

**To:** Peter Rice[Peter.Rice@ofgem.gov.uk]  
**From:** Sajith Sasikumar  
**Sent:** 2012-02-20T15:24:56Z  
**Importance:** Normal  
**Subject:** FW: RHINI  
**Received:** 2012-02-20T15:24:58Z

FYI – breakdown of the NIRHI figure below.

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**From:** Catherine McArthur  
**Sent:** 17 February 2012 10:22  
**To:** Sajith Sasikumar  
**Subject:** RE: RHINI

Yes that sounds right to me!

**Catherine McArthur**  
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**From:** Sajith Sasikumar  
**Sent:** 17 February 2012 10:21  
**To:** Catherine McArthur  
**Subject:** RE: RHINI

Thanks – so would it be fair to say the developments costs for 12/13 would be around £234k excl overheads?

Kind regards  
Sajith

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**From:** Catherine McArthur  
**Sent:** 17 February 2012 10:15  
**To:** Sajith Sasikumar  
**Subject:** RE: RHINI

Hi Sajith,

I've highlighted the overheads on the table below:



New Scheme Development delivery team	£96,000
Internal Ofgem legal costs	£62,000
IT delivery costs	£143,000
Independent risk assessment	£10,000 (excluding £10,000 deferred from feasibility study)
Overheads	£75,000
<b>Total</b>	<b>£386,000</b>

So without overheads this would be £311k.

Thanks,

**Catherine McArthur**  
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**From:** Sajith Sasikumar  
**Sent:** 17 February 2012 10:11  
**To:** Catherine McArthur  
**Cc:** David Fletcher  
**Subject:** RE: RHINI

Hi Catherine,

Many thanks for providing this information. Does the development costs provided for 12/13 include overheads? If so can you let me know roughly how much it would be excluding overheads?

Kind regards  
 Sajith

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**From:** Catherine McArthur  
**Sent:** 17 February 2012 09:55  
**To:** Sajith Sasikumar

**Cc:** David Fletcher  
**Subject:** RE: RHINI

Hi Sajith,

### A brief description of the project

The Northern Ireland Renewable Heat Incentive (NI RHI) scheme is an environmental programme designed to promote widespread uptake of renewable heat generation technologies by offering incentive payments for the heat generated by a variety of eligible technologies including biomass boilers, biogas, biomethane injection into the grid, ground source heat pumps, solar thermal, renewable CHP and renewable district or community heating. The NI RHI has been modelled on the existing Great Britain RHI scheme administered by Ofgem and represents up to £25 million of investment over the first four years of the scheme.

### The estimated total value of the work involved

The estimated value of the Development Phase (likely to commence March 2012) is £386,000 plus 100% contingency. Use of contingency funds will require approval from the joint Ofgem-DETI administration board. The development budget breakdown is below:

New Scheme Development delivery team	£96,000
Internal Ofgem legal costs	£62,000
IT delivery costs	£143,000
Independent risk assessment	£10,000 (excluding £10,000 deferred from feasibility study)
Overheads	£75,000
<b>Total</b>	<b>£386,000</b>

This will cover approximately four months work (notwithstanding delays from DETI, State Aid, etc). When DETI give us the final approval to go ahead with development we will take two weeks to mobilise the team before work can commence. We expect to gain approval from DETI shortly (by the end of the month).

Once development has been completed, operation of the scheme will be handed over to the existing RHI operational team. The administration costs for the scheme to be recovered from DETI will be

determined by uptake. However we estimate scheme volume to constitute approximately 3-5% of total RHI workload. Based on current forecasts this will be between £739,637 and £899,388 for the first four years of the scheme. A breakdown of each of these cost scenarios is below:

RHI operational staffing	£78,927	£102,721	£143,135	£193,714
IT business application support costs*	£27,000	£27,000	£27,000	£27,000
IT infrastructure costs*	£23,000	£23,000	£23,000	£23,000
Internal legal costs	£6,732	£4,614	£4,799	£4,991
<b>Total</b>	<b>£135,660</b>	<b>£157,336</b>	<b>£197,935</b>	<b>£248,706</b>

\*IT costs are based on year 1 forecasts and may need to be reassessed pending final IT requirements

RHI operational staffing	£131,545	£171,201	£238,559	£322,856
IT business application support costs*	£27,000	£27,000	£27,000	£27,000
IT infrastructure costs*	£23,000	£23,000	£23,000	£23,000
Internal legal costs	£11,221	£7,690	£7,998	£8,318
<b>Total</b>	<b>£142,766</b>	<b>£178,891</b>	<b>£246,557</b>	<b>£331,174</b>

\*IT costs are based on year 1 forecasts and may need to be reassessed pending final IT requirements

#### **Of this total value how much will be attributed to fy 12/13**

Of the Development costs we would expect approximately £290,000 to be attributed to the 12/13 financial year (plus any necessary contingency). Estimated operational costs for 12/13 are estimated to fall between £135,660 and £142,766 depending on uptake and assuming no delays in scheme launch.

Please let me know if you need anything further or would like to discuss to clarify any of this.

Kind regards,

**Catherine McArthur**

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**From:** Sajith Sasikumar  
**Sent:** 16 February 2012 17:07  
**To:** Catherine McArthur  
**Subject:** RHINI  
**Importance:** High

Catherine

I work with Peter Rice in Commercial Finance and have been asked to gather some information Bob has requested regarding new projects. For RHINI, I have been given your name by Peter as the best person to speak to.

What I'm after for RHINI is:

- A brief description of the project
- The estimated total value of the work involved
- Of this total value how much will be attributed to fy 12/13

As Bob needs this by Monday morning please can I have the info by cop tomorrow (17/02/12).

Happy to discuss.

Kind regards  
Sajith

**Sajith Sasikumar**

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