

To: Jacqueline Balian[Jacqueline.Balian@ofgem.gov.uk]; Peter Rice[Peter.Rice@ofgem.gov.uk]; Mary Smith[Mary.Smith@ofgem.gov.uk]
From: Keith Avis
Sent: 2012-11-16T16:53:33Z
Importance: Normal
Subject: NIRHI: Baseline Scope - Suggested Operations Costs Wording
Received: 2012-11-16T16:53:34Z

Jacqueline, Peter Mary

I touched base with you all regarding Matthew's requested update to our NIRHI baseline scope document, reflecting his view that for the operational cost for the remainder of this year we should charge DETI the actual percentage according to the formula along with an extra charge of up to 19k owing to the manual processing. Matthew's view is that we should not charge DETI a fixed amount of £140k because this might be much higher than what it actually cost us to operate the scheme this year (e.g. if we only get a few applications).

I think there is clear rationale behind Matthew's view, however, I am also mindful of the fact that we have spent a good deal of time on the NIRHI cost spreadsheets for this financial year to make sure that we remain on budget, which has required some dovetailing between the costs for the operations and development functionalities. Clearly we do not want to be in a position at the end of the fy where we need to revise operations funding down because of lower than anticipated take-up, but cannot do this because we will have spent right up to the budget we currently have allocated. So in order to find some middle ground I have revisited the baseline scope wording and have added an extra para (highlighted below). I would be grateful for your comments on this and/or a signal that you are comfortable:

Operational Costs Forecast

1.1. We have also now revised our 2012/13 operating cost forecast (from the original feasibility study) to take into account the part year operations, as well as taking into account our experience on the GB scheme with administration processing time.

1.2. As a result we have been able to revise down the base operating costs by almost £15,000, although this is offset by a need to increase operating costs due to the impacts of operating without IT until January. The net effect is a small increase of £4,340 to the 2012/13 operating costs so that total operating costs for 2012/13 are now forecast at £140,000. There is no legal contingency included in these costs.

1.3. The part year costs can be broken down as follows:

- Original FS operating costs - £135,660
- Revised part year operating costs - £121,000
- Additional staff costs due to delayed IT launch - £19,000
- Updated operational costs (i.e. part year operating costs plus additional staff costs due to delayed IT launch) - £140,000

1.4. The revised part year operating cost (£121,000) is, in part, based around the projected number of applications mapped as a percentage of the GB RHI scheme. We will track the take up for both schemes and revise the subsequent costings to DETI as is appropriate. The operating costs will also be made up of staffing resource needed to ensure that the IT functionality is delivered on time and is fit for purpose and any ad-hoc tasks needed to ensure the appropriate ongoing operation of the scheme. But we do not envisage that these costs, which are separate from the management of applications, will result in the £121,000 operations budget being exceeded.

Happy to discuss any of this with you if you would prefer. Either way, a response by cop Monday (19 November) would be appreciated.

Thanks

Keith

Keith Avis

Senior Manager

New Scheme Development

9 Millbank

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Received from OFGEM on 11.05.2017

Annotated by RHI Inquiry

To: Keith Avis[Keith.Avis@ofgem.gov.uk]
From: Jacqueline Balian
Sent: 2012-11-16T17:04:51Z
Importance: Normal
Subject: RE: NIRHI: Baseline Scope - Suggested Operations Costs Wording
Received: 2012-11-16T17:04:50Z

Keith, that seems a sensible approach. My concern is that the c£50k additional work which we will have committed to fund on top of the RHI budget, is covered.

