

From: [Hawthorne, Jill](#)
To: [McFarlane, Iain](#)
Cc: [McAvera, Gerry](#)
Subject: FW: DFP Approval required for a feasibility study into the administration arrangements for a NI RHI
Date: 30 August 2011 10:21:10
Attachments: [Signed Business Case - feasibility study - Aug 11.pdf](#)
[SUB 1155 Minister content.pdf](#)
[DFP proforma - feasibility study into RHI admin.doc](#)
[DAC form - signed by D Sterling.PDF](#)
[TRIM RE DAC Form - RHI administration and engagement with Ofgem.msg](#)

Iain,

Did this make its way to DFP in my absence? I am still working through my emails but on a first scan I can't see anything.

I have had Fiona Hepper on the phone this morning seeking an update on progress.

Jill

Jill Hawthorne

Accountability and Casework
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9616 (ext: 29616)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Hutchinson, Peter
Sent: 22 August 2011 12:28
To: McFarlane, Iain
Cc: Hepper, Fiona; McCutcheon, Joanne; Hawthorne, Jill; McAvera, Gerry
Subject: FW: DFP Approval required for a feasibility study into the administration arrangements for a NI RHI

Iain,

In Jill's absence please see response to the queries she had raised;

- **Corporate Governance arrangements:** DETI will work with Ofgem to ensure that appropriate governance structures and reporting arrangements are considered as part of this feasibility study and put in place in any future contract. Ofgem will advise on appropriate structures based on previous experience of dealing with DECC on the Renewables Obligation, the Feed-in-Tariff and GB Renewable Heat Incentive (RHI), as well working with DETI on the NI Renewables Obligation. DETI will ensure that proposed structures are fit for purpose and suitable for DETI. Energy Division is happy to work with Accountability and Casework Branch on this aspect to make sure the agreed structures are appropriate.
- **Resource requirement:** Energy Division will require robust evidence on the rationale

for resources (both staffing costs and non-staffing costs) for delivering the NI RHI. The ongoing resource costs will also need to be subject to review as this will be dependent on the uptake of the RHI i.e. low uptake should result in lower resource costs. DETI can also utilise costings provided by Ofgem to DECC for the GB RHI as a benchmark figure.

- **Direct Award:** It is Energy Division's view that Ofgem are the only organisation that can successfully deliver the RHI and also present the best vfm considering the work carried out previously on the GB RHI. This is a view shared by DECC who contracted directly with Ofgem also. Ofgem, in its role as Energy Regulator in GB, has the expertise and understanding of the energy market to implement and run the RHI, Ofgem is also a trusted industry body with a track record of delivery. It is difficult to identify other suitable organisations that could deliver the NI RHI successfully or in the timeframe required. The expertise already built up by Ofgem in this area is vital for DETI, especially the development of specific IT systems that could be utilised by DETI for the NI RHI. Ofgem are described as the 'authority' under the [primary legislation](#) which underpins the RHI scheme and grants them powers to run the scheme, make payments and seek information from consumers.

I hope this covers the queries to date.

I have received confirmation from CPD that they are content with the DAC on the basis that the DAO has approved and that there "*would seem to be minimal risk in engaging Ofgem*". I have asked CPD to add their signature to the attached pro forma already signed by David Sterling but in advance of receipt of this I have attached the confirming email.

Thanks,

Peter

Peter Hutchinson

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9532 (ext: 29532)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Hawthorne, Jill
Sent: 19 August 2011 18:22
To: Hutchinson, Peter
Cc: McAvera, Gerry; McFarlane, Iain
Subject: FW: DFP Approval required for a feasibility study into the administration arrangements for a NI RHI

Peter,

As per our phone conversation, we have considered and would be grateful if you provide clarity on the following points:

- The business case states that the proposed consultancy will examine and report on the required 'high level reporting and governance structure between Ofgem E-Service and DETI'. Given that the programme will be administered by Ofgem, does this not represent a potential conflict of interest? Should governance and reporting arrangements not be dictated by the responsible department rather than the delivery agent?
- I understand that the costs Ofgem's service delivery costs (e.g. staff, IT) will be met by the Department. I note that the proposed feasibility study will assess the necessary resource requirement to administer the programme. How will the Department satisfy itself that the resource requirement, as identified by Ofgem through the feasibility study, is robust and is the absolute minimum required to administer the RHI.
- DETI Energy Division is proposing to seek the services of Ofgem to act as administrator of the NI RHI. However, the business case makes no assessment of alternative delivery agents. Have alternative options been explored?

I am off on leave next week so grateful if you could liaise with Iain in my absence.

Thanks,

Jill

Jill Hawthorne

Accountability and Casework
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9616 (ext: 29616)
Textphone: 028 9052 9304
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: Hutchinson, Peter
Sent: 12 August 2011 16:37
To: Hawthorne, Jill
Cc: Hepper, Fiona; McCutcheon, Joanne; McFarlane, Iain; Stewart, Susan
Subject: DFP Approval required for a feasibility study into the administration arrangements for a NI RHI

Jill,

Please see attached signed business case, approval from DAO and Minister and DFP pro forma for the engagement of consultants to consider the administration arrangements for the Northern Ireland RHI.

It is proposed to appoint Ofgem to carry out this work. This will be done via a Direct Award Contract, DAO has approved this course of action and approval is now being sought from CPD (preliminary discussions indicated they would be content to approve).

Grateful if you would engage with DFP Supply on this issue and seek necessary approvals. This work is scheduled to begin 1 September, this is important to allow for the study to complete in

time for scheme to be in place for April 2012.

Many thanks,

Peter

Peter Hutchinson

Sustainable Energy

Department of Enterprise, Trade & Investment

Netherleigh

Massey Avenue

Belfast, BT4 2JP

Tel: 028 9052 9532 (ext: 29532)

Textphone: 028 9052 9304

Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?