

To: Stuart Cook[stuart.cook@ofgem.gov.uk]
From: Robert Hull
Sent: 2012-01-19T10:32:00Z
Importance: Normal
Subject: RE: Some gema tensions around NI RHI to manage ...
Received: 2012-01-19T10:32:00Z

On cross subsidisation, a couple of points to make

- the majority of costs are opex which are charged directly to the sponsor each year, either DETI or DECC, on the basis of activities performed

- the set up costs are c£5m for a c£860m subsidy scheme

- the proportion of these set up costs attributable to RHINI is $25/860 = 0.03\%$ and the set up costs that are potentially attributable to DETI are around £140k. However, DETI have paid us £100k to do a feasibility study which is a set up cost uniquely attributable to them, so the net cross subsidy is around £40k. However, the indemnification they have provided on legal costs probably outweighs this. I would argue that any cross-subsidy is minimal at best.

On strategy, a key value add which is not really mentioned is the benefit we provide in terms of fraud, error and gaming prevention and detection. This is of far greater value than any efficiency savings of us operating the scheme.

-----Original Message-----

From: Stuart Cook
 Sent: 19 January 2012 09:08
 To: Robert Hull
 Subject: Re: Some gema tensions around NI RHI to manage ...

Cross subsidisation and strategy ...

Managing Director, E-Serve Mobile: Personal information redacted by the RHI Inquiry (Sent from a handheld device; apologies for brevity and any typos)

----- Original Message -----

From: Robert Hull
 To: Stuart Cook
 Sent: Thu Jan 19 08:58:58 2012
 Subject: RE: Some gema tensions around NI RHI to manage ...

I look forward to it... is this a trust, strategy, or vires issue? Dont forget that DECC can put this in legislation

-----Original Message-----

From: Stuart Cook
 Sent: 19 January 2012 08:52
 To: Robert Hull
 Subject: Some gema tensions around NI RHI to manage ...

... Probably best to let me introduce this.

Please come for ride ...

Stuart
 Managing Director, E-Serve Mobile: Personal information redacted by the RHI Inquiry (Sent from a handheld device; apologies for brevity and any typos)