



Department of Enterprise, Trade and Investment – Energy Division

Risk Register – Domestic RHI

Document Review History

Date of Review	Change
	Risk Register opened – initial entries

Project Risks

This section outlines the key risks facing the introduction of the Domestic Renewable Heat Incentive (RHI) scheme. These risks have been identified by the Renewable Heat Branch, Energy Division, during the planning and development of the scheme.

This register details the assessment of the key risk areas; the associated controls; and actions required to mitigate these risks. Each risk has been assessed for its severity to the business and for the effectiveness of the controls currently operating.

This risk assessment has been undertaken by considering:

- the impact that each risk would have on the project should it occur; and
- the likelihood of the risk materialising

Each risk has then been assessed against a risk assessment chart to show its relative significance to the project. Further analysis of each risk is detailed including :

- the controls currently in place to manage/mitigate the risk; and
- any additional actions considered necessary to fully manage the risk.

Finally, each risk is assigned a risk owner

The Register is a dynamic document. As the scheme progresses, any newly identified risks will be added to the Register and any initially placed on the Register, but no longer considered appropriate, will be removed. The Register will be held by the Project Manager who will be responsible for its upkeep.

The approach to assessment of the risks attaching to the project mirrors the DETI corporate approach to risk management.

Department of Enterprise, Trade and Investment – Renewable Heat Incentive Branch – Domestic Renewable Heat Incentive Scheme

Annotated by RHI Inquiry
DFE on 12/17

Risk

A. Incorrect tariff levels set (either too high or too low)

Risk owner

John Mills

Specific Objective

- To develop an appropriate incentive mechanism to increase the levels of renewable heat in Northern Ireland, to a level of 10% by 2020. (Domestic)

Risk Indicators

- Lack of interest/uptake amongst consumers (indicating tariffs are too low).
- Higher than expected uptake or overspending on profiled budget (indicating tariffs are over generous).

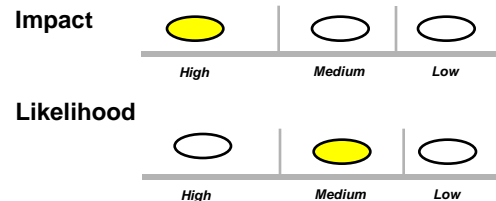
Potential root causes

- Incorrect assumptions made in tariff-setting methodology i.e. underestimating or overestimating the capital/operating/fuel costs of renewable technology or fossil fuel counterfactual.
- Unexpected changes in fuel prices i.e. Oil increases significantly or the cost of renewables decrease.

Additional actions required to fully manage the risk

- Ongoing monitoring of uptake levels.
- Ongoing monitoring of technology / fuel costs of renewable heat.
- Planned reviews of the scheme so tariffs can be revised depending on market conditions. Power to hold emergency reviews if required.

Risk rating



Potential business implications

- Low uptake of renewable heat incentive – renewable heat industry stalls and opportunities for ‘green jobs’ lost.
- Technologies are over-incentivised, forces a cut in tariffs at a later date and a loss of confidence in the incentive scheme.
- Unintended impact of potential expansion of gas network.

How is this risk currently managed: partially managed to an acceptable level of risk

- Economic Appraisal consistent with NIGEAEA guidelines has supported the development of appropriate tariff levels.
- External consultants have advised on technology assumptions and appropriate methodology for determining tariff levels.
- Economic model developed to assess future potential uptake and expected costs.
- Tariff levels consulted on (July 2013) with stakeholders offering advice and evidence where changes were necessary.

Criticality (H,M,L)	Name	Target Date
H	Davina McCay	Ongoing - monthly
H	D McC	Ongoing - monthly
H	D McC	2016/2017

Annotated by RHI Inquiry

Risk

B. Failure in administration of domestic RHI.

Risk owner

John Mills

Specific Objective

- To develop an appropriate incentive mechanism to increase the levels of renewable heat in Northern Ireland, to a level of 10% by 2020. (Domestic)

Risk Indicators

- Delays in dealing with applications, accreditations and payments.
- Stakeholders complaining about application process.
- System overly complicated.
- Lack of data being collected.

