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Hi All,
Please find attached the NI RHI documents that have been uploaded for Bob's Surgery on Tuesday.
Thanks,

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# Northern Ireland Renewable Heat Incentive Initial Options Paper

## Options Paper

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**Overview:**

This paper will set out the delivery options for Ofgem's administration of the Northern Ireland Renewable Heat Incentive (NI RHI).

# Contents

# 1. Great Britain RHI Options Analysis

**Chapter Summary**

As agreed with DETI in order to keep the Northern Ireland Renewable Heat Incentive (NI RHI) development costs to a minimum, we will focus on the options considered for the Great Britain RHI scheme (GB RHI) and assess whether they can be applied to the NI scheme. This assessment will be based on areas of commonality between the schemes and maximising economies of scale gained from the preparatory work Ofgem performed in developing and implementing the GB RHI. It should be noted that the proposed approach to the Heavy Industrial Sector differs markedly from the GB scheme and as such will be assessed separately in Chapter 3.

## Auditing

1.1 Ofgem's current method of auditing installations under the Renewables Obligation (RO), Northern Ireland Renewables Obligation (NIRO) and GB RHI schemes is based on outsourcing to technical audit specialists and managing this process. Providing site audits from an in-house team would require a large auditing team resulting in inflexibility, recruitment costs and increased administrative burden. Specific site audits are also outside Ofgem's core competence therefore we recommend that we rule out establishing an in-house Ofgem auditing team and pursue appropriate outsourcing options.

1.2 Part of the development of an auditing process for the NI RHI will require Ofgem to determine the rate of audit for different areas of the scheme. For example under the GB RHI installations above 45kWth and below 1MWth are audited at a higher rate than other categories as this range was identified as posing higher risk and requiring a higher level of compliance checks and oversight.

1.3 Installations below 45kWth, with the exception of AD, are covered by the Microgeneration Certification Scheme (MCS). The MCS has its own audit process which we would not want to unnecessarily duplicate. As such we propose to audit installations in this category at a lower rate.

1.4 Access to the RHI Central Registry will streamline the auditing process and any follow-up measures such as suspension of payments or removal from the scheme. The opportunity to share audit information and economies of scale with the RO, NIRO and RHI Operational teams will lead to further efficiencies.

1.5 **We recommend that the auditing process needs to be managed by Ofgem to ensure a robust and consumer-friendly process that meets DETIs requirements for the NI RHI scheme. Direct auditing of installations will be outsourced with Ofgem managing the process as stated above.**

**Accreditation**

1.6 Design of the accreditation process is an integral part of administering any scheme. The NI RHI Development Team will work closely with Ofgem IT and the GB RHI team, using the GB RHI systems as a starting point to build an accreditation process to fit the specific requirements of the NI RHI. This will benefit from Ofgem's experience in administering environmental programmes including the RO, NIRO and FITs. This essential in-house knowledge and sharing of processes will help keep the cost of development down whilst ensuring DETI's vision for the scheme is interpreted into a workable, cost effective scheme for all generators.

1.7 Potential options for accreditation include:

**Option 1**

**Outsource the design of a bespoke accreditation system for the NI RHI.**

We recommend that this option be dismissed as by outsourcing accreditation the NI RHI would lose the benefits gained from Ofgem in-house expertise and economies of scale achieved through adapting an existing system.

**Option 2**

**Ofgem design a bespoke accreditation system for the NI RHI.**

We recommend that this option be dismissed as it would not be cost-effective to develop a bespoke system given an existing system was designed by Ofgem specifically for the GB RHI that can be customised to meet the needs of the NI RHI at less expense.

**Option 3**

**Ofgem design and run the accreditation process in-house, on a system based on GB RHI.**

In-house experience and process modelling expertise is particularly relevant for accreditation. Whilst external technical advice may be sought for specific technology related issues it is necessary for Ofgem to design and run the accreditation process in-house.

