

Northern Ireland RHI : Background To Feasibility Costs

- Costs calculated as a percentage (3%) of GB installations at the time of drafting the Feasibility Study (October 2011) based on assumption that NI is 3% of heat market of UK and that overall NI subsidy allocation is 3% of UK total subsidy spend allocation.
- Consultancy Costs (covering audit and ID verification) not included as part of operating costs. DETI informed that these costs would be confirmed once NIRHI risk assessment completed.
- Legal Costs based on low level option, assuming that NI RHI regulations remain broadly in line with GB RHI regulations.
- IT costs based on year 1 forecasts, to be reassessed pending final IT requirements

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Headline Cost Differentials

Cost Against Feasibility Study			
	2013/14	2014/15	2015/16
NI Installations Numbers in Feasibility Study (3% of GB)	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%	10.5%	17%
Feasibility Study Costs	£102,721	£143,135	£193,714
Updated Costs	£494,945	£820,833	£1,235,878

Reasons for increased costs since provision of feasibility study figures

- Accreditation times are now known to be longer than provided for in the feasibility study. More staff will therefore be needed and costs have therefore gone up.
- Installations numbers provided by DETI are c10% of the UK installation numbers rather than the expected 3% (this is because UK estimates were reduced after the feasibility study). It would be reasonable to assume that the costs of operating the scheme would be 10% rather than 3% of UK costs.
- Costs are, in fact, in the region of xxx% of UK costs
- Given our early experiences of delivering GBRHI we are able to predict figures with greater accuracy and consider the efficiency saving that can be made as the scheme matures.