

Northern Ireland RHI Ofgem / DETI Meeting

Teleconference between officials from DETI and Ofgem to discuss the development of the Northern Ireland Renewable Heat Incentive Scheme	From	Keith Avis	26 July 2012
	Date and time of Meeting	26 July 09:30 – 10:15	
	Location	9 Millbank	

1. Those Present

Ofgem

Luis Castro
Keith Avis
Rita Chohan
Paul Heigl
Marcus Porter
William Elliot
Michelle Murdoch

DETI

Peter Hutchinson

2. DETI update on EU notification under the TSD

- 2.1. DETI confirmed that they had sent the notification to DBIS on the 25th July 2012. DETI are expecting DBIS to submit this to the Commission before the end of the week. On the assumption that DBIS does this, this would mean that the earliest 'go-live' date would be the end of October 2012.
- 2.2. In case the standstill period is extended or the project is otherwise delayed, it was agreed that DETI and Ofgem should have in place contingency plans. DETI agreed to start considering what such plans might look like. .

Action Peter Hutchinson will email Paul Heigl with details of when the end of the 3 month standstill will be once Peter has this information.

The risk of delay to the project should be identified, and mitigation measures devised and enacted.

3. Update on Ofgem resourcing

- 3.1. Ofgem's new band C has started: Michelle Murdoch was introduced, and it was explained that she would be taking the guidance forward. Michelle is based in Glasgow.

Action Peter Hutchinson asked for a short paper with the development team's details. These details will include contact details and an overview of their responsibilities.

4. Update on the Administrative Arrangements

- 4.1. Ofgem informed DETI that it had been agreed internally that the form of the Administrative Arrangements should be relatively informal. Ofgem considered that this would be consistent with the primary legislation and with the arrangements under which Ofgem currently administers the GB RHI scheme on behalf of DECC. Although Ofgem had considered adopting a more formal approach, similar to the arrangements between NIAUR and Ofgem for the administration of the NIRO, it was not felt that such an approach was required here. Moreover, a more formal approach might potentially incur additional costs and delay.
- 4.2. DETI indicated that in principle they were happy with such approach, but would consult internally and return with a solid position once they had reviewed an initial draft of the proposed arrangements.
- 4.3. Ofgem are currently consulting internally on the first draft of the informal administrative arrangements paper. Once this has cleared internally Ofgem will share the draft with DETI.

5. Update on the Development Phase Arrangement

- 5.1. Ofgem informed DETI that this paper is essentially finished, awaiting final costs from internal departments. However Ofgem are currently confident that the development costs will not exceed those forecast in the original Feasibility Study and the level that DETI's committee have agreed on.
- 5.2. Ofgem will devise a paper that provides a brief narrative on what has changed and the impact on costs.
- 5.3. DETI also confirmed that they are happy with a formal letter that states that the costs will not exceed those already agreed upon. Ofgem stated that we expect to have that letter ready for mid-August.

Action Ofgem to provide a narrative on cost changes and send a formal letter confirming that the development costs will not exceed those already agreed.

6. Operational cost increases

- 6.1. Ofgem flagged to DETI that the operational costs have increased since they were estimated in the Feasibility Study. While the proportion/percentage of costs that DETI will incur will remain the same, the forecast for the UK total costs had increased.
- 6.2. Ofgem are meeting the GB RHI operational team on Monday to confirm reasons for those cost increases and will inform DETI of the impact to them.

Action Ofgem to provide more detail to DETI on operational increases.

7. Guidance & stakeholder engagement

- 7.1. DETI confirmed that they would be happy to lead a public consultation and run 1-2 stakeholder engagement events in NI with support from the Ofgem development team.

- 7.2. DETI understands that Ofgem will be developing the content of the guidance, but that DETI will lead on the consultation publication and response gathering.
- 7.3. Ofgem legal identified that Ofgem's authority to carry out functions under the NIRHI Regulations on DETI's behalf was effected by entry into the Administrative Arrangements. They therefore would have significant concern if Ofgem were to lead any consultation or stakeholder engagement, prior to the Administrative Arrangements document being agreed.

8. AOB

- 8.1. DETI stated that they are considering with their local lawyers whether regulations 23 and 25 should be amended as regards grants and, if so, in what manner.

Paul Heigl

26 July 2012