Following the work Ofgem has performed in designing and developing an accreditation system for the GB RHI, Ofgem is ideally positioned to adapt this system for use in administering the NI RHI.

1.8 **We recommend Option 3 - Ofgem design and administer the accreditation process in-house, maximising existing resources by using the GB RHI accreditation system as a starting point and customising it to meet the specific needs of the NI RHI.**

**Payments Processing**

1.9 Payments processing involves making payments from Ofgem to generators. When exploring this aspect of the scheme risk, cost, reliability and competence were key criteria.

1.10 Payments systems are by their very nature complicated and difficult to manage. The risks and costs associated with building a new in-house payment system are also exacerbated by the many dependencies between those payment systems and front- and back-office applications.

1.11 Options for Payments Processing include:

**Option 1**

**Develop Ofgem IT payments processing system from scratch and integrate with a Bankers' Automated Clearing Service (BACS)**

We recommend that this option be discarded on the basis that it is undeliverable by the required deadline and prohibitively expensive.

**Option 2**

**Adapt the internal SUN payments processing system to meet the specific needs of the NI RHI.**

This was the approach taken for the GB RHI as it was assessed as being the most cost effective solution given the scale and needs of the RHI scheme. Minimal development of IT systems is needed to match with the SUN system for use in the NI RHI given this work has already been done in preparation for the GB RHI. This option provides a cost effective, low risk solution adopting existing systems and processes to meet the needs of the NI RHI.

**Option 3**

**Bank account details held and payments made by a Payment Service Provider (PSP). The Central Register will calculate payments and issue instructions for the PSP to make a direct payment into the generator's bank account.**

We recommend that this option be discarded as it would not be cost effective, there are no existing models in operation, and the relative risks associated with this approach were assessed as being higher than other options available, particularly where relatively low numbers of participants are

involved. Preliminary research suggests that the cost of this approach could range from £100,000 to £500,000 for set up and initial running costs, and the procurement lead in time prior to first payment would be too tight, particularly if an OJEU process was required.

1.12 **If Ofgem is to make payments our recommended approach is Option 2**, using the existing SUN system, integrating with the Central Registry to minimise security and fraud risks, lower administrative costs and make use of the existing system put in place for the GB RHI to provide a value for money and fit for purpose solution to DETI.

**Customer Relationship Management (CRM)**

1.13 This function will deal with complaints, payment and registration queries for generators who wish to contact the scheme by phone, online and by letter.

1.14 Ofgem E-Serve currently manages a CRM function for the RO, NIRO and the GB RHI. As the number of generators expected under the GB RHI is far higher than for the RO it is possible that outsourcing the CRM function may be considered to coincide with the commencement of a later phase of the GB RHI.

1.15 Whilst Ofgem can manage the CRM function for the GB RHI during the current phase, in the longer term this may be more expensive than outsourcing to a business service provider with extensive experience in handling a large amount of consumer contact. If the CRM function is outsourced for the GB scheme, this could impact on the NI Scheme function. Due to the relative size of the NI RHI, Ofgem could continue to provide the CRM function in-house for the life of the scheme. CRM Options for the NI RHI are detailed below.

1.16 For the feasibility stage we recommend in-house provision of CRM with management processes in place to monitor progress, allowing the flexibility for DETI to consider potential outsourcing options as the scheme develops. Options for further consideration by DETI are listed below.

**Option 1 - In-house for the duration of the scheme.**

As with the GB scheme the cost of the CRM function initially would be minimised by remaining in-house. If the CRM function for the GB RHI is out-sourced at a later phase in the scheme consideration should be given to how the NI RHI CRM function would best be provided longer term with regard to quality of service provision, resourcing and consistency. The relative size of the NI scheme would suggest that it would not be necessary to outsource this function as the volume would be manageable in-house. However for the purposes of consistency it may be DETI's preference to keep the NI scheme in line with the GB scheme.

