

## Change Request Form



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

<b>Change description</b>	<p><b>Nature of Change:</b> 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><b>Reasons for change:</b> 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.</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> <p>It is expected that payments for the operating costs would be made on a quarterly</p>
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<p>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><b>Impact of change</b>  <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>			
<b>Change approval required by</b>	31/05/14	<b>Reason for requirement</b>	To ensure clarity around costings so that Ofgem receive the correct amounts for administering the Northern Ireland scheme.
<b>Attachments (IA, Business Case)</b>			

<b>CC Stage</b>	Request raised.
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### Ofgem Impact Analysis - Summary of Preferred Option

#### Cost Impact


#### 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
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**DETI Authorisation**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
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.

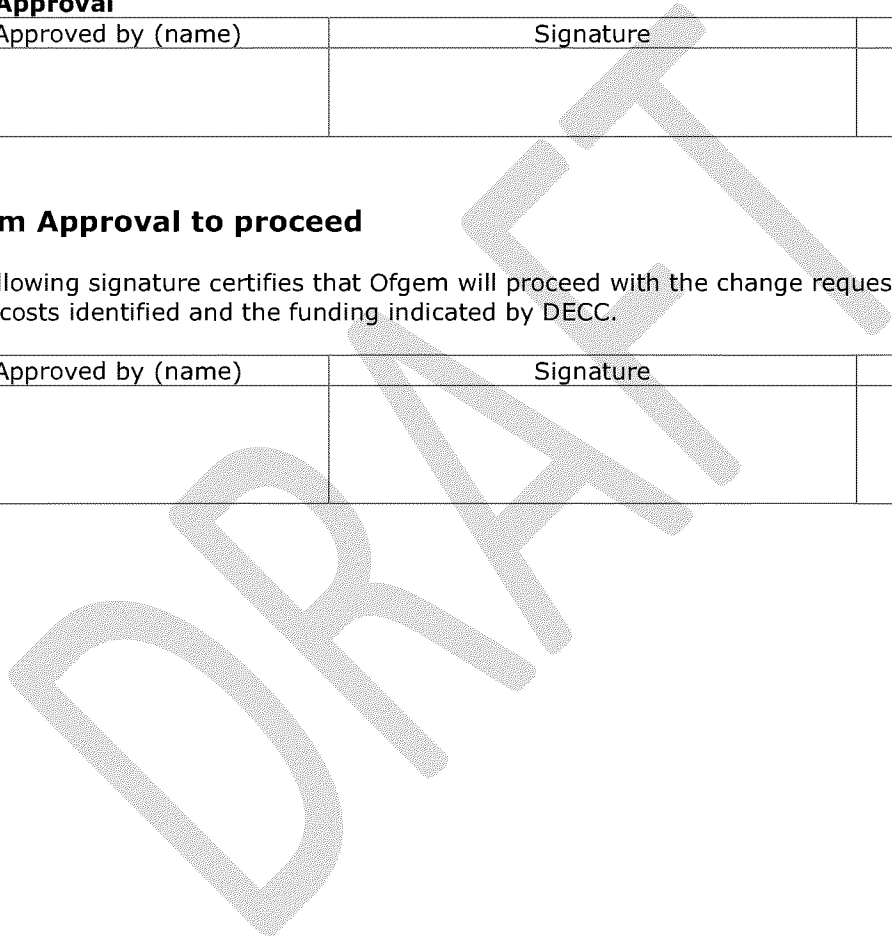
**DETI Approval**

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



DRAFT

DRAFT



Memo

Delegated Authority

To request that you recommend to the Chairman that the authority for carrying out the functions set out in the Annex is delegated to Edmund Ward, <u>Head of Technical for the Renewable Heat Incentive (RHI)</u> . <u>These functions are additional to those already conferred to him in previous delegations as set out in this Memo.</u>	From	Robert Hull
	To	Andrew Wright David Ashbourne
	cc	Chris Poulton Gareth John Ormolade Barker Jacqueline Balian Edmund Ward
	Date	[ ] May 2014

- Deleted: Senior
- Deleted: Manager
- Deleted: Martin Crouch¶  
Matthew Harnack
- Deleted: Marcus Porter
- Deleted: [ ] August
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Background

