

**To:** Ruth Lancaster[Ruth.Lancaster@ofgem.gov.uk]; Marcus Porter[Marcus.Porter@ofgem.gov.uk]  
**Cc:** Mary Smith[Mary.Smith@ofgem.gov.uk]  
**From:** Keith Avis  
**Sent:** 2012-10-17T08:28:13Z  
**Importance:** Normal  
**Subject:** RE: NIRHI Costs  
**Received:** 2012-10-17T08:28:14Z

Ruth cc: Mary, Marcus

Thanks. I am aware of the relevance of RHPP or indeed the NI version on NIRHI. DETI and, of course, Matthew are also aware so it was felt that we only need to make reference to this in the slides. However, if Marcus would like to offer any points then I am happy to receive them. On point 2, the slides are being used to support our assumptions in passing details to DETI. As the GB RHI team are going to administer NIRHI the intention is to make reference to the current operational efficiencies and experience of the staff in operating that scheme. On point 3, I think the point is whether your external costs (external law firms/counsel etc) fall under the legal consultancy heading. If they do then I was working on the basis that these would be part of the legal consultancy costs that formed part of the GBRHI Corporate Plan bid (I am assuming that you have fed into this). If this is the case then in taking a 3% cut against the GBRHI Corporate Plan bid we would be covered here. Having said that, if there are external costs not covered in the "Legal Consultancy" part of the GBRHI Corporate Plan bid then do let me know.

As regards the 3% point I do note your views and I will feed this back to Matthew.

Rgds  
Keith

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**From:** Ruth Lancaster  
**Sent:** 17 October 2012 07:44  
**To:** Marcus Porter; Keith Avis  
**Subject:** Fw: NIRHI Costs

Marcus please clarify with Keith how RHPP is relevant at this stage.

Keith

On point 2 I was asking how these GB scheme comments are relevant to the NI scheme. I note that you plan to amend the slides. What are these being used for? I assume they are for internal use only?

On point 3 I'm afraid I don't understand the response here. I was commenting that the slide lists legal costs as internal only. As you know our costs include external costs as well i.e. use of external law firms/counsel as necessary.

On the 3% point you are aware that I disagree with this.

Ruth

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**From:** Keith Avis  
**Sent:** Tuesday, October 16, 2012 05:08 PM  
**To:** Ruth Lancaster  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter; Mary Smith  
**Subject:** RE: NIRHI Costs

Ruth

Thanks. On the RHPP cost we are just making reference to changes since the Feasibility Study was agreed.

I will build in your suggestion at point 2.

On your third point the legal consultancy spend (which I assume is the external spend) has been incorporated into the GBRHI Corporate Plan costs, of which a 3% cut was made. Is there any other external cost that I should be aware of?

Regards  
Keith

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**From:** Ruth Lancaster  
**Sent:** 16 October 2012 16:47  
**To:** Keith Avis  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter; Mary Smith  
**Subject:** RE: NIRHI Costs

As discussed I think you are underestimating the level of work involved in the operational phase even without considering additional development activity. My earlier comments on the 3% suggestion stand.

In addition there are some comments in the slides that look a bit odd. For example:

Annotated by RHI Inquiry

1. One of the justifications for the increase in costs is RHPP legacy applications. If you are only costing the scheme on the basis of the the Order as it is currently drafted how does RHPP come into the equation?
2. The slides also include text that has clearly been cut and pasted from something GB RHI-related that has not been tailored to reflect the status of the NI scheme e.g. "More time is having to be spent on...", "We have already cut on average accreditation times by..."
3. The supplementary slide refers only to internal legal cost – there will be external legal costs as well.

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**From:** Keith Avis  
**Sent:** 16 October 2012 11:21  
**To:** Ruth Lancaster  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter; Mary Smith  
**Subject:** RE: NIRHI Costs

Ruth

The basis for the 3% figure is that NI installations are expected to be almost all smaller installations, which are quicker to process, resulting in reduced accreditation time and resources required. As I mentioned this figures does not include costs associated with development of phase 2 of the scheme, which will be scoped out and a separate bid for funding supplied. It is also the case that we will be including a change request mechanism in the letter supplementary to the Administrative Arrangements, so if there is any unforeseen additional work we will have the ability to seek additional funding. I do need to speak to Peter about the document as it stands and then need to put this to Matthew, but I will ensure that your comments are flagged.

