

**To:** Teri Clifton[teri.clifton@ofgem.gov.uk]; Jacqueline Balian[Jacqueline.Balian@ofgem.gov.uk]  
**Cc:** Omolade Barker[Omolade.Barker@ofgem.gov.uk]  
**From:** Ruth Lancaster  
**Sent:** 2013-11-05T17:57:46Z  
**Importance:** Normal  
**Subject:** RE: DETI legal costs  
**Received:** 2013-11-05T17:57:48Z

Teri – what extension number are you on? I don't understand the highlighted bit.

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**From:** Teri Clifton  
**Sent:** 05 November 2013 17:54  
**To:** Ruth Lancaster; Jacqueline Balian  
**Cc:** Omolade Barker  
**Subject:** RE: DETI legal costs

This is really helpful, Ruth, thanks.

I think where we will get to with DETI is that they will want to know costs in advance of any work undertaken. This is how it works for developments.

Can you let me know what you are happy for me to share as this is one of the main points for discussion tomorrow.

One of their concerns is that their operating costs are far higher than the amount paid out so far. This, we can explain due to the infancy of their scheme.

If there was more work to do ( I know this isn't the case) would you still be within the 30k budget for the year, recognising the 10k spend last month?

Regards  
Teri

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**From:** Ruth Lancaster  
**Sent:** 05 November 2013 17:38  
**To:** Teri Clifton; Jacqueline Balian  
**Cc:** Omolade Barker  
**Subject:** RE: DETI legal costs

**NOT FOR ONWARD CIRCULATION TO DETI**

Teri

What kind of document do you have in mind? Do you have a template we can populate?

By way of background as you know we were permitted minimal FTE budget to support this in last year's corporate plan: **£30k** (compared to the 86k requested) for the entire financial year 13/14. This amount covers both development and operational work. £10k of this was used up in October alone. This was not budgeted for and is therefore not sustainable without impacting on other aspects of E-Serve's work

Of the remaining £20k of allocated internal resource we have assumed 50% will be required for development work, leaving a mere £10k of internal resource for operational matters for the remainder of the F/Y.

External resource is therefore required to provide both additional resource and expertise on specialist issues such as state aid. I understand we were allocated zero consultancy budget as a result of the last corporate planning round.

When you requested the estimate for the cost submission sent to DETI last week we asked if you could let us have a scope of work or at least a set of assumptions on which to base our estimate, but that wasn't available so the £50k is by no means an accurate estimate. However, I think that was made clear at the time.

It is clear that as take up of the scheme increases so the requirement for legal support on operational issues is likely to increase.

As such we estimated £5-10k for Counsel's advice. (Note this is for advice on operational issues, not for litigation which was expressly excluded from the estimate and to be dealt with separately.)

Law firm support could be obtained either by means of a secondment (the current market rate for this is approximately 20-25k per month depending on PQE, level of usage etc) or instructing firms on an issue by issue basis. In view of the restrictive budget and the ad hoc nature of the work we took the view that a secondments was probably not appropriate (although this may change depending on volume of work).

We therefore estimated a further £40k based on an assumption of 30 days' work (7.4 hours per day) at an hourly rate of £182 which totals £40,404 (rounded down to £40k). Please note that hourly rates will vary depending on PQE, which firm is appointed etc. Overall this is an extremely conservative estimate.

Of this only the 5-10k for Counsel's advice was included specifically for the carbon trust matter. That's not to say that if it isn't used on that issue it might not be required for anything else that arises during the remainder of this financial year.

I hope this helps. Please let me know if you have any questions. As I mentioned above this is e-mail is not for onward circulation to DETI, but Lade or I would be happy to help you develop a more formal estimate document. Obviously the more you can share with us about the scope of work assumptions you based the policy cost estimate on the more detailed we can be in our estimation.

Kind regards  
Ruth

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**From:** Teri Clifton  
**Sent:** 04 November 2013 14:30  
**To:** Jacqueline Balian; Ruth Lancaster  
**Subject:** DETI legal costs  
**Importance:** High

Hi Jacqueline, Ruth

I've just spoken to DETI and they are very unhappy about the estimated legal costs of £50,000. They have asked if I can take a more detailed document over with me on Wednesday so they can analyse the costs. Their initial thoughts are that they need to understand how much of this relates to the carbon trust issue.

Thanks

Teri

**Teri Clifton**

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