

John Mills
Head of Energy Division
Department of Enterprise, Trade and Investment
Netherleigh
Massey Avenue
Belfast
BT4 2JP

17th February 2016

Dear John,

ADMINISTRATIVE ARRANGEMENTS FOR THE NON-DOMESTIC RENEWABLE HEAT INCENTIVE (RHI)

Further to our telephone conversation earlier today, I am grateful to you and your colleagues for keeping us updated with your plans to amend the Renewable Heat Regulations (Northern Ireland) 2012 (as amended) to enact a suspension to the scheme for new applications from 23:59 on the 29th February.

Do we need to add in the more formal termination clause here (Clause 5.4)?

As you will be aware, failure to confirm the amendments ahead of the 29th February will result in Ofgem not being able to conduct any activities previously conducted under these arrangements. This includes, but is not limited to our previous administration relating to the handling of phone and email enquiries, the processing of existing applications, the handling of payments, conducting site audits and the sharing or reporting of data.

I understand that it is not your intention for Ofgem to cease conducting these activities and therefore in line with paragraph 5 of our joint administrative arrangements, I am writing to propose some amendments to the existing arrangements to reflect the new Regulations *which you will need to agree with your lawyers?*

Administrative costs

We would not expect any changes to our agreed administrative costs for 2015/16. We will need to manage changes to our operational processes and additional enquiries from participants and applicants as a result of the regulatory changes.

Similarly, our best view of our budget requirements for 2016/17 is £375k. Whilst applications may be less than originally planned, we would look to utilise the available resource to reduce the queue of outstanding applications to zero by end of 16/17

However, any significant increase in application volumes over the next few weeks may require additional funding.

Effecting the suspension

We will process all applications received by 23:59 on 29 February, which are properly made and in line with the regulations. For this purpose, “properly made” means that Schedule 1 requirements have been **satisfied** (better word?...please). Based on our current systems and processes, Bank and Identification information is received by post and not automated, so we would not consider that these would need to be with Ofgem at the suspension date, but that they would follow in due course. This is in line with current practice.

We will not process any applications received after this time and/or which are not properly made. It is possible that this will lead to an increase in complaints and challenges [to add]. There are times when an effective date needs to be moved, for example, with a change of meter readings. We propose that in these cases we **will not** continue to process these applications. This may, however, lead to increased challenge.

Installations granted or who have applied for preliminary approval will be eligible to apply for full accreditation beyond the 29th February. If the Department wished to impose a cut-off date (e.g. 24 months) this would require a further regulation change. **NB – need to consider whether due to this we should consider effective date changes as mentioned above**

Similarly, we will not accept any applications for additional capacity or additional heat uses after the 23:59 on 29th February 2016.

Audit and Compliance

We will continue to act in line with the existing arrangements and in line with the regulations. Any changes (including for example our approach to heat uses) would need additional changes to the regulations.

Do we need to mention effective date changes again here?

[Reference to additional audits/CR ?]

[Joint Review – depending on telephone conversation]

Reviews and Disputes

Again, we propose to continue with the current arrangements to manage reviews and disputes and we recognise that volumes could increase in response to the changes to the scheme.

Any costs relating to wider legal challenges would require additional administrative funding.

Do we need to say anything about rejections?

Guidance Materials

We expect that guidance materials which are published by DETI will need to be updated to reflect the revision to the Regulations, and we would appreciate the opportunity to review any changes prior to these being published.

Next steps

I would appreciate it if you could review the attached arrangements and respond as a matter of urgency. If you are not minded to pursue the route of signing new Arrangements, or are not in a position to do so within the course of the next two weeks, I would suggest we will need to agree for the transfer of all such materials you may need to be able to conduct all functions relating to the administration of the scheme.