

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – RO SUSTAINABILITY

- **Explanation**
- Developing administrative workstreams and stakeholder guidance reflecting DECC's implementation of the Renewables Energy Directive 2009 via the Renewables Obligations Order 2009 guidance.

Assumption

- Figures for the development team assume that work will be complete work by March 2013, but also includes provision for a two month handover period into 2013/14.
- Anticipate that we will be building on the delivery of the guidance for solid and gaseous biomass and bioliquids in 2011. In particular it will be necessary to manage changes to the guidance material to meet any new drafting under the RO Order 2012.
- Feeding into 2012 and 2013 revision of the RO Order. NSD and EP assume that issues such as verification, incorporating the Carbon Calculator into the Order and the long term approach to forestry sustainability will be particularly key and we will need to target resource to ensure that we have an impact in this process.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – RO IT

- **Explanation**

Assumption

- The compulsory sustainability criteria for solid and gaseous biomass will require a back end rebuild of the IT system.
- Specifying and implementing new system changes for the renewables and CHP register
- Incorporating ongoing support for system defects and change requests, preparation for banding review in April 2013.
- Necessary to meet the need for other minor legislative changes or system enhancements.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Feed In Tariff

- **Explanation**

- Taking forward the administration of DECC's Feed in Tariff Scheme, designed to promote the take up of small scale low carbon electricity technologies by the public and communities.

Assumption

- Anticipate detailed work to deal with FITs Comprehensive Review phase 2, expected to be early financial year 2012/13.
- It is assumed that ongoing work will include:
 - Specifying and implementing new system changes for the FITS register
 - Incorporating ongoing support for system defects and change requests.
 - Other minor programme changes or system enhancements.
 - Preparation of funding proposals and ongoing interaction with DECC.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Northern Ireland RHI

- **Explanation**

- The Energy Act 2011 paved the way for Northern Ireland to introduce their own Renewable Heat Incentive (RHI) scheme. It also allowed the option for the Northern Ireland authorities to chose Ofgem to administer the scheme on their behalf.
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- Given Ofgem E-Serve's role in administering the GB RHI scheme, it was shown to be cost effective for Ofgem E-Serve to develop and implement the Northern Ireland scheme in 2012.
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- Once the scheme has been launched in April 2012 it is envisaged that there will be ongoing development work to expand the scheme to include other technologies and the domestic sector.

Assumption

- Dependent on the necessary legislation being put in place, and DETI appointing Ofgem as administrators of the NI RHI, there will be a need to undertake some development work in 2013/13 and on going operational costs from the launch of the scheme from 1 April 2012.
- There will also be a need to undertake further development cost for those aspects of the NIRHI not implemented at the launch of the NIRHI.
- It is assumed that the NIRHI operational costs will be around 3-5% of the GB RHI annual costs

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Data Insight

- **Explanation**
- Data Insight encapsulates work designed to maximising the future benefit and use of existing and future E-Serve data
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Assumption

- Assume that lead team will need to work with colleagues across Ofgem to understand the extent of available data, whether it can support Ofgem's work in other areas and the appropriateness of expanding the use of data beyond its original means.
- Assume teams leading bids for new work will be looking to pull on available data to show how Ofgem can add value against our competitors by having this data already in place.
- Assume DECC will have a strong interest in how this data is being used and the appropriateness, given the new competitive environment of using data solely for Ofgem purposes. Possibly could be a call to make the data more publically available.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Energy Company Obligation

- **Explanation**
- ECO will replace existing energy efficiency obligations set under CET and CESP, requiring suppliers to meet carbon reduction and affordable warmth to vulnerable customer targets.
- Ofgem submitted an initial proposal to DECC to develop and perform the operation of ECO on 1 June 2011. A decision on who will perform these tasks is still pending, and will not be made until after consultation on DECC's proposals is completed over the coming months.

Assumption

- Dependent on Ofgem being awarded the administration contract, work on ECO will need to be split into 3 tranches, covering pre-development, full development and operation.
- Assume that the pre development work will involve developing full proposals as part of the tender process (appreciating that we cannot bid for contracts at the moment).
- The development phase is dependent on whether we win the contract and the figures are based on Ofgem being given the full contract.
- The Operational phase is based on the Scheme being up and running by 1 October, which is massively challenging for Ofgem.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – New work Proposals

- **Explanation**

- Following the review of E-Serve earlier this year the New Schemes development Team has already been involved in bidding for new work (e.g ECO) from DECC and working up proposals for new resource to deal with higher than expected of existing schemes (e.g FITs).
- It is anticipated that similar request and demands on NSD's time will continue over the lifespan of the Corporate Plan. On this basis, resources are required to ensure that Ofgem is able to build up a professional expertise in bidding for work and is flexible to meet short term demands from DECC to work on new proposals.

Assumption

- Input into the Corporate Plan assumes that there will be 6 offers to bid for new and existing schemes being dealt with each year with half the projects coming to fruition.
- Plan for the bidding team to be relatively small, pulling in resource and expertise from across Ofgem to deal with new projects as requests for bids are known.
- The bidding team will spend a proportion of its time with the development team to ensure continuity of expertise in developing key deliverables such as Feasibility Studies and Business Plans.
- Important that the team is involved in detailed forward planning and stakeholder management to ensure that Ofgem is in the best possible position to compete effectively for new work.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Impact on Ofgem should new work not be awarded to the Organisation and/or Ofgem is asked to delivery against tighter budgets.

- Rapid decline in the resources necessary to deliver against Ofgem Objectives.
- Risk of Judicial review due to scheme design not being sufficiently robust.
- Risk that schemes will be open to increased fraud as corners are cut to keep delivery on track with less staff managing process.
- Higher overheads for the organisation possible to deal with issues that occur as a result of reduced core of development and operational staff.

Notes Summary:

No speaker notes are contained in this presentation.