

**To:** Keith Avis[Keith.Avis@ofgem.gov.uk]  
**From:** Mary Smith  
**Sent:** 2012-10-02T09:40:40Z  
**Importance:** Normal  
**Subject:** RE: Quarterly report  
**Received:** 2012-10-02T09:40:42Z

Great, thanks Keith.

I've tweaked slightly to try and reduce it – please can you check it's still accurate and if there's anything further you think we can slim down. I also had a query in red.

Thanks v much

Mary

### **Northern Ireland Renewable Heat Incentive**

*Request to administer Northern Ireland's Renewable Heat Incentive scheme.*

**The Department of Enterprise, Trade and Investment (DETI) in Northern Ireland has asked Ofgem to develop, and act as administrator for, the NI RHI scheme**, which largely mirrors the requirements of the GB RHI scheme. We expect the scheme to go-live on 1 November, depending on NI's parliamentary timetable and clearance of the DETI regulations through the EU. Our overall RHI Operation team will deliver the scheme, which will be operated on an interim manual basis up to the end of January, when IT changes take effect, to coincide with a GB RHI IT release.

Delivery remains on track. We passed a draft guidance document to DETI in early September, which forms the basis of a DETI run consultation. Minor updates are being made to the internal procedures that underpin GB RHI operations to reflect specific NI RHI requirements and drafting is underway on procedures for the manual accreditation methodology, using the existing manual application form as the basis. Development of the small IT system change is also progressing well.

An initial draft of the "Administrative Arrangements" (the arrangements under which Ofgem will carry out functions on DETI's behalf) is with DETI and we are awaiting feedback. This is critical for establishing the scope, resources and risk in running the scheme and will allow us to forecast all aspects of scheme delivery moving forward; DETI will need to agree this prior to go-live.

DETI has agreed funding in principle for 2012/13 up to the base feasibility study level (i.e. not including contingency). The revised 2012/13 development cost forecast is £47k above the base feasibility study level due to IT contingency and increased staffing need for accreditation and managing the interim manual operations. The revised budget will be submitted to DETI in [early October] to agree prior to go live. We are reviewing operating cost forecasts for 2013/14 onwards – these are likely to be substantially higher than in the feasibility study due to our subsequent experience on accreditation processing time. NIRHI projections also now represent up to 11-17% of the overall RHI scheme up to 2016, whereas the feasibility study anticipated this to be 3%. Work is ongoing to confirm estimates and identify ways to address the increase. DETI is aware that forecasts have gone up but this may require negotiation.

DETI are anticipating that phase 2 of the NIRHI scheme will take place in summer 2013, to include updates to the GBRHI scheme due in early 2013. We have said informally that we will need sight of their proposals before scoping the action necessary to develop and bring the changes into operation.

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**From:** Keith Avis

**Sent:** 01 October 2012 09:53

**To:** Mary Smith

**Subject:** RE: Quarterly report

Mary

I suggest the wording as below:

DETI have asked us to administer the RHI in Northern Ireland on their behalf under a services agreement arrangement. The NI RHI is expected to go live on 1 November 2012. It will be essentially the same as the GB RHI, but with different tariffs and with a 1MW limit on biomass installations.

Administration will be delivered as part of our overall RHI Operations team. It will be operated on an interim manual basis up to the end of January, when IT changes take effect, to coincide with a GB RHI IT release.

The development phase of the scheme remains on track for DETI's 1 November go-live. DETI are consulting on draft guidance until 18 October. NSD officials have participated in two events to coincide with the consultation. Internal procedures, that underpin GBRHI operation, are currently being updated to reflect specific NI RHI requirements, where necessary. Procedures for the manual accreditation methodology are also being drafted, which will use the existing manual application form as the basis for the approach. Development of the small IT system change is also well underway.

Our legal team have produced a first draft of the Administrative Arrangement document that has been passed to DETI's legal representatives for consideration. We have been pursuing their earliest response, as the document is critical for establishing the scope, resources and risk in running the scheme and will allow us to forecast all aspects of scheme delivery moving forward.

DETI have agreed base level funding in principle (not including contingency) up to feasibility study level for 2012/13. The revised 2012/13 development cost forecast is £47k above the feasibility study forecast to take account of IT contingency and £5k above original operational forecasts to take account of increased staffing need for accreditation and managing the interim manual operations. We are currently reviewing forecasts of operating costs for 2013/14 and beyond. These costs are likely to be