Jacqueline

Jacqueline Balian

Head of RHI Operations
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From: Keith Avis
Sent: 16 November 2012 16:54
To: Jacqueline Balian; Peter Rice; Mary Smith
Subject: NIRHI: Baseline Scope - Suggested Operations Costs Wording
 Jacqueline, Peter Mary

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Keith

Keith Avis

Senior Manager

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IT PORTFOLIO DASHBOARD REPORT - 11/11/12																	
Overall Status (Red/Amber/Green)	Overall Project % Complete	Requested Budget	Signed-Off Total Budget	Expenditure to Date	Forecast Total Expenditure	Forecast Total Expenditure vs Agreed Budget Variance	Budget Status (Red/Amber/Green)	Agreed Completion Date	Latest Forecast Delivery Date	Deadline Status (Red/Amber/Green)	Any Variances From Baseline Scope	Scope Status (Red/Amber/Green)	Agreed Quality Criteria	Current Quality (i.e. Number of QA Issues)	Total Quality Issues	Quality Status (Red/Amber/Green)	Commentary
ECO Phase 1	7%	£1,050,000	£206,725	£78,000	£1,050,000	£0		28/02/2013	28/02/2013				O C: 0H: M S per UC: 10L	O C: 0H: M S per UC: 10L	N/A	N/A	* BUDGET: Budget from Budget Status as PID is not merged and the full requested budget has not been signed off. * DEADLINE: Amber flag on Deadline status meeting notification template finalisation to avoid errors and delays to go live date. * QUALITY: Amber status is due to the fact that the 20/02/2013 go-live date is tentative and is still being agreed. * BUDGET: Amber status is due to some contingency having been used, and the slight risk of overruns by final completion.
ECO Phase 2	0%	£800,000	£0	£0	£800,000	£0		28/05/2013	28/05/2013				O C: 0H: M S per UC: 10L	O C: 0H: M S per UC: 10L	N/A	N/A	* DEADLINE: Amber status is due to the fact that the 20/02/2013 go-live date is tentative and is still being agreed. * BUDGET: Amber status is due to some contingency having been used, and the slight risk of overruns by final completion.
FTT Tariff Self-Service	98%	£130,838	£130,838	£126,532	£130,838	£0		30/10/2012	30/10/2012				O C: 0H: 10M: 20L	O C: 0H: 1M: 10L	SC: 15H: 27M: 12L	N/A	* BUDGET: Amber status is due to some contingency having been used, and the slight risk of overruns by final completion. * QUALITY: Amber status is due to the fact that issues were carried over into the 1 month guarantee period, and the small risk that there may be further approvals.
FTT 2B	93%	£300,800	£300,800	£151,813	£229,937	£70,863		01/12/2012	01/12/2012				O C: 0H: 10M: 20L	O C: 0H: 20M: 10L	SC: 35H: 09M: 29L	N/A	* DEADLINE: Amber status is due to the current quality issues potentially during the go-live at the end of the year. * SCOPE: Amber status is due to the fact that the re-architectural component needs to be stripped out into a separate project, and because there will now be a FTT 2B - 42 to incorporate items that were agreed to be deferred to post go-live. * QUALITY: Defects are flagged as red as they are being investigated.
FTT 2C	N/A	N/A	N/A	N/A	N/A	N/A		01/04/2013	01/04/2013				N/A	N/A	N/A	N/A	* Awaiting scoping meeting with Andrew Ambrato.
RH RHJ	55%	£190,000	£0	£74,210	£183,750	£6,250		31/01/2013	31/01/2013				In draft IT PID TBC. NOT STILL IN DRAFT FROM NEW ACCESSSES	N/A	N/A	N/A	* BUDGET: Amber status is due to IT budgetary CA not yet being agreed off, but this has been discussed with Mary and I expect this to be resolved next week. * QUALITY: Amber status is due to no explicit quality criteria yet being agreed, as the PID is still in draft. This has been discussed with John and should also be resolved next week.
RHJ Phase 2 - R1	0%	£231,623	£30,607	£29,303	£200,000	£31,623		N/A	N/A				TBA	N/A	N/A	N/A	* Annual release on GB is no longer in scope, therefore we intend to stop reporting on this expenditure from next week.
RHJ Phase 2 - R2	0%	£28,427	£28,427	£2,308	£22,029	£6,398		31/03/2013	31/03/2013				TBA	N/A	N/A	N/A	* Ashley has confirmed sign-off of Budgetary CA enabling requirements work to start, with final sign-off expected in next week.
RHJ Phase 3	0%	£92,091	£0	£1,900	£69,241	£22,850		31/07/2013	31/07/2013				TBA	N/A	N/A	N/A	* Phase 3 initial requirements in progress. Have completed IT budgetary CA for interim funding until end of December. This is being reviewed by Ashley Halstier, who wants to discuss it with Matthew prior to sign-off.
RHJ Process Improvements	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A				TBC	N/A	N/A	N/A	* Initial discussions have taken place with Matthew, but it does not have capacity to work on this project in December if Phases 2 and 3 are the priority. Have agreed to provide limited input to enable items in scope to be prioritised. * BUDGET: None agreed yet. * SCOPE: Still being discussed.
RHJ Enhancement Post Oct 2012	60%	35738	£35,738.00	£18,340	£26,870.00	£8,868		28/11/2012	28/11/2012				TBC	N/A	N/A	N/A	* On track
RO Amendments 2013	21%	£647,295	£0	£92,550	£546,977	£100,318		29/03/2013	29/03/2013				O C: 0H: 10M: 20L	N/A	N/A	N/A	* BUDGET: Registered budget was £47,295 but wasn't approved pending cost benefit exercise. The forecast total expenditure for 1 April 2013 is now £46,977 due to deferral of Rollback Cap and Removal of Co-firing Cap, hence the £ 100K Variance. * Forecast Total includes 100% contingency. This will drop to 33% contingency for the following completed requirements: Unit by Unit and ROC Calculators & Bond Discussion (in time for next week's report)