Keith

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**From:** Ruth Lancaster  
**Sent:** 16 October 2012 10:47  
**To:** Keith Avis  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter  
**Subject:** RE: NIRHI Costs

That certainly wasn't clear to me. If it had been presumably there would have been no need for us to have all those meetings and discussions about what I'd recommended for the corporate plan for NI RHI.

If you are adamant about the 3% then you make that decision at your own risk (and the Authority's of course). However, in view of the situation we are in currently on this scheme with no budget for legal support for the rest of this F/Y after October I would strongly recommend that you think again.

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**From:** Keith Avis  
**Sent:** 16 October 2012 10:30  
**To:** Ruth Lancaster  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter  
**Subject:** RE: NIRHI Costs

Ruth

Grateful if you could let me know when you are free this afternoon to discuss. I have updated the slides slightly to accommodate Mary's comments. Following our discussion yesterday I was clear that I would work up the slides based on a 3% cut for you to consider, but of course you will need to be content with these, so grateful for the opportunity to discuss.

Rgds

Keith

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**From:** Ruth Lancaster  
**Sent:** 16 October 2012 10:02  
**To:** Keith Avis  
**Cc:** Peter Rice; Sajith Sasikumar; Marcus Porter  
**Subject:** RE: NIRHI Costs

Kith

I'm in meetings most of this morning so I won't get chance to look at your slides – however on the basis that our numerous conversations have been about cost estimates (external and internal) and I have been (repeatedly) clear in my view that 3% of the GB scheme costs is not an acceptable estimate of the likely legal costs for NI I don't understand how Policy can have arrived at 3% "Following our discussion yesterday". No, I am not OK with it. I will try to look at the slides later. Apologies if in my haste I have misunderstood what you're saying. Incidentally I'm assuming the slides are for internal purposes only as they presumably contain information about the GB scheme.

Ruth

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**From:** Keith Avis  
**Sent:** 15 October 2012 17:03  
**To:** Peter Rice; Ruth Lancaster; Mary Smith; Andy Luckhurst; Jacqueline Balian  
**Cc:** Sajith Sasikumar  
**Subject:** NIRHI Costs

Received from OFG/SEM on 22.05.2017

Annotated by RHI Inquiry

All

Please find attached the updated version of the NIRHI slides. These include the costs taken as a 3% cut against the GB RHI scheme. I appreciate that you have all fed into this protracted process, so assume that you are now happy with the figures. These figures do need to go to DETI tomorrow.

Peter – grateful if you could confirm that you are happy with the process and are happy for the slides to be passed to DETI.

Ruth – Following our discussion yesterday, the legal costs are based on 3% of the GBRHI staffing allocation that you passed on yesterday. Finance have subsequently added costs to the allocation. Grateful if you could let me know if you are OK with this. I should say that the consultancy cost for legal was part of the GB RHI Corporate Plan bid, so formed part of that figure.

Mary – In Matthew's absence, and assuming that we achieve sign-off here, I am guessing that you would be happy to send this to DETI with a covering email.

Rgds  
Keith

**From:** Sajith Sasikumar  
**Sent:** 15 October 2012 15:35  
**To:** Keith Avis  
**Cc:** Peter Rice  
**Subject:** RE: NIRHI Costs

Their bid on other costs for next fy is £87500 with 25 FTE's forecast. So the allocation of other costs should be  $((1.5/22)*£87500)$ . Making the RHI element £5250.

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**From:** Keith Avis  
**Sent:** 15 October 2012 15:28  
**To:** Sajith Sasikumar  
**Cc:** Peter Rice  
**Subject:** RE: NIRHI Costs

Thanks. Are there any 'other costs' to add to these.  
Keith

**From:** Sajith Sasikumar  
**Sent:** 15 October 2012 15:27  
**To:** Keith Avis  
**Cc:** Peter Rice  
**Subject:** RE: NIRHI Costs

Keith  
Please see below:

Band	Allocation	Staff cost	Allocated Cost
Band E	0.10	106,708	10,671
Band D	1.00	81,525	81,525
Band C	0.20	55,620	11,124
SCS	0.10	144,200	14,420
PS SCS	0.10	40,582	4,058
<b>Total</b>		<b>428,635</b>	<b>121,798</b>

Any queries please let me know.

Regards  
Sajith