

To: Paul O'Donovan[Paul.O'Donovan@ofgem.gov.uk]
Cc: Sajith Sasikumar (Sajith.Sasikumar@ofgem.gov.uk)[Sajith.Sasikumar@ofgem.gov.uk]; Wayne Reid[Wayne.Reid@ofgem.gov.uk]
From: Peter Rice
Sent: 2014-07-25T13:30:01Z
Importance: Normal
Subject: FW: RHI Administration
Received: 2014-07-25T13:30:00Z

Paul

Sorry I forgot IT. We have never allocated IT costs to NI before. Since none of the development of IT relates to NI it does not seem appropriate to charge them for that costs. At most we could change a % of the operational costs.

P

From: Peter Rice
Sent: 25 July 2014 14:03
To: Paul O'Donovan
Cc: Sajith Sasikumar (Sajith.Sasikumar@ofgem.gov.uk); Wayne Reid
Subject: FW: RHI Administration

Paul

I don't want to engage with Gareth over this, however my thoughts are as follows:

- The Legal Team have provided a forecast of the NI costs and these have been included in the budget figures we provided, they are just 0.7% not the 3% Gareth has used.
- None of the other support teams were allocating costs to RHINI (and Chris was in agreement with this) so they should not be allocating 3% of any of those costs.

I do not propose to change any of the above.

- Previously we have agreed with DETI that they would not pay for Development costs on the NDRHI. I do not see anything in Gareth's e-mails or anything from Teri where they suggest they have changed that agreement. Since the NI scheme is not developing I don't see why we should charge development to DETI.

Unless I see something to show that DETI have agreed to pay for development then I don't think that should be changed.

- We had charged 3% of consultancy previously but until last week we had been told all consultancy was for GB.

That can be changed

Moving forward

Can you please confirm to Gareth what I have detailed above and tell him that a blanket 3% will not be applied

Do we have any confidence that 3% is an appropriate figure to use anyway? Can we ask for the justification – just the number NI schemes as % of the total would be a start!

I suggest we amend the forecast and actual consultancy costs to apply the 3% (or different % is appropriate) .

Could you talk to Gareth and tell him that his exclusion of the Finance Team has caused a lot of additional work, errors and concerns and that he should ensure he works collaboratively in future please.

We should ask for confirmation of funding from DETI, IN WRITING before we do anything else.

We should look again at the budget figures once I return and once the issues above have been resolved.

I hope that helps

P

From: Gareth John
Sent: 23 July 2014 09:55
To: Teri Clifton
Cc: Peter Rice; Sajith Sasikumar; Wayne Reid; Paul O'Donovan
Subject: RE: RHI Administration

Hi Teri,

After discussion with Peter/Paul – I suggested it would be simpler to apply the 3% against the £6.9m figure rather than allocating against different staff as 99% of staff worked on both GB & NI.

Peter was going to investigate this – although his note below suggest that may be a problem.

The original figure we gave to DETI for budgeting purposes was £264,715 this was based on 3% of a higher view of the budget at the time (£7.116m) + indicative view of overheads (24%)

Next steps:

1. Change Control indicative view @3% : In terms of the change control , if Peter's team is able to confirm that 3% can be applied (however the calc works – e.g. $100/97 * £6.9m = \text{total pot } (£7.113m)$ and difference is $£213k + 20\% \text{ overheads} = £257,730$?
2. In terms of actual costs – then assuming this is charged on actual costs for apr – jun then I'd assume that this would be done by applying the same methodology (once confirmed) – this

will look like a lower run rate – but will pick up as our costs pick up.

Sajith are you able to confirm – the points 1 & 2 above for us? –

Rgds

Gareth

From: Teri Clifton
Sent: 23 July 2014 08:21
To: Gareth John
Subject: FW: RHI Administration

Hi Gareth

I need to go back to DETI this week with the amount we are charging for the first quarter.

I know that you have had a chat with Peter, but I'm not sure where we are with this now.

I have let Amy know that we will cover the costs of the audits that they are arranging with Ricardo as that forms part of their annual number of audits.

Can we grab 5 minutes to have a chat about this so I can speak to Peter again about giving me the costs for DETI for the last 3 months.

Thanks

Teri

From: Peter Rice
Sent: 15 July 2014 17:15
To: Teri Clifton
Cc: Sajith Sasikumar; Paul O'Donovan; Gareth John
Subject: FW: RHI Administration

Teri

Thank you for your e-mail, I assume Gareth has talked to you today since much of this was discussed with him this morning.

Last year costs were charged at 3% of Consultancy, 3% of OPERATIONAL staff and an appropriate proportion of 'other' costs. So that excluded all Development staff and all costs from support teams. That is not in line with charging 3% of the total for the GB Scheme which seems to be being suggested by yourself and Gareth. Gareth asked me earlier today if I could change all the models so that DETI is charged at 3% of the costs of running the Non-Domestic RHI schemes. I have been looking into it but it looks like something that cannot be done in that way, I will write back to Gareth when I am sure of the situation.

