

**Change Request Form**



<b>Project name</b>	<b>NI RHI</b>	<b>Date raised</b>	October 2014
<b>Change Title</b>	Change to costing to enable Ofgem to administer the Northern Ireland Non-Domestic RHI scheme	<b>Raised by</b>	Ofgem
<b>Change request ID</b>	Ofgem Ref: NINDRHI-2014-0001 RHI Ref: NINDRHI-2014-0001	<b>Senior Responsible Owner (SRO)</b>	Chris Poulton
<b>Project Manager</b>	Teri Clifton	<b>Workstream Manager</b>	N/A
		<b>Version</b>	3.0
		<b>Version date</b>	13 October 2014

<b>Change description</b>	<p><b>Nature of Change:</b> This change control confirms a revised method of calculation of the costs to be charged for running the Northern Ireland RHI Scheme for 2013/14 and beyond.</p> <p><b>Reasons for change:</b> The original calculation of <i>DETI costs = Total RHI operating cost * Value of NI tariff payments / Value of Total (NI+GB) tariff payments</i> is not appropriate either for this year or for future years. The timing of tariff payments lag significantly behind much of the work carried out by the operational team. Payments are not usually made for 3 months after the enquiry and application handling stage, which depresses charges in any year in which the number of applications is growing.</p> <p>After assessment of the actual costs incurred in running the NI scheme in its first year, and of the percentage of applications being received which relate to NI, a more appropriate calculation method has been devised for 2013/14 and beyond.</p> <p>NI applications are anticipated to represent 3% of the anticipated overall uptake. It is reasonable to calculate the costs of the NI scheme based on that proportion. We therefore propose that the costs for DETI are calculated based on 3% of actual relevant total scheme costs.</p> <p>For 2014/15 the total UK scheme cost including overheads is £8,302m. Deducting GB specific costs, the total relevant UK scheme cost is £7,064,533, of which DETI will be charged 3% (£211,935). <i>6 1/11</i></p> <p>Ofgem will advise DETI of the anticipated total scheme cost for 2015/16 by November 2014 and at the same time in each subsequent year. Ofgem will also provide estimates of anticipated total scheme costs for longer periods if requested.</p> <p>Payments for the NI operating costs will be made on a quarterly basis (end June, end September, end December and end March). Ofgem will advise DETI within two weeks of each quarter end of total running costs for the GB scheme and the proportion of applications received from NI in that quarter. DETI will raise a Purchase Order for the agreed 3% of the total within 3 working days of receipt of this information. An invoice can then be submitted for immediate payment.</p>
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<p>In the event that an actual figure is not available within 2 weeks of quarter end, Ofgem will provide a best estimate of actual costs for that quarter and a payment will be made based on that estimate. The actual figure will be confirmed by Ofgem as soon as it becomes available and payment for the following quarter will then be adjusted in respect of any over or underpayment.</p> <p>The 3% charge will be reviewed annually commencing April 2015 to ensure that it remains in line with the volumes of applications received and administered. If NI volumes vary significantly from 3% of the relevant scheme costs, the proportion chargeable will be reviewed. Any increase or decrease in the % to be applied will be agreed by both parties.</p> <p>The 3% charge is set so as to ensure that the underlying fixed costs for the scheme, including IT costs for software and hardware, licenses, support, bug fixing, improvements and an allocation for legal fees and auditing at levels matching those for GB are fully accounted for. It is not therefore anticipated at this point that the charge will be reduced below this percentage.</p> <p>Any additional work requested which is specific to the DETI scheme, eg non routine legal, IT or development costs will be additional to the 3% charge. These will be separately costed and the amount agreed with DETI before such new work is undertaken. By the same token, any additional non routine legal, IT or development costs specific to the GB scheme will not form part of the total relevant running costs on which the NI 3% charge is based.</p> <p>Ofgem will provide an Assurance Statement at the end of each financial year.</p> <p><b>Impact of change</b>  <i>Cost impact:</i> These costings give a clearer way forward for DETI and will allow invoices to be raised quarterly.  <i>Time impact:</i> This needs to be agreed and signed off as soon as possible to give clarity on funding.  <i>Scope impact:</i> Ofgem will ensure that any specific requests to work on the Northern Ireland scheme are scoped and costed before Ofgem starts work.</p>			
<b>Change approval required by</b>	October 2014	<b>Reason for requirement</b>	To ensure clarity around costings and so that Ofgem receive the correct amounts for administering the Northern Ireland scheme.
<b>Attachments (IA, Business Case)</b>			

<b>CC Stage</b>	Request raised.
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**Ofgem Impact Analysis - Summary of Preferred Option**

**Cost Impact**


**Time Impact**


Deliverable	Milestone	Old Planned Date	New Planned Date
No Impact			

**Scope Impact**

Work Area	Details of Change in Scope
No Impact	

**Ofgem Authorisation**

The following signature certifies that the costs and other impacts of the change have been adequately assessed and that the details provided are Ofgem's best estimate of those impacts.


Approved by (name)	Signature	Date
CHRISTOPHER POULTON		13/10/14

**DETI Authorisation**

	2013-14	2014-15	2015-16
Total relevant UK scheme cost estimate		£7,064,533	£7,226,800
Total NI cost estimate (3%)	164,636	£211,936	£216,804


The following signature certifies that the change has been agreed as stated in this form and certifies the approval of additional funding as set out in the table above. Where no funding is included this indicates DETI's view that the costs of implementing the change have to be found from within the funding already approved.

**DETI Approval**

Approved by (name)	Signature	Date
JOHN MILLS		13/10/14

**Ofgem Approval to proceed**

The following signature certifies that Ofgem will proceed with the change request on the basis of the costs identified and the funding indicated by DETI.

Approved by (name)	Signature	Date
CHRISTOPHER POULTON		13/10/14