**Option 2 - Outsource CRM function in line with the GB RHI.**

1.17 Should the GB RHI CRM function be outsourced the EU Procurement process will need to be undertaken. Should DETI prefer to maintain provision of the NI RHI CRM function in line the with GB scheme it would be necessary for DETI to undertake discussions with DECC around the inclusion of the NI RHI CRM function in this procurement process. Outsourcing does provide certain benefits around flexibility and scalability to deal with fluctuating call volumes, and when included as a bolt-on to the existing GB scheme could prove more cost effective than an in-house solution.

1.18 **We recommend that the NI RHI CRM function be initially provided in-house in line with the GB scheme.** As later phases of the NI RHI including the domestic sector are beyond the scope of this feasibility study we would also recommend that consideration should be given at a later stage to out-sourcing the CRM function dependent on the development of the GB RHI scheme in 2012.

**IT Options Analysis**

1.19 The options with regard to the implementation of a system to support the administration of the NI RHI scheme are as follows:

**Option 1**

**Manual solution where there would be no development of a bespoke IT system to facilitate the administration of the scheme.**

This option has been included as a base case. In this option there would be no development of a bespoke IT system to facilitate the administration of the scheme. Instead it would require generator information to be managed through manual spreadsheets.

The potential for human error with this option would be extremely high. Administration of the manual spreadsheets would require substantial effort, resulting in high operational overheads. Given that Ofgem will be responsible for storing bank account details, there would be a high reputational risk in the case of fraudulent behaviour or erroneous payments to participants of the scheme.

We therefore recommend that this option be dismissed because of the high potential for human error; potential for fraud and reputational risks, administrative inefficiencies and high operational overheads.

**Option 2**

**Implement a new bespoke system to support the administration of the NI RHI scheme.**

This will involve a new bespoke system that will:

- Calculate generator tariff payments,
- Integrate with the SUN system which will administer and manage generator bank account information, and
- Facilitate the payment of RHI tariffs.

It will also provide a Customer Relationship Management function with the ability to:

- Manage enquiries related to the scheme, and
- Ensure that there are processes for handling complaints against Ofgem, approved installers, or any other body involved in delivering the scheme.

We recommend that this option be discarded because it is prohibitively expensive and unnecessary given there is a fit for purpose system that could be adapted to meet the specific needs of the NI RHI at considerably lower cost. The cost of the system developed for the GB RHI was approximately [£1.1 million], which is not a justifiable cost for the NI RHI given the relative size of the scheme and the availability an alternative solution.

**Option 3**

**Adapt the existing GB RHI system to support the administration of the NI RHI scheme.**

This option will adapt the existing system to provide a solution that will:

- Calculate generator tariff payments,
- Integrate with the SUN system which will administer payments and manage generator bank account information, and
- Facilitate the payment of RHI tariffs.

The GB RHI Central Registry was customised to meet the needs of the RHI, adding to efficiencies by using knowledge gained from previous Renewables scheme systems development.

Significant expertise and resources have been invested in building a robust system with stable functionality specifically for the GB RHI. By adapting the existing system for the NI scheme Ofgem can provide a fit-for-purpose, value for money solution.

Our recommendation is to reuse core business process components from the existing GB RHI system where feasible, whilst also adapting components to address the specific needs to the NI scheme.

It will also provide a Customer Relationship Management function with the ability to:

- Manage enquiries related to the scheme; and
- Ensure that there are processes for handling complaints against Ofgem, approved installers, or any other body involved in delivering the scheme.

The CRM software procured for the GB RHI has been customised to suit the RHI requirements and is scalable to meet the volumes anticipated over the life of the scheme.

By utilising the CRM system already in place for the GB RHI the CRM function can be efficiently and cost-effectively provided in-house, with the option of being out-sourced at a later date.

Our recommendation is to make use of the CRM system solution procured for the GB RHI, which integrates fully with our existing environment and is recognised/accessible for external CRM providers.

1.20 **We recommend option 3**. This approach will benefit from the development work for the GB RHI and provide a system that will ensure security of information, minimise fraud risks and human error and provide administrative efficiencies while providing the most cost effective solution to meet the specific needs of the NI RHI.