In relation to the Audits, is that within the figures provided by Tasfin previously? Or is it in addition to

the audit consultancy costs provided? Can you please confirm with Tasfin and let me know asap.

I will provide information on how we are tracking when we have cleared up the points in this e-mail because, depending on the outcome, this is going to change the amount we are tracking by.

I understand that you have just asked Sajith whether the £207k figure that you/Gareth agreed included overheads. That, of course, depends on the basis on which you/Gareth agreed those figures, however;

- if you had asked us in advance of your negotiation we would have told you it should have included overheads, but
- if it has been calculated as 3% of the £6,900k charged to DECC (which is an incorrect calculation anyway if you were looking for a 97%/3% split – see below) then it didn't include overheads, but again,
- the RHINI scheme will be expected to contribute overheads at the same rate as other schemes (20.42% I believe).
- If the person agreeing £207k with DETI did not consider overheads then we must assume they are included which leaves just £172k for E-Serve and IM&T spend on the NI scheme. If that is the case then,
- 3% across the board is not appropriate anyway and another resolution needs to be found.

It's disappointing that we were not kept informed of the negotiations as we could have dealt with a lot of these issues at the start. This have prevented a lot of the misunderstanding that has been going on and the additional work this situation is going to require to resolve.

Best regards as always

P

p.s. WHY IS THE 3% FIGURE NOT £207k?

If the total costs of the scheme to be split 3% DETI and 97% DECC and we know the DECC figure should come out at £6,900 then the DETI figure should be.

$$£6,900 \times 3\% / 97\% \text{ which equates to } £213.4\text{k}$$

The total cost of both schemes would be £6,900k plus £213k which equals £7,113k

The proportion of the total costs of both schemes attributable to DETI would therefore be 213.4/7113 which equals 3%

The DETI scheme as a proportion of the DECC scheme would be 213.4/6,900 which equals 3.1%

From: Teri Clifton
Sent: 15 July 2014 15:34
To: Sajith Sasikumar

Cc: Peter Rice
Subject: RE: RHI Administration

Hi Sajith

The funding which has been agreed is £207,000. B We originally agreed a higher amount with DETI which was based on 3% of the overall DECC budget at the time we agreed it. Now the DECC budget has been confirmed, we are working with £207,000.

We are happy that we should be charging at 3 % in line with last year. I have agreed with DETI that we won't charge for anything outside of the 3% that they are not aware of ahead of the work starting.

I have had a request for 5 audits to be completed at a cost of £6,844, which I am assuming will sit within the 3% overall. Please let me know if you think that this is not covered.

Please can you send me details of what you have been tracking for 2014/15 so that I can see how they are doing against this budget.

Thanks

Teri

From: Sajith Sasikumar
Sent: 14 July 2014 12:51
To: Teri Clifton
Cc: Peter Rice
Subject: FW: RHI Administration

Teri

I have received the email below. Although I am not quite sure how to respond to this as I am uncertain about what has been agreed with DETI in terms of funding and how this figure was arrived at.

In the absence of any clear instructions surrounding the cost for 14/15 we have been calculating costs consistent to last year ie 3% of operational staff and consultancy costs only.

Please can you let us know where we are with this before we can be in a position to give them any numbers.

Regards
Sajith

From: McCay, Davina [<mailto:Davina.McCay@detini.gov.uk>]
Sent: 10 July 2014 11:01
To: Sajith Sasikumar
Cc: Thompson, Sandra

Subject: FW: RHI Administration

Sajith

I have taken your email address from previous correspondence with DETI re administration costs of the Northern Ireland RHI.

As you will see from emails below to Teri Clifton, we have been trying to establish the invoice total for quarter ending June 2014 so that we can raise a purchase order. I understand that Teri is on leave at the moment and wondered if you would be able to provide us with this figure?

Many thanks

Davina

Davina McCay

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9535 (ext: 29535)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9535
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: McCay, Davina
Sent: 01 July 2014 10:51
To: 'teri.clifton@ofgem.gov.uk'
Cc: Thompson, Sandra
Subject: FW: RHI Administration

Teri

As per my email of late last week, we really need to get sight of the admin costs for quarter ending June 2014 so that we can raise a purchase order in advance of your invoice arriving.

I'd be grateful if you could come back to me with this as soon as possible.

Regards

Davina

Davina McCay

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh

Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9535 (ext: 29535)
Mob: Personal information redacted by the
TextRelay: 18001 028 9052 9535
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?

From: McCay, Davina
Sent: 27 June 2014 13:38
To: 'teri.clifton@ofgem.gov.uk'
Cc: Thompson, Sandra
Subject: RHI Administration

Teri

I'd be grateful if you could confirm the amount for RHI admin for June so we can raise a purchase order.

Many thanks

Davina

Davina McCay

Sustainable Energy
Department of Enterprise, Trade & Investment
Netherleigh
Massey Avenue
Belfast, BT4 2JP
Tel: 028 9052 9535 (ext: 29535)
Mob: Personal information redacted by the RHI Inquiry
TextRelay: 18001 028 9052 9535
Web: www.detini.gov.uk

Please consider the environment - do you really need to print this e-mail?