

To: Matthew Harnack[Matthew.Harnack@ofgem.gov.uk]
Cc: Luis Castro[Luis.Castro@ofgem.gov.uk]
From: Milton James
Sent: 2012-10-01T09:05:17Z
Importance: Normal
Subject: RE: RHI NI 13/14 development allocation
Received: 2012-10-01T09:05:19Z

Matthew,
 Thanks for that, it was completely missed!
 Regards
 Milton

From: Matthew Harnack
Sent: 01 October 2012 09:38
To: Milton James
Cc: Luis Castro
Subject: FW: RHI NI 13/14 development allocation

Milton,
 See below for what we'd like to do for NI RHI budgeting next year.
 Matthew

Matthew Harnack

Associate Director, Commercial
 New Scheme Development
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From: Matthew Harnack
Sent: 24 September 2012 18:23
To: Milton James
Cc: Luis Castro; Mary Smith; Jacqueline Balian
Subject: RE: RHI NI 13/14 development allocation

Milton,
 Having discussed this with Luis, we'd like to combine NI and GB RHI corporate plan forecasts.

At this stage we think the best figures to submit for RHI for 2013/14 are as follows:

IT Development costs - add an extra £300k onto the GB development costs as provision for any extra cost that might be incurred for NI (e.g. in case NI changes are delayed by a couple of months compared to GB). It's probably too conservative but let's assume that for now.

That would make total (GB+NI) IT development costs as follows:

Share of Phases 2 and 3 in 2013/14 = £2.84M

Additional cost of changes due to NI variations = £300k

Further changes to scheme = £500k

Ongoing system amendments = £100k

TOTAL = £3.74M

Support costs – add an extra £30k on top of GB support costs (brings the total to £300k). The reason being that NI will add an extra 11% to volumes, so let's assume that means support costs rise by 11%. Again it might be too conservative, because presumably not all support costs increase linearly with volumes, but let's use it as a starting assumption. Having said that you may also want to revisit the £270k allocation for the GB share given the increase in volumes.

Hardware/software – presumably these costs don't increase with the expansion of the scheme to NI, so presumably the GB figure of £120k would stay unchanged. As an aside this figure looks high compared to other schemes. Should it be revisited?

Infrastructure resourcing - presumably these costs don't increase with the expansion of the scheme to NI, so presumably the GB figure of £40k would stay unchanged

Matthew

Matthew Harnack

Associate Director, Commercial
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Received from OFGEM on 11.05.2017
 Annotated by RHI Inquiry

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From: Milton James
Sent: 24 September 2012 14:34
To: Matthew Harnack; Luis Castro
Subject: RE: RHI NI 13/14 development allocation

Matthew,

I can change the additional development costs to £2700 or zero, whichever you prefer, please advise.

The cost allocated to RHI NI are a small proportion of the RHI costs transferred to RHI NI and deducted from RHI. I'll reallocate all those costs back to RHI.

If you don't intend for budgeting, financial or operational purposes to differentiate between RHI and RHI NI then we can re-badge RHI as RHI (inc NI), your call, just let me know.

Regards

Milton

From: Matthew Harnack
Sent: 21 September 2012 19:07
To: Milton James; Luis Castro
Subject: RE: RHI NI 13/14 development allocation

Gents, I've just got to this one. Dropping a zero off the NIRHI support costs helps it to look much more reasonable. However, I still stand by my other comments in my earlier email. Grateful for an explanation as to:

- Why there are *any* additional development costs given we're assuming no changes over and above GB changes (we may charge NI a fraction of the development costs, but that doesn't mean they are any higher than for GB)
- Why there are *any* additional support, hardware, software and infrastructure costs over and above for GB, given it is the same system

Matthew Harnack

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From: Milton James
Sent: 20 September 2012 17:25
To: Luis Castro
Cc: Matthew Harnack
Subject: RE: RHI NI 13/14 development allocation

Luis,

Many thanks.

Regards

Milton

From: Luis Castro
Sent: 20 September 2012 17:21
To: Milton James
Cc: Matthew Harnack
Subject: RE: RHI NI 13/14 development allocation

Hi Milton,

I'm glad you ask, the figure for support has one zero too many!

H/W & S/W	£22,000
Infrastructure Resourcing	£10,000

To this we also need to add the development costs. This is a wild guess at the moment; however, if we assume the following:

- NI will continue to mirror the changes to GB
- The costs of adapting the GB system will be in the same order of magnitude and roughly around 10% of the costs of the GB changes

Then the IT development costs should in the order of £300K. This would include all the changes GS is doing including adding domestic users.

Hope that helps,

Luis

p.s. for health check it would be good if you could let me have a look at the rest of the schemes to make sure I am not making the wrong assumptions, but also I think it would be good that independently of corporate plan we baseline these costs and share a document that covers all schemes.

From: Milton James

Sent: 20 September 2012 16:40

To: Luis Castro

Cc: Matthew Harnack

Subject: RHI NI 13/14 development allocation

Luis,

I think you are the right person for this!

I'd like to finalise the 2013-14 corporate planning costs for RHI NI as we didn't complete it at the recent budget meeting.

What amount should be allocated to RHI NI development?

Currently I have:

Support	£270,000
H/W & S/W	£22,000
Infrastructure Resourcing	£10,000

Regards

Milton

Milton James

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To: Paul Heigl[Paul.Heigl@ofgem.gov.uk]
Cc: Mary Smith[Mary.Smith@ofgem.gov.uk]
From: Keith Avis
Sent: 2012-10-01T09:48:59Z
Importance: Normal
Subject: NORHI 2012/12 Costs letter
Received: 2012-10-01T09:48:59Z

Paul cc: Mary

Attached is the updated 2012/13 costs letter, with comments from Matthew's surgery last week built in. This will need to be sent around with the DPA for sign off.

Keith

http://sharepoint/Ops/Environ/New_Scheme_Development_Lib/New%20Projects/NIRHI/Development%20phase/DETI%20Development%20costs%20V2.docx