

To: Gareth John[Gareth.John@ofgem.gov.uk]; Edmund Ward[Edmund.Ward@ofgem.gov.uk]; Jane Pierce[Jane.Pierce@ofgem.gov.uk]
From: Teri Clifton
Sent: 2016-10-28T14:48:32Z
Importance: Normal
Subject: FW: DETI meeting on NIRHI yesterday [OFFICIAL Internal Only]
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Minutes from May 2013

From: Jacqueline Balian
Sent: 25 October 2013 15:05
To: Teri Clifton
Subject: FW: DETI meeting on NIRHI yesterday
 AM SENDING WHAT I CAN FIND

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From: Matthew Harnack
Sent: 30 May 2013 18:51
To: Martin Crouch; Robert Hull; Jacqueline Balian; Peter Rice; Sajith Sasikumar; Ashley Malster; Ruth Lancaster
Cc: Teri Clifton
Subject: DETI meeting on NIRHI yesterday

All,

Teri and I had an amazingly good meeting with DETI yesterday (Fiona Hepper, Joanne McCutcheon and Peter Hutchinson). Key points from the meeting were:

- (1) Introductions
 - a. I introduced Teri and noted that she now looks after NIRHI operations. I noted that she would be the main point of contact for Joanne to reach a conclusion on the operational funding issue.
- (2) Update on Operations
 - a. I updated DETI on current operational challenges (applications back with applicant, periodic data errors, audit non-compliance rate) as well as initiatives we have running to address these (various PIP projects, IRMA consultation, website updates etc). I also noted the efficiency improvements we expected to gain from the PIP projects as well as from DECC's improvements to metering requirements. DETI were pleased with this update
 - b. Teri noted that we received 2 new NIRHI applications in April and 8 new applications so far in May. DETI were very pleased with this too
 - c. I noted that volumes were still low and asked if DETI had any more marketing planned. They said they were considering doing some targeted marketing later in the year.
- (3) Operational Funding for 2013/14
 - a. DETI thanked me for the paper I sent over on 13 May, and noted that it helped them to understand the issues a lot (thanks to Jacqueline for doing the bulk of the work on this)
 - b. We agreed that Teri would provide Joanne with a breakdown of the projections of staff costs. Joanne is sceptical that we have done a proper forward projection as we seem to have based it on historical actual costs, much of which was due solely to the interim manual process which no longer exists (though we did note that the costs were discounted for this very reason, which should have stripped out this bias).
 - c. Joanne also noted that some of the "fixed" staffing costs were actually variable. Fiona asked that we explore the rationale for fixing it and the alternative (being to move to a more complicated part fixed part variable arrangement), in order to satisfy their finance department that this was the most practical approach (she thought they may be concerned about overpaying in the event that volumes were exceptionally low, though no doubt they would not be keen on having to pay even more than what's being proposed if volumes are only a little low). We agreed to provide more detail to be able to build up the case for the fixed cost only option.
 - d. Fiona raised a concern that if GB costs take off, this would drive up total cost of the scheme, which would drive up

the cost to DETI unfairly. We agreed to look at what might be done to address this, though I noted that it may be difficult for us to truly fix the amount we charge because our costs have not yet all been locked in for the year. It sounded as though Fiona might end up being happy to agree the revised approach if there is an agreement to revisit it should GB costs take off.

e. Apart from finalising the above issues, I think they are comfortable. They have the budget available, and our rationale for incurring more costs than originally expected (at low volumes) seems reasonable to them. So we don't seem too far away from reaching agreement.

(4) Outstanding legal issue (of who has legal responsibility for discharging duties under the regs)

a. DETI's lawyers provided them with a verbal update which indicates that they are unlikely to see 100% eye to eye with us on this

b. We agreed for their lawyer to send us a written response, and we would have one more round of replying to their opinion

c. Given that we are unlikely to reach agreement on this, we spoke about any current practical issues and how we might be able to address them in practice. The only practical issue is that of sharing data.

d. We agreed to look further at a scenario or two where this issue might arise so that we could see if it really is an issue and how we would get around it, e.g. if a participant complained to the Minister and as a result DETI asked for full details about that participant's installation/payments etc, would we give DETI all the details?

e. Peter Hutchinson will also look at whether there's any data that DETI are not currently getting that they want, and will put a request to us for that data along with reasons for why they need it

(5) Further development

a. DETI are hoping to consult on changes to the scheme around the end of June for 12 weeks. Changes will be similar to GB. They are hoping to implement the changes at the same time as the bulk of GB changes, i.e. February next year. I noted that this will really help keep costs down.

b. Given the February go live date, I noted we would need to start scoping ASAP. They agreed to send a draft of the consultation to us next week (hopefully) so that we can work out how much a scoping study would cost. I said I would try and send them a *draft* proposal on scoping 2 weeks after that, and noted the need to agree budget quickly to start the scoping as soon as possible.

Matthew

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