPE must be completed by 30 April 2012. DFP will require an assurance that this PPE has been completed and may ask to see it at a later date for the purposes of quality assurance.

It should be noted that this approval relates solely to agreement to proceed with the project. It does not imply approval for expenditure to be incurred beyond existing agreed public expenditure controls.

Yours sincerely,

Sylvia Sands

**SYLVIA SANDS**

cc Jill Hawthorne DETI  
Gerry McAvera DETI  
Stuart Stevenson  
Sylvia Sands