Guidance Note	Description
Overall Status (Red/Amber/Green)	The overall status flag is set according to the 'worst case' from the budget, deadline, scope, and quality statuses.
Overall Project % Complete	This is the Project Managers estimate of the total % of the project that has been completed to date.
Requested Budget	This is the total budget requested by the Project Manager according to the latest agreed estimates.
Signed-Off Total Budget	This is the budget that has been formally signed off and released to the Project Manager.
Expenditure to Date	This is the total incurred expenditure to date on the project.
Forecast Total Expenditure	This is the total forecast expenditure on the project through to delivery.
Forecast Total Expenditure vs Agreed Budget Variance	This is the variance of the total forecast expenditure against the total requested budget.
Budget Status (Red/Amber/Green)	This is the status of the budget as compared to the actual expenditure. If there are issues with budget being signed off this will be red or amber. If budget sign off is OK, it will follow the rule: Within 90% of budget = Green, 90% - 100% = Amber, Over Budget = Red
Agreed Completion Date	This is the agreed completion date for launch (Go-Live) into production. These are agreed in the PID.
Latest Forecast Delivery Date	This is the latest forecast delivery date for the project.
Deadline Status (Red/Amber/Green)	This is the status of the latest forecast delivery date as against the agreed deadline (Green = Delivery date before deadline, Amber = On forecast, Red = later than forecast)
Any Variances From Baseline Scope	This column lists the number of variances agreed as against the baseline scope.
Scope Status (Red/Amber/Green)	This status reflects the relative risks in accommodating any changes in scope.
Agreed Quality Criteria	This is the quality criteria as agreed in the PID. (i.e. Critical, Major, Minor, Low, Very Low)
Current Quality (i.e. Number of QA Issues)	This is the current number of open issues for each release of scope.
Total Quality Issues	This is the total number of quality issues that have been raised in QA and UAT cycles during the project.
Quality Status (Red/Amber/Green)	This is the current quality status of the project. If the number of Criticals (Red) is above the agreed quality criteria this will be red. If the number of Major (Amber) is above the agreed quality criteria it will be amber. If all quality is within the accepted range it will be green.
Commentary	This is the Project Managers commentary to explain any amber and red statuses, and to explain the mitigating actions that are being taken to rectify the matter.