1. Under section 1(4) and paragraphs 7(1) and 9(1)(a) of Schedule 1 of the Utilities Act 2000, the Authority may regulate its own procedure and authorise any member or employee to do anything authorised or required to be done by the Authority.
2. The Rules of Procedure of the Gas and Electricity Markets Authority deal with delegations.
3. Rule 14 lays down that, provided a function is not reserved to the Authority, or one of the Committees established by the Authority, it will be exercisable by the Chairman. The Chairman may delegate the performance of those functions to members or employees of the Authority as he determines to be appropriate and any such delegation shall be deemed to be given by the Authority.
4. The particular functions for which a delegation is sought relate to the administration of the Renewable Heat Incentive Scheme Regulations 2011 as amended by the Renewable Heat Incentive Scheme (Amendment) Regulations 2012 and the Renewable Heat Incentive Scheme (Amendment) Regulations 2013 and the Renewable Heat Incentive Scheme (Amendment) (No.2) Regulations 2013 (the "RHI Regulations") and are set out in the second column of the Schedule following Annex A. For the avoidance of doubt, the delegation will also apply to any relevant functions arising under future amendments made to the provisions of the RHI Regulations set out in the third column of that Schedule. I will undertake to review any such amendments and advise you whether or not any change is needed to the authority to exclude any specific new functions.
5. The functions in issue are not reserved to the Authority or one of the Committees established by it and, therefore, may be delegated by the Chairman. I understand that he will exercise his power in the light of your joint advice on this.

**Comment [11]:** Better to wait until the regulations comes into effect. The new powers have not been conferred on GEM I SUSPECT WE WOULD HAVE TO DO ANOTHER ROUND OF DA AMENDMENTS once the new regs comes into effect.

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Rationale

6. New Scheme Development sits within Ofgem E-Serve and is responsible for developing a number of Government environmental programmes and, in the case of the RHI, for performing its administration. In carrying out this work, a large volume of relatively routine decisions are taken on an on-going basis. These decisions are most appropriately taken by the relevant team leader.
7. By virtue of a (still extant) delegated authority dated 27 February 2013 (attached with related memo at Annex B) certain functions under the RHI were delegated to Edmund Ward (Senior Technical Manager for the Renewable Heat Incentive (RHI)).
8. The functions concerned were delegated in light of the rationale for delegating them set out in paragraphs 7 to 10 of the memo referred to in paragraph 7 above.
9. Further to the previous request, Edmund Ward has gained further experience in all aspects of the RHI scheme, including close collaboration with teams dealing with Fraud and Compliance activities (including sanctions), audits, and payments.

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Delegated Authority

Memo

- 10. ~~Edmund has also been promoted to Head of Technical (Band E), which according to the agreed RHI operating and administrative procedures, permits Edmund to cover additional functions commensurate with those currently delegated to Jacqueline Balian, Head of Operations, to whom functions have already been conferred in this regard.~~
- 11. I have carefully considered the nature of the functions for which I am requesting delegation to Edmund Ward and consider that, in light of the same rationale as that referred to in paragraph 8 above, delegation to him of additional and amended functions - ~~in line with those delegated to Jacqueline Balian - would be appropriate.~~
- 12. The draft delegation is attached at Annex A. If you would like to discuss this, please do not hesitate to contact me.

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Delegated Authority

Memo

**Annex A**

**Authority to perform a function of the Gas and Electricity Markets Authority**

**Introduction**

1. Under paragraph 13 of the Rules of Procedure of the Gas and Electricity Markets Authority (the "**Authority**") the functions listed in the Schedule to the Rules of Procedure ("**reserved functions**") are reserved to the Authority.
2. Under paragraph 14 of those Rules, all functions which are not:
  - a) reserved functions
  - b) delegated to a committee of the Authority
  - c) delegated by HM Treasury to the Accounting Officer of the Authority

are exercisable by the Chairman of the Authority (the "**Chairman**") on behalf of the Authority. The Chairman may delegate the functions exercisable by him to members or employees of the Authority as he determines to be appropriate ("**the functions**"). Any such delegation shall be deemed to be given by the Authority.

**Delegation**

3. Edmund Ward, Head of Technical for the Non Domestic Renewable Heat Incentive (RHI) ("**the delegatee**") is hereby authorised by the Chairman to exercise, on behalf of the Authority, the functions set out in the second column of the Schedule attached ("**the delegated functions**") and any functions arising out of amendments made to the provisions set out in the third column of that Schedule.
4. The delegatee may not further delegate the performance of the delegated functions.
5. This authority shall not prevent any other duly authorised member or employee of the Authority from performing the delegated functions.
6. This authority may be revoked at any time.