# 2. Differences Between RHI Schemes and Options for Delivery

**Chapter Summary**

This chapter will examine the key points of departure from the GB RHI scheme and how Ofgem might best provide solutions to the development and implementation of these aspects of the NI RHI scheme.

## Technological Differences

2.1. The NI RHI proposes some variation on the technologies included in the GB scheme such as:

- The investigation of bioliquids;
- The inclusion of ASHPs with a dedicated tariff;
- Deep geothermal potentially with a dedicated tariff (as opposed to the GB scheme for which deep geothermal is included, but it does not have a dedicated tariff); and
- CHP sites which may be eligible for the NI RHI depending on interaction with the NIRO.

2.2. Each of these variations on the GB RHI scheme will have an impact on the adoption of existing systems and involve additional costs in adapting systems and processes.

## Bioliquids

2.3. As agreed with DETI, Ofgem will not pursue the investigation of bioliquids in detail at this stage. Instead we will do a high level assessment of the potential cost of introducing bioliquids from the launch of the NI RHI and ahead of its introduction in the GB RHI.

## Air Source Heat Pumps (ASHPs)

2.4. ASHPs are proposed for inclusion in the NI RHI. Further work will need to be done to determine whether the costs and risks of including ASHPs in the initial phase of the NI RHI will be significantly higher than waiting for the GB RHI scheme to undertake this work.

2.5. Some issues to be addressed when considering the inclusion of ASHPs including:

- Setting the appropriate tariff level. There is a risk of over-paying or under-paying the owners of these installations which could lead to either over-incentivising this technology or setting a tariff that leads to little or no uptake.
- Metering ASHPs is complex and creates difficulties in measuring generation and use of ASHPs.
- Potential mis-use of ASHPs, such as running them in reverse and claiming for ineligible use.

2.6. Inclusion of ASHPs in the NI RHI will need to be assessed on the basis of how readily it can be integrated into existing processes and systems. This includes accreditation processes, satisfying technical requirements for metering, and providing adequate auditing and compliance mechanisms to mitigate risks specific to this technology.

**Deep Geothermal**

2.7. The consultation currently underway in preparation for the NI RHI includes a call for evidence specifically addressing deep geothermal and whether this technology should have a dedicated tariff rate.

2.8. Further work on deep geothermal for the NI RHI will need to be done pending the outcome of this consultation and confirmation from DETI on their final policy position for the scheme.

**Recommendation**

2.9. Further development work will be necessary once the NI RHI consultation process has been completed and DETI's final policy position on these technologies has been confirmed. **However it should be noted that any delays in confirming these final policy decisions will put delivery timetables at risks.**

# 3. Heavy Industrial Sector

**Chapter Summary**

This chapter will examine the approach DETI has proposed be taken to the Heavy Industrial Sector under the NI RHI. This approach will require separate consideration of Auditing, Accreditation, Payment Processing and IT Systems.

## Introduction

3.1 The treatment of the Heavy Industrial Sector under the NI RHI represents a significant departure from the GB scheme. The approach proposed by DETI will require a case by case consideration of these sites, including a custom tariff rate, consideration of co-firing and additional eligibility requirements.

3.2 In order to meet the administrative, systems and reporting requirements for this part of the scheme it will be necessary to develop a different approach to the 17 sites that have been identified as Heavy Industrial. However given the likely scale of such renewable installations and potential to significantly impact demand on fossil fuels in this sector there is a strong rationale for finding a workable solution to including this sector in the NI RHI scheme.

3.3 The proposed approach to the Heavy Industrial Sector under the NI RHI will involve eligibility being determined by DETI on a case by case basis based on the following criteria:

- Technical capability;
- Economic viability and the need for support;
- Availability of sustainable fuel supply; and
- Impact on the existing or future gas network.

3.4 In order to provide robust systems and processes to support this approach to the Heavy Industrial Sector a range of options will need to be examined.

