

To: Peter Rice[Peter.Rice@ofgem.gov.uk]
Cc: Matthew Harnack[Matthew.Harnack@ofgem.gov.uk]
From: Keith Avis
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[corporate plan.xlsx](#)
[Corporate Plan Presentation.pptx](#)

Hi Peter CC: Matthew

I understand that you have been speaking to Matthew about the Corporate Plan. We didn't manage to hook up today, Nevertheless, attached is the Excel sheet with how we see the staffing and consultancy breakdown. This will need to be built into your sheets. Also attached is a Powerpoint that has the assumptions that marry up with the work areas. You should be able to cut and paste these into your sheets as you need.

I hope that this is helpful. I'm with Matthew in NI tomorrow, but happy to pick up on this again on Thursday morning as you need.

Regards

Keith

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Energy Company Obligation

- **Explanation**

- ECO will replace existing energy efficiency obligations set under CERT 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

- Assume we are asked to run ECO.
- Operations covered in Environmental Programmes Submission.
- Costs as per submission to DECC.
- Work on ECO to start after April 2012.
- 2011/12 costs from the proposal have been added to 2012/13 costs (except legal which have been pushed back for 12 months).
- 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 – RO Sustainability Minor Legislative Changes

- **Explanation**

- Developing administrative workstreams and stakeholder guidance reflecting DECC's implementation of the Renewable Energy Directive 2009 via the Renewable Obligations Order 2009 guidance. For requiring generators to comply with sustainability requirements for biomass fuels that they use

Assumption

- Introduction of mandatory criteria for biosolids and biogas is required by April 2013.
- England and Wales RO activities are set to decline as we approach the end of the scheme, but work covering Scotland and Northern Ireland will continue.
- Figures for the development team assume that work will be complete by March 2013, but also includes provision for a two month handover period into 2013/14.
- Anticipate that 2012/13 work will be building on the existing sustainability guidance for solid and gaseous biomass and bioliquids – although less resource will be needed than in 2011/12 following delivery of our guidance in December 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 - Banding Review

- **Explanation**

- In 2012/13 we will be implementing changes to the RO resulting from the Banding review that DECC are currently conducting.
- The compulsory sustainability criteria for solid and gaseous biomass will require a back end rebuild of the IT system. There may be other minor legislative changes and they will also need to incorporate ongoing support for system defects and change requests.
- IT staff will also need to work on other system modifications.

- **Assumption**

- Banding review to conclude by June 2012 and changes to go live by April 2013.
- Other IT liaison support at the same level as 2011/12.
- Other minor legislative changes or system enhancements to be minimal in 2012/13.
- 2013/14 onwards will see more substantial changes for Northern Ireland and Scotland.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – Feed In Tariff Development and IT

- **Explanation**
- Implementing changes to DECC's Feed in Tariff Scheme, designed to promote the take up of small scale low carbon electricity technologies by the public and communities. In 2012/13 this will include work to deal with FITs Comprehensive Review Phase 2 – to be completed by end summer 2012.

Assumption

- 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.
- It is also assumed that further legislative changes will be necessary beyond the Comprehensive Review at a similar level.
- Based on the experiences of dealing with the RO, anticipate that changes to FITs legislation/policy will continue.

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

- Assume Ofgem will operate the Northern Ireland RHI.
- 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.
- Initial development work set to continue until July 2012, due to staffing of implementation.
- There will also be a need to undertake further development for those aspects of the NIRHI not implemented at the launch of the NIRHI.
- Expecting changes to scheme every year in line with expectation of GB RHI.

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. For example, we could use this to better understand the impacts of environmental programmes on consumers, the efficiency and cost effectiveness of programmes and other impacts on Ofgem work.
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Assumption

- Will be linking closely with the Sustainable Energy Policy team to see how data can inform Ofgem's policy thinking.
- Assume that work will need to be tailored to meet the needs of each individual scheme/ project (eg. for FITs the intention was to analyse the distribution between domestic and non-domestic customers.
- Possible that additional data would need to be commissioned to carry out meaningful, fully rounded analysis.
- We may want to contract out certain projects to certain bodies, providing Ofgem data under the contract. This would require careful thought on data management and clear rules would need to be given on the use of data by third parties.
- NSD will need to consider whether analysis will be put in the public area and will need to liaise with the Communications team accordingly.

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.
- 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.
- Team also needs to consider how this work dovetails into the forward plan for E-Serve and identify efficiencies for the implementation of all schemes.

CORPORATE PLAN: NEWS SCHEMES DEVELOPMENT – New Schemes

- **Explanation**

- Having been successful in bidding for new work, NSD will need to develop processes and procedures that will underpin the successful operation of each scheme. This will involve the development of Project Initiation Documents, feasibility studies, guidance business plans and the like that will enable the smooth transition of delivery functions to the Environmental Programmes team .

Assumption

- It is anticipated that a number of development projects will be delivered by the team during the lifespan of the Corporate Plan.
- It is anticipated that the NSD New Schemes team will be using resource across Ofgem (eg. Legal, IT, Environmental Programmes) to ensure that delivery functions in these areas are suitable robust..
- The team will maintain close liaison with delivery customers (eg. DECC) throughout the development process, developing a joint implementation board where necessary to ensure a robust quality control and decision making mechanism supports the process.
- The new schemes team will spend a proportion of its time with the bidding team to ensure continuity of expertise in developing key deliverables such as Feasibility Studies and Business Plans.
- It is possible that some schemes will be run as joint ventures, in which case the team will need to build relationships with new delivery partners.
- The team will need to maintain constructive relationships with external stakeholders , ensuring that consultations and ongoing engagements are effectively managed.

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.
- Ofgem need to have some resource available to work on detailed bids for new work. This would become more difficult if funding is reduced and could put us at a disadvantage compared to our competitors.

Notes Summary:

No speaker notes are contained in this presentation.