

Faye Nicholls

From: Ruth Lancaster
Sent: 14 October 2011 14:04
To: Faye Nicholls; Marcus Porter
Subject: Fw: NI RHI Draft Regs

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From: Catherine McArthur
To: Jonah Anthony
Cc: Matthew Harnack; Andrew Amato; Ruth Lancaster
Sent: Fri Oct 14 13:17:15 2011
Subject: NI RHI Draft Regs
 Hi Jonah,

I've conducted a review of the NI RHI draft regs and wanted to update you on the key issues arising from them.

Broadly the draft regs in their current form are, almost word for word, in line with the GB regs. However there are some caveats on this below.

The most significant difference from our end is that NIAUR (the Northern Ireland Authority for Utility Regulation) is named as the scheme administrator. Under the draft regs Ofgem ("the GB Authority") has responsibility for the administration of periodic support payments. Enforcement, accreditation, auditing and compliance are all the responsibility of NIAUR. We will need to work through how our current systems and SOPs will manage this, utilising some of the lessons learned from the NIRO, under which NIAUR has a similar role.

The only other changes are substituting the relevant Northern Ireland legislation/authorities etc where necessary, which should not impact on our facilitation of the scheme.

The major caveat on this is that at every reference to system capacity, capacity limits, reference dates (commissioning, reporting, etc), COP, depth for GSHPs, proportions of biomass in municipal waste and so on, there are footnotes indicating that the NI position is yet to be confirmed. This does leave all these areas open to the potential of a late change once DETI have come to a final policy position, which could impact on our ability to implement the scheme on budget and on schedule. We will need to be very clear in the Feasibility Study about what the conditions are around the timetables and costing provided, and that any changes will attract additional costs. Changes to any of these parts of the regs could have implications for the IT systems and SOPs, which in turn will have resourcing implications.

Notably the draft regs do not currently include any reference to the treatment of the Heavy Industrial Sector, ASHPs, bioliquids or deep geothermal, which are the key points of departure from the GB RHI. From discussions with DETI we may not get this detail until late November.

I spoke with Joanne and Peter at DETI yesterday to discuss our progress report and get further clarity around what their expectations are for the feasibility phase. My overall impression was that while their consultation has finished, they are not yet in a position to even broadly indicate the policy direction they're likely to adopt. I have made it clear that the feasibility work we will proceed with until we have additional detail will remain in line with the draft regs and they are comfortable with this approach.

Thanks,

Catherine McArthur
 Policy Development Manager