## Auditing

3.5 As each site will be treated individually the same general eligibility and compliance criteria cannot necessarily be applied, which makes auditing and reporting more complex for these sites. However this case by case consideration will mean each site will work closely with DETI to gain approval to join the scheme, and in gaining accreditation from Ofgem. This high level of oversight warranted by individual assessment may mean that this sector is considered to pose a relatively lower risk, requiring a lower level of ongoing audits. Further detailed risk assessments will need to be done to better inform this process.

3.6 Further work will need to be done to design an appropriate auditing process specific to this sector, and further input will need to be sought from DETI

around the level of involvement they are willing to have in the ongoing administration of this sector.

**Accreditation**

3.7 The accreditation process will be more complex for the Heavy Industrial Sector as the eligibility criteria will be customised and technologies approved could be outside those allowed in the scheme more broadly (such as co-firing).

3.8 The most cost effective option for accreditation will be in-house provision by Ofgem. However the design of the accreditation process for Heavy Industrial will be heavily reliant on detailed information being provided by DETI for each site.

3.9 Further investigatory work will need to be done to determine whether this process is best handled on a case by case basis or if it could be built into existing systems and processes.

**Payments Processing**

3.10 Payment processing for generators of the size anticipated for the Heavy Industrial Sector warrants consideration of whether it would be more appropriately managed by Ofgem through a third party PSP integrated with the Central Registry, or if payments should be made directly by DETI.

**IT Systems**

3.11 There are a range of possible options to providing an IT system that meets the needs of the Heavy Industrial Sector for the NI RHI, which are discussed below:

**Option 1**

**Build a new bespoke system to meet the specific needs of the Heavy Industrial Sector.**

Ofgem IT developing a separate system specifically designed to address the Heavy Industrial Sector, allowing for custom tariff rates to be allocated to a single site and addressing additional criteria provided by DETI in each case. This option has been discarded because it would be prohibitively expensive and we would need to work closely with IT to assess whether this approach is viable.

**Option 2**

**Develop a manual approach such as a spreadsheet to manage data and calculate tariff payments for each site on an individual basis.**

This approach has a high risk of human error, however given the small number of potential sites this is a relatively lower risk than if this option were to be considered for the scheme broadly. There are fraud, data security and reputational risks to Ofgem in taking this approach.

**Option 3**

**Adapting existing RHI systems to accommodate the Heavy Industrial Sector, finding manual solutions where necessary.**

Adapting the existing systems including the Central Register, PSP and CRM functions to suit the approach to Heavy Industrial Sites, which may include:

- Providing a filter such as post code to identify these sites and ensure they cannot commence the registration/application/accreditation process without DETI's approval.
- Provide a solution for registration/application/accreditation, which may involve each site being manually input and case-managed, and these processes potentially being handled outside of existing systems.
- A custom set of eligibility criteria or manual override that can be applied following DETI's assessment and approval of a particular site, given eligibility criteria could differ markedly from other scheme participants.
- Providing an internal field in the tariff structure to provide for a custom tariff rate to be applied to a single site (or build 17 new fields into the tariff structure, one for each Heavy Industrial site identified, each with an empty tariff rate that can be populated following advice and approval from DETI).
- Additional reporting and auditing mechanisms to specifically address Heavy Industrial sites, monitoring compliance against a customised set of criteria for each site.

**Option 4**

**Taking a phased approach to the Heavy Industrial Sector including consultation to determine preliminary levels of interest and necessary investment.**

The Heavy Industrial Sector could be approached as a later phase of the NI RHI. Before this phase is introduced DETI could undertake an Expression of Interest (EOI) or consultation process to consult closely with the 17 heavy industrial sites identified by DETI and determine the level of interest in the RHI, assess the viability of sites under DETI criteria, and develop a registration process specific to those applicants who are both eligible and interested in accessing the scheme. With a better understanding of the level of interest from this sector DETI could determine the appropriate level of investment for this phase of the scheme.

