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# **Northern Ireland Renewable Heat Incentive Scheme**

## **Analysis of 2013/14 – 2015/16 Outyear Costs**

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## Northern Ireland RHI: Background Figures against original Feasibility Study

<b>Set Against Feasibility Study (16 December 2011)</b>			
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
NI Installations Numbers in Feasibility Study.	1,413	2,821	5,423
GB Installation Numbers at time of Feasibility Study	47,100	94,033	180,766
Current GB Installation Numbers	12,800	25,000	31,200
Current NI percentage against GB Installations	11%	11%	17%
Feasibility Study Costs (3%)	£157,336	£197,935	£248,706
Feasibility Study Costs (5%)	£178,891	£246,557	£331,174
Total UK scheme cost (2012 CP)	£4,426,939	£5,672,799	£6,820,426

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## **Northern Ireland RHI: Reasons for change since Feasibility Study**

[Jacqueline to offer slide]

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## Northern Ireland RHI: Addressing budget due to volume projection increase

- Actual volumes may be less than 11 % currently anticipated, and could potentially be reduced actively if less marketing/ awareness raising is carried out.
- Current GB installation numbers are significantly lower than were originally anticipated (27% for 13/14 and 14/15 and 17% for 15/16) – if NI actual volumes were a similar level compared with projections, over the three years volumes would be approximately 3% of GB RHI.
- If GB RHI assumptions reduce further while NI RHI assumptions remain static the percentage of the NIRHI scheme accreditations against GB will increase.

<b>Set Against Feasibility Study (16 December 2011)</b>			
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Total UK scheme cost (2012 CP)	£4,426,939	£5,672,799	£6,820,426
NI RHI Percentage costs (11% of GB scheme)	£486,963	£624,008	£1,159,472



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## Northern Ireland RHI: Reduced operational services reduction

- Costs could be reduced by cutting back on the number of operational services undertaken by the team. This would involve:
  - Engaging less with stakeholders.
  - Attending a reduced number of stakeholder events
  - Reducing the need for NI specific guidance
  - Assumption that IT would reflect NI and GB RHI schemes
- The cost reductions below are based on a fixed overhead cap against the original 11%-17% headline NI RHI cost against GB RHI.

<b>Set Against Feasibility Study (16 December 2011)</b>			
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Total UK scheme cost (2012 CP)	£4,426,939	£5,672,799	£6,820,426
NI RHI Percentage costs (11% of GB scheme)	£486,963	£624,008	£1,159,472
Operational service reduction – costs taken from NIRHI 11%-17% of GB costs	£413,561	£560,142	£1,119,171



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## Northern Ireland RHI: Reduced accreditation checks

- Costs could be reduced by minimising the number of accreditation checks.
- Reducing accreditation comes with an increased risk of applications incorrectly being approved.
- We could only recommend this as a potential cost saving. We would need to seek approval from The Authority, based on an independent risk assessment before we could agree to take this forward.
- Cost are based on 50% checks with a fixed overhead

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Total UK scheme cost (2012 CP)	£4,426,939	£5,672,799	£6,820,426
NI RHI Percentage costs (11% of GB scheme)	£486,963	£624,008	£1,159,472
Accreditation checks reduction – costs taken from NIRHI 11% - 17% of GB costs	£348,511	£384,035	£785,733



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## Northern Ireland RHI: Outsourcing

- Option to potentially outsource in line with domestics being outsourced.
- Work ongoing to identify potential options cost for outsourcing GB RHI.
- Phase 2 of NI RHI provides opportunity to outsource services post summer 2013.
- Illustrative costs below show our NIRHI operational costs from April 2013 - August 2013, reflecting our best understanding of when phase 2 may go-live.

<b>Set Against Feasibility Study (16 December 2011)</b>			
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Total UK scheme cost (2012 CP)	£4,426,939	£5,672,799	£6,820,426
NI RHI Percentage costs (11% of GB scheme)	£486,963	£624,008	£1,159,472
Operational costs from the start of the 2013/14 financial year to end August 2013.	£202,901		



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## **Northern Ireland RHI: Reducing budget through operational services reduction**



Notes Summary:

No speaker notes are contained in this presentation.