

To: Catherine McArthur[Catherine.McArthur@ofgem.gov.uk]
From: David Fletcher
Sent: 2011-12-06T12:07:02Z
Importance: Normal
Subject: RE: NIRHI
Received: 2011-12-06T12:07:13Z

I agree, I pointed out the cross over benefits, not sure if they wanted some values on the benefits and what they are for consumers (rather than government) or just something a bit less woolly in the paper we send up. (mind you Alistair's comment was it needed to be much shorter... probably 2 or 3 pages so where the extra detail would go I'm not sure.

I will speak to the guys in RO/NIRO...but I think that these sort of things weren't really given as much scrutiny back in the day. I intend to work from home in the morning tomorrow but take the afternoon as leave (as it's my eldest's first nativity play). Ruth has already indicated (!) that she is busy today so a call on Thursday would be better.

Plus it would be good to do a bit of a handover for the period when you are on leave... not that I think that NI will trouble us over the festive period but if nothing it's the professional thing to do.

Key thing to do is to make sure that we start to indicate (probably subtly as the mo) that unless it is sorted (exec expression is a copper bottomed solution) there is a (real) potential that GEMA won't be happy with us taking this scheme on at all!

Kind regards
 David

From: Catherine McArthur
Sent: 06 December 2011 11:37
To: David Fletcher
Subject: RE: NIRHI

So far our approach for NI RHI has been to sell it to DETI, so the benefits for NI have been the focus. In terms of how the combined administration will benefit DECC, in the same way that we're finding cost savings and efficiencies for DETI - such as through combined testing of IT systems development to reduce the costs, DECC will also benefit from this. While the savings for DECC won't be of the same magnitude as those for DETI (since their scheme will form 97% of volume), they will benefit as the NI scheme continues through to operations if they look at combining development work and IT changes for 2012. Particularly if they were to combine work on regulations or anything involving Ofgem Legal, they could share the costs as well as keeping the schemes aligned. By sharing the costs (assuming the schemes remain aligned), DECC will save on the ongoing scheme costs and share the risks with DETI as well. If there is a change to the operations of the scheme (such as uptake being to high and the scheme being closed early) DECC and DETI will have joint responsibility for covering the costs of this change to operations. We have encouraged DETI to work closely with DECC especially around later phases of development (domestics, new technologies, etc) with a view to reducing costs of both ends. By administering the schemes together there will also be a consistent approach across the UK to RHI (although there will be a difference in tariff rates).

You might want to talk to someone on RO/NIRO if you need more, because that's the model we've been working from and if they did any work on the benefits to DECC of combining administration of the schemes I imagine much of that would apply in the case of RHI.

In terms of resolving legal costs and the risk issue, yes, best to speak to Ruth. You may want to see if Jacqueline can be involved for some extra clout? Being head of RHI she is aware of legal's issues with the scheme which may help to get to the heart of legal's concerns and look at how best to mitigate against them.

I'll set up a phone conference with DETI to discuss the legal position - do you expect that we'll have resolved things with legal by tomorrow or should I make it Thursday? (Joanne only works Mon-Thurs so Fri wouldn't be an option on their end).

Thanks,
 Catherine

From: David Fletcher
Sent: Tue 6/12/2011 11:09 AM
To: Catherine McArthur
Subject: RE: NIRHI

Indications are that we need to resolve the legal issues before the Exec are happy to recommend the administration to GEMA.... Bobs comment was that we might need to do a bit of repositioning with DETI.

The other point the exec made was that we need to strengthen what GB is getting out of this relationship... currently the benefits (cost etc) seem to run one way only!

I probably need to speak to Ruth about this.

As regards DETI no I don't think that a call is needed today but we could do with setting up a call/ teleconference/ meeting with them to go through how we can fully transfer risk of challenge to DETI/ NIAUR.

Kind regards

David

From: Catherine McArthur
Sent: 06 December 2011 09:24
To: David Fletcher
Subject: RE: NIRHI

No comments back, but then I wasn't really expecting any at this point. We sent them a draft a couple of weeks before we submitted (admittedly that was before the last minute change) and they were happy with that - I worked through some comments around wording and seeking clarification on a couple of sections that I re-worked. The only thing I've heard from them since we sent through the final draft was that they need to put a payment request through their internal processes to pay for the FS so they're expecting a bill basically, or at least a final figure of what they owe. I spoke to Peter Rice late Friday and he said he'd look at finalising figures this week. Did you want me to give them a call and see if they're happy with it?

From: David Fletcher
Sent: Tue 6/12/2011 8:53 AM
To: Catherine McArthur
Subject: FW: NIRHI

Have you heard anything back yet?

From: Robert Hull
Sent: 06 December 2011 08:53
To: David Fletcher
Subject: NIRHI

David

Have you followed up with DETI on the RHINI submission? It would be helpful to get feedback before the MC meeting this pm.

On reflection, I have been worrying about the position we have taken on legal contingency - I would rather go further down the path of removing the risk instead of pricing it in. Is there a way that we can make likely challengeable decisions the responsibility of DETI by giving them the decision appeal role. Appreciate if you can give this some thought - also useful to understand DETI's position on this. I suspect we are taking a different position from NIRO - if so, why?

Thanks

Bob

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