Deleted: Senior Technical Manager

**Dermot Nolan**,  
Chairman Gas and Electricity Markets Authority

dated:

Deleted: Lord Mogg

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Delegated Authority

Memo

**Schedule of functions delegated to Edmund Ward (Head of Technical for the Non Domestic Renewable Heat Incentive)**

**Deleted: Senior Technical Manager**

In accordance with the provisions of *Renewable Heat Incentive Scheme Regulations 2011* as amended:

- 1) To determine whether any accredited RHI installation that has been moved to a new location should continue to be accredited.
  - 2) To review accreditation to ensure that any accredited RHI installation continues to meet the eligibility criteria.
  - 3) To request and receive information or declarations necessary to ensure that a participant complies with ongoing obligations, so that it can discharge its functions and administer the RHI appropriately.
  - 4) To grant or reject registration in respect of a producer of biomethane and, if registered, add such producer to the RHI register.
  - 5) To determine whether it is satisfied that piping of a prescribed kind complies with specified requirements.
  - 6) To determine whether it is of the opinion that one or more preconditions, for the use of a heat loss calculation to establish heat lost when determining the heat generated by a plant which is used for eligible purposes, is satisfied.
  - 7) To accredit or not accredit additional RHI capacity and an original installation as one eligible installation, review the accreditation of any accredited RHI installation using the same source of energy and technology and supplying the same heating system as the additional RHI capacity and recalculate the applicable periodic support payments.
  - 8) To accredit or not accredit additional RHI capacity, review the accreditation of the original installation and any other accredited RHI installation using the same source of energy and technology and supplying heat to the same heating system as the additional RHI capacity and recalculate the applicable periodic support payments.
  - 9) Where GEMA has reasonable grounds to suspect that a participant has failed or is failing to comply with an ongoing obligation and requires time to investigate, temporarily, and for a maximum period of 6 months, to withhold all or part of a participant's periodic support payments and to review the decision to do so every 30 days.
- 10) Where GEMA is satisfied that a participant is failing to comply with an ongoing obligation –  
 (a) for a maximum period of 1 year to suspend the participant's periodic payments;  
 (b) To remove the suspension where GEMA is satisfied that the participant is complying with the ongoing obligation;  
Where GEMA is satisfied, within 6 months, that the participant has taken the steps specified in any notice sent under regulation 45(2) of the RHI Regulations, to decide whether to pay the periodic support payments withheld under regulation 45.
- 11) Where GEMA is satisfied that a participant has received a periodic support payment which exceeds that participant's entitlement or has received one whilst failing to comply with an ongoing obligation, to require the participant to repay the payment as a civil debt owed to GEMA or to offset the payment against any future periodic support payments.
- 12) To calculate periodic support payments
  - 13) To pay a participant's periodic support payments
  - 14) To calculate the applicable adjustment to tariff rates each year
  - 15) To arrange for an employee to perform a site inspection of plant to satisfy itself that such plant should be accredited and/or to request entry to inspect an accredited RHI installation and its associated infrastructure
  - 16) To satisfy itself in relation to the identity of an individual completing an application, including verification of bank account details.

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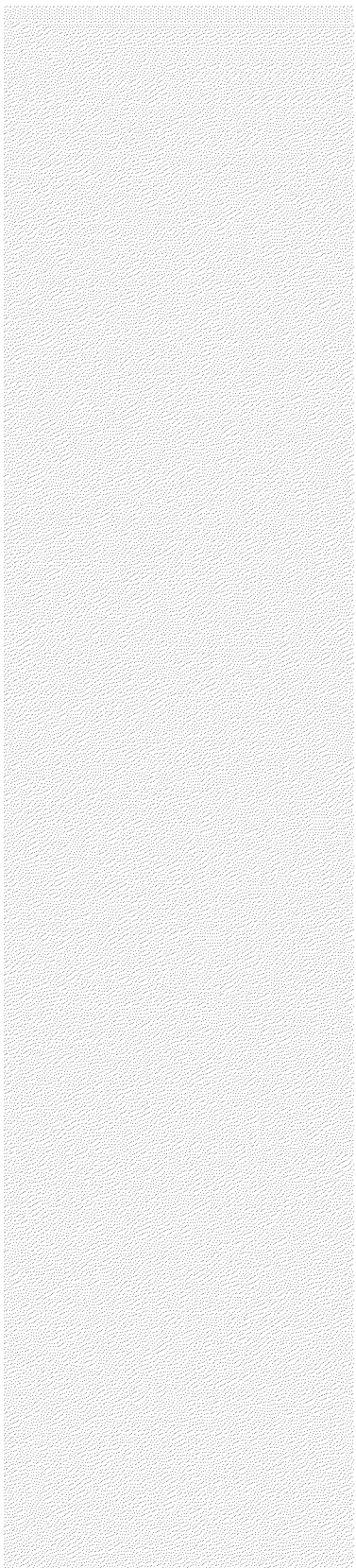
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 In accordance with the provisions of the Renewable Heat Incentive Scheme Regulations 2011 (as amended by the Renewable Heat Incentive Scheme (Amendment) Regulations 2012, a the Renewable Heat Incentive Scheme (Amendment) Regulations 2013) and th Renewable Heat Incentive Scheme (Amendment) (No.2) Regulations 2013)

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 To determine whether any accredited RHI installation that has been moved to a new location should continue to be accredited

Delegated Authority

Memo

Note: Any terminology used in this Annex is to be read as defined in the RHI Regulations (as amended)



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