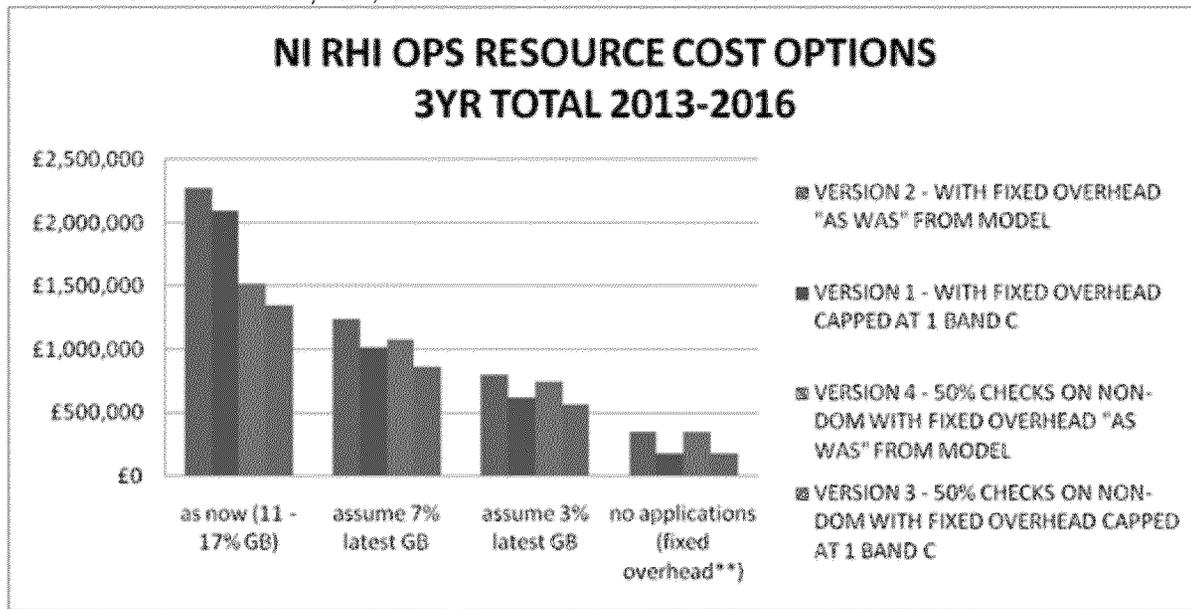


To: Mary Smith[Mary.Smith@ofgem.gov.uk]; Jacqueline Balian[Jacqueline.Balian@ofgem.gov.uk]; Keith Avis[Keith.Avis@ofgem.gov.uk]
From: Lindsay Goater
Sent: 2012-09-27T10:33:57Z
Importance: High
Subject: RE: NIRHI cost options
Received: 2012-09-27T10:33:59Z
[New NI cost options.xlsx](#)

Hi Mary,
 I hope the attached gives you what you need... now **4 versions**, each with **4 installation nos scenarios** (as now 11-17%, 7%, 3% & the fixed O/H) – so **16 nos!**
 I summarised into “summary” tab, and summarised that into a table and made a bar chart...



I think we must be aware that 50% checks exposes us to the risk of ineligible installations being accredited, and so the power to revoke based on that is a factor – but if we were to do this and focus on 50% of the checks that add most value, the risk could be managed perhaps...

To note, we have calculated a ca 2.5% saving on resource for GB from sample checking at Level 3 – but I would caution adding this in to anything for NI just yet, as it may be one way we get to the saving indicated by the nominal “50% checking”, and also to start with, as NI has differences vs GB, we may want to give NI apps extra, not less, scrutiny.

Thx
 Lindsay

From: Lindsay Goater
Sent: 26 September 2012 20:37
To: Mary Smith; Jacqueline Balian
Cc: Keith Avis
Subject: RE: NI nos

Hi Mary,
 Will work out more scenarios as requested... **NB 50% checking option only applies to non-domestic as domestics, as in point 1 below, already have heavy sampling imposed after yr 1**

In terms of your comments in the slides in red:

1. Timing of domestic sampling – the inputs to the model are:

	2013-14	2014-15	2015-16
Level 1 check - % of applications	100%	100%	100%
Level 2 check - % of applications	100%	50%	10%
Level 3 check - % of applications	1%	1%	1%
Level 1 "with applicant" cycles - % of applications	70%	20%	0%

Level 2 "with applicant" cycles - % of applications	100%	50%	30%
Level 3 "with applicant" cycles - % of applications	0.1%	0.1%	0.1%

So – gradual reduction in checks, and expectation that quality improves so less goes back “with applicant” and must be re-reviewed

2. ‘Deeming’ just means we assume how much heat is produced &/or used for eligible purposes, and pay an amount in relation to that – rather than as per non-domestics where we have meter readings and quarterly calculations – ie it should be less burden on participants and us. Assumed policy approach for domestics (or we are all in for a lot more work than planned...)

3. ‘Other’ includes

IT – raising IT issues, UAT and other work on system releases & fixes

Internal liaison – with F&C, RO team etc

Training (other than the 5 days assumed in 'working days' assumptions)

Input into audit – run by Bus Ops

4. Risk of 1 FTE cap on ‘overheads’ – yes

a) The demands are made to do more of the ‘baseline’ activities (eg IT releases, engagement) and it is simply unrealistic that the 1 C will cope, so impact is on other parts of Ops, and something else does not get done

b) If deliberately do report less, and DETI do not follow through and ask less, we have risk to reputation and relationship

c) If deliberately do less on guidance, and it needs work, it may not be fit for purpose, so risk on more enquiries, complaints and challenge

d) If do not engage as much generally, scheme generally likely to be less effective

I think a) worries me most – my guess is we still get asked to do things, and suffer with less resource (resourcing a key issue right now for GB – although much improved)

5. Clarify under Option 4 – we can revoke now, but only if they seriously breach ongoing obligations. We want to be able to revoke because it turns out they were never eligible...

Risks include to reputation, genuine carbon saved and public purse

Lindsay

From: Mary Smith

Sent: 26 September 2012 19:28

To: Jacqueline Balian; Lindsay Goater; Keith Avis

Subject: NIRHI cost options

Importance: High

Hi All,

Thanks for your input so far on some revised cost projection scenarios for NIRHI.

I've drafted the attached slides, using some content from Keith's previous deck and adding in some further options based on our conversations plus revised staffing levels based on the ones most recently provided by Lindsay. I would be grateful for your thoughts, in particular on the points highlighted in red.

I have also attached a cost worksheet based on one previously provided by Keith – Keith, please can you help with the queries highlighted in red on this? Once these are resolved, I will update the slide deck to include the overall costs for each scenario.

I'm taking these to Matthew's surgery tomorrow, apologies for the short timeframe, but please could you provide me with any comments by **midday tomorrow**?

Many thanks in advance

Mary

Mary Smith

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