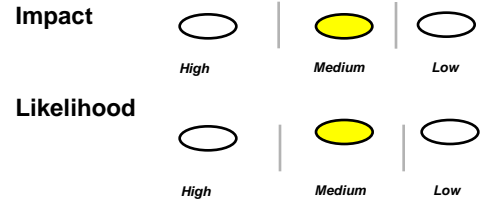
Potential root causes

- Lack of resources in DETI.
- Difficulties in IT systems.
- High uptake meaning existing staffing levels not appropriate.
- Delay in procuring an external service provider.

Additional actions required to fully manage the risk

- Operating procedures to be developed.
- Existing IT systems to be amended.
- Procurement of external delivery agent.

Risk rating



Potential business implications

- Lack of confidence in scheme.
- Potential applications lost.
- Target not achieved.

How is this risk currently managed: partially managed to an acceptable level of risk

- Sufficient resources earmarked.
- IT systems well developed for RHPP to be adapted.
- Lessons learned from RHPP scheme.

Criticality (H,M,L)	Name	Target Date
H	DMcC	May 2014
H	DMcC	June 2014
H	DMcC	March 2015

Department of Enterprise, Trade and Investment – Renewable Heat Branch – Renewable Heat Incentive Scheme

Annotated by RHI Inquiry on 17/01/2017

Risk

C. Attempted fraud

Risk owner

John Mills

Specific Objective

- To develop an appropriate incentive mechanism to increase the levels of renewable heat in Northern Ireland, to a level of 10% by 2020. (Domestic)

Risk Indicators

- Duplicate / false applications
- Unusual meter readings (too high for expected output)
- Lack of information provided to administrator.
- Use of unregistered installers
- Non-compliance with ongoing obligations

Potential root causes

- Desire to de-fraud for financial gain.

Additional actions required to fully manage the risk

- Assessment of applications
- Investigation of suspected fraud
- Suspension / recovering of RHI payments

Risk rating

Impact



Likelihood



Potential business implications

- Scheme is de-frauded.
- Target missed because of overpayments where no heat generated.
- Confidence in market affected.
- Impact of administration – time taken to investigate fraud.

How is this risk currently managed: partially managed to an acceptable level of risk

- Checks to applications.
- Physical verification of sites.
- Random checks to sites throughout scheme.
- Requirements of detailed information for each installation
- Use of MCS under 45kw installations
- Instances of suspected fraud investigated and payments stopped.

Criticality (H,M,L)

Name

Target Date

H
H
H

DMcC
DMcC
DMcC

Ongoing
Where necessary
Where necessary

DFE-163473

Department of Enterprise, Trade and Investment – Renewable Heat Branch – Renewable Heat Incentive Scheme

Annotated by RHI Inquiry on 12/01/2017

Risk

D. Failure of renewable heat supply

Risk owner

John Mills

Specific Objective

- To develop an appropriate incentive mechanism to increase the levels of renewable heat in Northern Ireland, to a level of 10% by 2020. (Domestic)

Risk Indicators

- Lack of supply of renewable heating fuels or technologies.
- Lack of skills in terms of renewable heat installations.
- Demand for renewable heat technologies outstripping supply.

Potential root causes

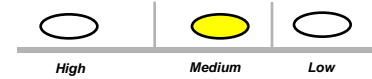
- Presence of an immature renewable heat market.
- Lack of developed supply chains for key fuels.
- Businesses unable to meet increased demand associated with introduction of RHI.
- Lack of available training / awareness for potential installers.

Additional actions required to fully manage the risk

- Ongoing engagement with key industry stakeholders.
- Promotion of RHI opportunities.
- Liaison with relevant Departments and Agencies to develop skills in this sector.

Risk rating

Impact



Likelihood



Potential business implications

- Low uptake of renewable heat incentive – renewable heat industry stalls and opportunities for 'green jobs' lost.
- Confidence in renewable heat market drops due to lack of supply.

How is this risk currently managed: partially managed to an acceptable level of risk

- Work of the Cross-Departmental group on renewable heat, including representatives from DARDm DEL and Invest NI.
- Using MCS for <45kw installations to ensure standards.

Criticality (H,M,L)

Name

Target Date

H	DMcC
H	DMcC
H	DMcC

Ongoing
Ongoing
Ongoing and
biannual meeting of
cross departmental
group.