

Change Request Form



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|--------------------------|--|---------------------------------------|---------------|
| Project name | NI RHI | Date raised | May 2014 |
| Change Title | Change to costing to enable Ofgem to administer the Northern Ireland Non-Domestic RHI scheme | Raised by | Ofgem |
| Change request ID | Ofgem Ref: NINDRHI-2014-0001 RHI Ref: NINDRHI-2014-0001 | Senior Responsible Owner (SRO) | Chris Poulton |
| Project Manager | Teri Clifton | Workstream Manager | N/A |
| | | Version | 1.0 |
| | | Version date | 03 June 2014 |

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| Change description | <p>Nature of Change: This change control is designed to facilitate action to confirm the basis of the costs incurred in running the Northern Ireland RHI Scheme for 2013/14 and beyond.</p> <p>Reasons for change: 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>Clearly there is a need for DETI to cover some of the fixed costs of the scheme, and it would seem reasonable to set that proportion in relation to the relative size of the schemes.</p> <p>As every effort has been made to minimise the costs of the GB scheme, it would seem reasonable to calculate the costs of the NI scheme as a 3% proportion of those costs, to match the anticipated overall proportion of uptake predicted.</p> <p>We therefore propose that while the costs for DETI are calculated based on 3%, these will be expressed as a hard figure.</p> <p>For 2014/15 this is £264,715 including overheads based on the current view of scheme costs.</p> <p>The 3% charge will be reviewed quarterly to ensure that this is in line with the volumes received and administered. If the volumes increase beyond 3% of the overall scheme, the quarterly review will be used to review whether the costs should increase. This will be agreed by both parties.</p> |
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| <p>It is expected that payments for the operating costs would be made on a quarterly basis, i.e. Ofgem would invoice DETI for admin costs at end June 14, end September 14, end December 14 and end March 15.</p> <p>If the volumes reduce below the expected 3%, the charge will remain at 3% to ensure the underlying fixed costs for the scheme are accounted for. These costs include IT costs for software and hardware, licenses, support, bug fixing and improvements, an allocation for legal fees and auditing at levels matching those for GB.</p> <p>Any requests specifically relating to the DETI scheme, for example, legal, IT and/or development costs will be costed and agreed with DETI before new work is undertaken. Specific legal costs and audit costs that relate to the GB scheme only will not form part of the fixed costs for DETI.</p> <p>Impact of change <i>Cost Impact:</i> These costings give a clearer way forward for DETI and will allow invoices to be raised monthly. <i>Time impact:</i> This needs to be 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> | | | |
| Change approval required by | June 2014 | Reason for requirement | To ensure clarity around costings so that Ofgem receive the correct amounts for administering the Northern Ireland scheme. |
| Attachments (IA, Business Case) | | | |

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| CC Stage | Request raised. |
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Ofgem Impact Analysis - Summary of Preferred Option

Cost Impact

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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 |
|--------------------|-----------|------|
| | | |

DETI Authorisation

| | 2013-14 | 2014-15 | 2015-16 |
|----------------------|---------|---------|---------|
| Total Funding Agreed | 164,636 | 264,715 | |

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 DECC’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 |
|--------------------|-----------|------|
| | | |

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 DECC.

| Approved by (name) | Signature | Date |
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