**Recommendations**

3.12 **The recommended approach would be to pursue Options 3 and 4 in the Feasibility Study. We should begin by assessing the viability and cost of adapting existing systems and processes.** Significant system changes could prove prohibitively expensive, so any work within the existing systems would need to align as closely as possible to the current approach to registration, auditing, accreditation and payment processing.

3.13 **Should adapting existing systems prove to not provide adequate value for money, Option 4 should also be explored** with a view to developing a phased approach to implementation of the Heavy Industrial Sector following consultation to determine the necessary level of investment in systems and processes specific to this sector.

3.14 The outcome of this assessment of IT Options will inform the processes around auditing, accreditation and payment processing, and the extent to which these processes can be built into the existing systems or whether a manual approach to managing these processes will need to be adopted.

# 4. Timeframes and Delivery

**Chapter Summary**

This chapter will examine the options for what Ofgem can deliver, when it can be delivered, and what potential costs may be associated with each approach.

## Introduction

4.1. The expected commencement date for the NI RHI of 1 April 2012 sets a very tight deadline for delivery. In light of Ofgem's experience in developing the GB RHI, which experienced a number of set-backs, we may need to consider a range of options around delivery timeframes to ensure all parties have a clear understanding of the expectations surrounding delivery of the scheme.

4.2. The NI RHI may be subject to similar set-backs to the GB scheme such as delays in finalising regulations, seeking State Aid approvals, policy changes or political factors that could impact on Ofgem's development work and cause delays in scheme delivery.

## Options Analysis

4.3. The broad options for delivery are as follows:

**Option 1**

**Deliver the full scheme on 1 April 2012.**

This option cannot be guaranteed given the extent to which the proposed NI RHI scheme diverges from the GB RHI, requiring systems changes and additional development work around new technologies/tariffs and the approach to the Heavy Industrial Sector. It is unlikely that Ofgem will be able to deliver the scheme as proposed by DETI on 1 April 2012 in its entirety.

**Option 2**

**Deliver part of the scheme on 1 April 2012.**

This was the approach taken in delivering the GB RHI and resulted in a call centre function being delivered on 1 April 2011, and the launch date for the rest of the scheme being determined based on the completion of systems, processes and external factors.

A similar approach could be taken to the NI RHI, providing a similar introductory function to commence on 1 April 2012, to be followed by the commencement of the rest of the scheme at a date to be agreed between Ofgem and DETI.

This approach would address any potential political need to launch on 1 April 2012, while allowing necessary additional time for Ofgem to finalise scheme systems, processes and testing.

**Option 3**

**Delay delivery so that the scheme can be launched in its entirety.**

If it is not essential that the scheme commence on 1 April 2012 then Ofgem could provide an alternative delivery date allowing additional time to ensure that systems and processes are completed and ready to launch without necessitating a phased or staggered approach. This is the preferred option as it will provide a cost effective solution for DETI, a more realistic delivery date for Ofgem and more certainty for those interested in participating in the scheme.

**Option 4**

**Deliver the scheme adopting a phased approach.**

This option would allow Ofgem to meet the additional demand for development work to be performed on the areas of the NI RHI that differ markedly from the GB RHI. The form this approach could take might include commencing a call centre function initially, to be provided in-house by Ofgem. This might be followed by the launch of the basic scheme as proposed by DETI as far as it aligns with the GB RHI, then at a later point to be determined in agreement with DETI, the commencement of new elements of the scheme such as additional technologies (such as ASHPs) or sectors (such as the Heavy Industrial Sector).

This approach would involve additional costs to DETI, as development work would be spread over a longer period attracting higher staffing and overhead costs than with a whole-of-scheme launch.

**Recommendation**

4.4. **We recommend Option 3**, delaying delivery so that the scheme can be launched in its entirety. This option offers the most cost effective solution for DETI and ensures that the scheme can operate as a whole as soon as possible.

