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**To:** [Private Office DETI](#)  
**Cc:** [Thomson, David](#); [Cooper, Trevor](#); [Ross, Alastair](#); [Lamont, Alan](#); [McCune, David](#); [David Beck](#)  
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**Subject:** JUNE MONITORING 2012 - ETI COMMITTEE SUPPLEMENTARY INFORMATION  
**Date:** 29 June 2012 16:55:33  
**Attachments:** [MINISTER - JUNE MONITORING 2012 - ETI COMMITTEE SUPPLEMENTARY INFORMATION.DOC](#)

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*Please see attached briefing from Bernie Brankin, acting Head of Finance.*

*Thanks*

*Rae*

**Rae Smith**

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**FROM:** Bernie Brankin

**DATE:** 29 June 2012

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**TO:** 1. Andrew Crawford  
2. Arlene Foster MLA

**JUNE MONITORING 2012 – ETI COMMITTEE SUPPLEMENTARY INFORMATION**

**Issue:** The ETI Committee asked for supplementary information on June monitoring at its meeting on 21 June.

**Timing:** The reply is due with the ETI Committee Clerk by Friday 6 July 2012.

**Need for referral to the Executive:** N/A

**Presentational Issues:** None.

**Freedom of Information:** It may be possible to claim exemption for this submission under section 43 on commercial interests.

**Programme for Government /PSA Implications:** None identified at this stage.

**Financial Implications:** The information request covers additional information on two de minimis internal reallocations, which have a neutral effect on the DETI budget.

**Legislation Implications:** Not Applicable.

**Statutory Equality:** High-level Impact Assessments have been completed for all in-year monitoring proposals.

**Recommendation:** That you also confirm that you are content for this material to be used to brief the ETI Committee.

**Background**

1. At the ETI Committee meeting on 21 June 2012 members discussed the Departmental response to June Monitoring. At this meeting Committee members asked for additional information on what the funding will be used for in relation to the following de minimis bids:
  - £522k for the development and operating costs of the NI Renewable Heat Incentive Scheme; and
  - £224k to meet external consultancy requirements for new proposed Telecoms Broadband projects.
2. I attach draft response at to the ETI Committee at **Annex A**.
3. Please note the response and, if content, confirm that the supplementary information can be used to brief the ETI Committee.
4. I would be happy to discuss.



**BERNIE BRANKIN**

cc David Thomson  
Trevor Cooper  
Alastair Ross, MLA  
Alan Lamont  
David McCune  
David Beck  
Jeff Partridge  
LMU

**REQUEST FROM THE COMMITTEE**

## 1. The Committee has asked:

What the funding will be used for in relation to the de minimis bids of £522k for; (i) the development and operating costs of the NI Renewable Heat Incentive Scheme (p.11) and; (ii) £224k to meet external consultancy requirements for new proposed Telecoms Broadband projects (p12).

**DEPARTMENTAL RESPONSE**

- (i) £25m Annually Managed Expenditure budget was allocated to the NI Renewable Heat Incentive (RHI) Scheme in Budget 2011-15. The Committee will be aware of the current position in relation to the implementation of the NI RHI and the Department anticipates that this scheme will be launched once appropriate legislation is passed following the summer recess.

For the scheme to be implemented, detailed administration systems must be in place, these systems will deal with applications, queries, accrediting systems, making payments and enforcing the terms and conditions of the scheme. In GB, the administration of the scheme is undertaken by Ofgem, the energy regulator. Given anticipated economies of scale and savings in potentially prohibitive IT set-up costs for NI, Ofgem will also undertake the administration of the NI scheme. Ofgem has been appointed to this position via a direct award contract that was considered by Central Procurement Directorate and approved by the Departmental Accounting Officer. DETI is currently working with Ofgem to develop the appropriate systems for the NI RHI.

DETI is content that Ofgem are best placed to administer the NI RHI given its track record in managing large scale renewable energy projects in GB such as the Renewables Obligation, the Feed-in-Tariff and the RHI. Further to this Ofgem administer the Northern Ireland Renewables Obligation and therefore have existing knowledge of the NI energy market.

Costs are estimated at £522k in the initial year, which includes £386k development costs and £136k operating costs, and will be charged as managed service for the department. Exploiting synergies with the GB RHI will drive down the costs of administering the scheme whilst maintaining a high quality service to generators. Overall, it is estimated that using Ofgem's existing systems, that are currently in place for the GB RHI, could save somewhere between £3.2million and £5.15million with additional ongoing operational savings.

- (ii) Telecoms Policy Unit requires £224k to fund consultancy support to assist with the development and procurement of two initiatives aimed at enhancing broadband and mobile services in the region. One of the projects is related to the 2Mbps Universal Service Commitment and has a potential total value of circa £35-£45 million, and the other is related to the 4G mobile pilot project and has a potential total value of

circa £25-£30 million. Economic appraisals have been completed for these projects, and it is envisaged that the services of telecommunications engineers, legal professionals and geographic information systems experts will be essential in taking these projects forward. These specialist skills are not available in-house, and external consultants will therefore be required. The business case has been completed and the necessary approvals are in place, and the procurement tender process for the consultants has also been concluded. The projects will contribute to the NI Economic Strategy with regard to the provision of infrastructure for economic growth, and will also attract significant drawdown from the UK Broadband Fund and the EU Sustainable Competitiveness Programme.