

NI RHI Guidance Documents

This paper sets out the case for having either a single guidance document for both the GB and NI RHI schemes or having two separate guidance documents.	From	Paul Heigl
	To	Matthew Harnack
	cc	Luis Castro
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1. Summary

- 1.1. This briefing asks the question - does it make more sense to have a single guidance document for both the GB and NI RHI schemes or should the NI RHI have a standalone document?

2. Aim

- 2.1. There are significant issues with producing either two separate guidance documents for the NI and GB RHI schemes or maintaining a single guidance document for both schemes. This paper presents the options and weighs up the benefits and disadvantages of each.

3. Background

- 3.1. DETI have provided Ofgem with their draft regulations which *almost* exactly mirror the GB regulations for the RHI. So logically it would seem to make sense to use the same guidance documents for NI as those we use for GB. Ofgem will also use the same register and business processes to administer both schemes so operationally they will be *almost* identical.
- 3.2. The issue arises in the first instance that recently a cost-control mechanism (Stand-by Budget Management) was enacted for the GB scheme that is not enforced in the NI regulations. This is a triviality though as it is hoped that this measure would never be used. However it does highlight impending issues as the schemes diverge further in the future.
- 3.3. The project team have consulted internally, including both policy leads, the GB RHI Operational and Development teams and legal representatives and have externally consulted DETI for their perspectives and preferred option. The results of these discussions are presented below.

4. Options

Option 1: One guidance document for both schemes

- 4.1. This option provides:
 - A streamlined approach to both inbound and outbound communications regarding both schemes;
 - At least to start with, the majority of the document will be identical for both schemes and so reduces duplication; and
 - From an administrative perspective it can be easier to direct customers to a single website or source for all information on both RHI schemes.
- 4.2. The risks associated with this option are:

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- Legally they are two separate schemes, they are not identical and the number of differences between them is only set to increase;
- It is arguable that the NI equivalent of regulation 52¹ in the GB regulations will require a standalone NI RHI guidance document. Ofgem are not named within the NI RHI regulations as the administrator, therefore DETI will need to consult on any guidance documents for their scheme – risking further divergence between the GB and NI guidance documents;
- The project team are aware that there are specific areas of the GB guidance that are either not 'fit for purpose' or causing confusion for GB users. We would aim to address those sections for the NI RHI guidance documents to ensure the scheme is set up for success. It would not be possible to make these improvements to a combined GB and NI document without consulting GB stakeholders on any amendments;
- The number of differences between the schemes in the guidance will increase in the next few months to reflect the phase 2 changes to the GB Regulations on which DECC have just commenced consultation but which will not be enacted until early 2013. This seems to raise the prospect that there may be knock on effects for the references in the guidance to the NI Regulations and this could be "messy";
- Although large sections of the guidance would be similar, for those sections that are bespoke to each scheme it may be more complex and time-consuming to edit the text while retaining the integrity of both schemes; and
- The end-product is likely to be less user-friendly than two standalone sets of guidance.

Comment [PAH1]: Too much?

Conclusion

- 4.3. Forecasts suggest that the uptake of the NI RHI scheme could be a 3 per cent proportion of the GB scheme. The question must be asked as to why we would want to potentially jeopardise the integrity of the GB scheme by introducing additional confusion by including the NI RHI into a single document. For such a small proportion of potential users in Northern Ireland we may create a less user-friendly document, with confusing references and tariff structures.

Option 2: Standalone guidance document for NI RHI

- 4.4. This benefits of this option are:

- It enables DETI to conduct their consultation on the guidance document without Ofgem's involvement. This is beneficial to DETI as it allows them to present the scheme as a Northern Irish scheme and reduces legal risk to Ofgem. The primary risk arises in a scenario where the guidance document goes out to consultation, but the Administrative Arrangement between Ofgem and DETI has not been signed off.
- By separating the guidance documents it allows each scheme to make bespoke changes without impacting on the other. For example, the outcome of the Northern Ireland consultation and subsequent amendments to the guidance to improve accessibility for NI users would be difficult to implement on a single GB and NI RHI guidance document. Any major departure from the original text would then instigate another round of consultation with GB RHI users and vice versa.

¹ Regulation 52: "The Authority must publish procedural guidance to participants and prospective participants in connection with the administration of the scheme"

- Ofgem are currently consulting on those areas of the GB RHI guidance that are not 'fit for purpose' and to introduce specific updates to the GB scheme. These guidance document amendments would then be made in early 2013, but not apply to the NI scheme? We would not look to include the NI scheme in improving the usability of a document we know is causing confusion? How would that document look?
- This option future-proofs against divergence. Although we have been assured DETI will mirror the current changes being made to the GB regulations when they introduce NI RHI Phase II (expected summer 2013), this is by no means guaranteed and it is prudent to plan now for divergence.

4.5. There is already scheme divergence:

- The tiers and tariff tables are different for the NI and GB RHI schemes. Separating this information would have two primary benefits, first that it reduces the potential for confusion between the schemes by users and second that it reduces comparisons between the schemes. Comparing the tariff levels for most tiers illustrates that the GB scheme has more generous tariff levels which could lead to reputational damage, particularly for DETI.
- Referencing regulations within a single document would become unwieldy with segregated references for each set of regulations. Currently the footnotes and references are already unrelated to the text in many instances and this would only be exacerbated by doubling the number of references or footnotes.
- In many instances, the guidance documents refers the reader to outside organisations to obtain further information such as DECC, DEFRA, the ombudsman etc. In many of these instances, NI has its equivalent and therefore the document would need to reflect the different organisations. Again this impacts on how user-friendly the guidance is.
- Enforcement processes are different for both schemes, Ofgem has limited enforcement rights in Northern Ireland compared to GB and again this is likely to cause confusion for users.
- Discussion in the GB guidance regarding phase 2 and domestic users will only help to confuse NI potential scheme users.

4.6. The risks of this option are:

- It may present more upfront development work and costs for the guidance.

Conclusion

- 4.7. Development time and costs for the NI RHI guidance may be slightly elevated in the short-term, however in the medium-term (post-January 2013) and long-term (post-summer 2013) those costs for maintaining functional guidance documents will be significantly lower than maintaining a single document. This option ensures we minimise the risk of jeopardising the integrity of the GB scheme and confusing both sets of scheme users.

5. Preferred Option

- 5.1. The project team, legal and GB RHI operations and development are unanimous in advising adopting a standalone NI guidance document.

Comment [PAH2]: Marcus – is this wording correct?

Comment [c3]: Do we mention we do not have a budget to amend post development stage?