# 5. Recommendations Summary

**Overview**

5.1. Our recommendations make use of the economies of scale to be gained by closely aligning the NI RHI with the GB RHI, adopting existing systems and processes wherever possible. In relation to auditing, accreditation, payments processing and CRM processes, there should not be a need for significant changes from existing GB systems and procedures, which will minimise costs to DETI substantially. The Heavy Industrial Sector is an exception to this and further work will be required to determine the most efficient and cost effective way to provide the approach DETI has proposed.

5.2. It is worth emphasising that any major departure from the GB RHI scheme will come at considerably higher cost and may result in delays to delivery timeframes as the economies of scale and efficiencies gained from being aligned with a larger scheme will be lost. The costs of Ofgem undertaking new development work beyond the scope of the GB RHI will come at a higher cost than work that uses the benefits of the prior development work Ofgem performed in preparation for the GB RHI scheme.

**Key Recommendations**

Our key recommendations are detailed below:

5.3. Auditing: We recommend that the auditing process needs to be managed by Ofgem to ensure a robust and consumer-friendly process that meets DETIs requirements for the NI RHI scheme. Direct auditing of installations will be outsourced with Ofgem managing the process as stated above.

5.4. Accreditation: We recommend that Ofgem design and administer the accreditation process in-house, maximising existing resources by using the GB RHI accreditation system as a starting point and customising it to meet the specific needs of the NI RHI.

1.21 Payment Processing: If Ofgem is to make payments our recommended approach is to use the existing SUN system, integrating with the Central Registry to minimise security and fraud risks, lower administrative costs and make use of the existing systems put in place for the GB RHI to provide a value for money and fit for purpose solution to DETI.

5.5. Customer Relationship Management: We recommend that the NI RHI CRM function be initially provided in-house in line with the GB scheme. As later phases of the NI RHI including the domestic sector are beyond the scope of this feasibility study we would also recommend that consideration should be given at a later stage to out-sourcing the CRM function dependent on the development of the GB RHI scheme in 2012.

5.6. IT Options: We recommend using the existing GB RHI IT systems as a basis for developing a system to suit the specific needs of the NI RHI. This approach will benefit from the development work for the GB RHI and provide a system that will ensure security of information, minimise fraud risks and human error and provide administrative efficiencies while providing the most cost effective solution to meet the specific needs of the NI RHI. This system will include:

A Central Registry: Our recommendation is to reuse core business process components from the existing GB RHI system where feasible, whilst also adapting components to address the specific needs to the NI scheme.

A Payment Services Provider: We recommend using the existing SUN system, integrating with the Central Registry to minimise security and fraud risks, lower administrative costs and make use of the existing systems put in place for the GB RHI to provide a value for money and fit for purpose solution to DETI.

A Customer Relationship Management System: We recommend using the CRM system solution procured for the GB RHI, which integrates fully with our existing environment and is recognised/accessible for external CRM providers.

3.15 Technological differences from GB RHI: Further development work will be necessary once the NI RHI consultation process has been completed and DETI's final policy positions on these technologies have been confirmed.

3.16 Heavy Industrial Sector: The recommended approach would be to pursue Options 3 and 4 in the Feasibility Study as detailed above. We should begin by assessing the viability and cost of adapting existing systems and processes. Significant system changes could prove prohibitively expensive, so any work within the existing systems would need to align as closely as possible to the current approach to registration, auditing, accreditation and payment processing.

Should adapting existing systems prove to not provide adequate value for money, Option 4 should also be explored with a view to developing a phased approach to implementation of the Heavy Industrial Sector following consultation to determine the necessary level of investment in systems and processes specific to this sector. The outcome of this assessment of IT Options will inform the processes around auditing, accreditation and payment processing, and the extent to which these processes can be built into the existing systems or whether a manual approach to managing these processes will need to be adopted.

5.7. Timeframes for Delivery: We recommend delaying delivery beyond 1 April 2012 so that the scheme can be launched in its entirety, at a date to be agreed by DETI and Ofgem. This option offers the most cost effective solution for DETI, and ensures that the scheme can operate as a whole as soon as possible.