

To: Jane Pierce[Jane.Pierce@ofgem.gov.uk]
Cc: Jerry Orme[Jerry.Orme@ofgem.gov.uk]; Katy Read[Katy.Read@ofgem.gov.uk]; James Robinson[James.Robinson@ofgem.gov.uk]; Omolade Barker[Omolade.Barker@ofgem.gov.uk]; Callum Green[Callum.Green@ofgem.gov.uk]; Sarah Driver[Sarah.Driver@ofgem.gov.uk]
From: Andy Morrall
Sent: 2015-10-05T15:26:28Z
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Subject: RE: TRIM: RE: NIRHI Draft Amendment Regulations (OFFICIAL)[OFFICIAL]
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Jane

Thanks for sending this through, Jerry and I have given this further consideration and still have strong reservations about these changes. Whilst we have some concerns about the construction and terms of the proposed insertions, the main concern lies in the implications on metering and payments. I try to set these out below, but if anything is unclear then let me know and I'll try to clarify:

Comments on proposed wording/construction:

Amendment to regulation 12: *In regulation 12 after paragraph 1(d) insert – “(e) the plant providing heat **for** a given building forms part of a single heating system regardless of whether a particular plant is hydraulically linked to others or is stand alone.”*

- The first occurrence of “plant” needs to be in the plural or have a general determiner *all/any*: “the plant providing... forms” -> “all plants providing... form” or “the plants providing... form” or “any plant providing... forms”.
- Our operational approach to a heating system has never been based on “hydraulics” per se (e.g. heat exchangers in fact serve to hydraulically isolate primary and secondary sides of a circuit that we still consider to be part of the same heating system). You would probably have to use the concept of hydraulic *and thermal* isolation so as not to seriously undermine any existing or future concept of a heating system.

Amendment to regulation 14: *In regulation 14(2)(b) after “system” add “being used for the same purpose, heating a building or carrying out a process, or both”.*

- The Regulations already contain a definition of an (in)eligible “purpose” so the second half of the above phrase is superfluous (as well as inconsistent with the phrasing of Regulation 3).

More broadly:

- We are still unclear as to why amendments are being made in regulation 12. Regulation 14 still seems like the natural home given it specifies ‘Plants comprised of more than one plant’, and already contains references to ‘heating system’ and ‘component plant’.
- Regulation 14 sets out criteria for the plant for it to be considered ‘component plant’, (in particular, that they are of the ‘same source of energy and technology’), so in the absence of such a criterion we must assume that the reference to ‘plant’ in the amendment to reg 12 includes any plant, whether of an eligible technology/fuel source or otherwise (in accordance with the definition of plant in the Energy Act 2011). The proposed amendment will rope in fossil fuel plants that would otherwise have been ignored. DIP can no longer be considered DIP, plants that are completely thermally, hydraulically etc separate are required to be metered. The use of the phrase ‘same source of energy and technology’ will need to be added somewhere to prevent otherwise irrelevant combustion equipment being included on the ‘heating system’.
- There are some scenarios where the application of the complex metering requirements will result in payments being made that we don’t feel would be in line with policy intent. Whilst I won’t go into the details, these scenarios involve buildings that might be being served by multiple, separate heating circuits, and depending on the configuration of any ineligible plant, external pipework and other ineligible heat uses, total EHO values work out differently when comparing one eligible installation vs two eligible installations. This being the case, any changes of this kind need to be introduced with concurrent updates to reg 17, 38 etc to bring the metering requirements in line with the GB regs.

This final two bullet points are the main concerns, we don’t feel the full implications for applicants/participants have been fully thought through by either ourselves or DETI. This being the case, we’re of the position that these changes need to either be significantly redrafting, or shelved until such time as proper consideration can be afforded.

As mentioned, happy to provide more detail on these points, and the scenarios where we feel incorrect payments may occur.

Thanks a lot.

Andy

From: Jane Pierce

Sent: 02 October 2015 11:11

To: James Robinson; Omolade Barker; Jerry Orme; Andy Morrall; Katy Read; Callum Green; Sarah Driver

Subject: FW: TRIM: RE: NIRHI Draft Amendment Regulations (OFFICIAL)[OFFICIAL]

All,

Please see attached updated draft regulations. Katy and I had a helpful telephone meeting with Seamus earlier in the week and they were generally content to take our points on board.

In terms of regulation 12 – they are now proposing to say; “ In regulation 12 after paragraph 1(d) insert –

“(e) the plant providing heat **for** a given building forms part of a single heating system regardless of whether a particular plant is hydraulically linked to others or is stand alone.”