

**To:** Sujitra Krishnanandan[Sujitra.Krishnanandan@ofgem.gov.uk]  
**Cc:** Marcus Porter[Marcus.Porter@ofgem.gov.uk]  
**From:** Jacqueline Balian  
**Sent:** 2014-07-30T14:14:38Z  
**Importance:** Normal  
**Subject:** RE: Extending CfDs to Northern Ireland and lessons learned from RHI  
**Received:** 2014-07-30T14:14:00Z  
Scanned from a Xerox multifunction device.pdf

Restricted

Hi Sujitra,

I have found the document which is scanned and attached but please note that it is Restricted.

The person who can provide you with the best information from the legal point of view is Marcus Porter (ccd) who worked on this with our development team.

Let me know if I can help further

All the best

Jacqueline

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**From:** Sujitra Krishnanandan  
**Sent:** 30 July 2014 11:21  
**To:** Jacqueline Balian  
**Cc:** Christian Milhan  
**Subject:** RE: Extending CfDs to Northern Ireland and lessons learned from RHI

Thank you for this Jacqueline, something we certainly need to bear in mind when thinking about NI costs.

I would like to have a better understanding of the legal basis of Ofgem providing RHI in NI – would it be worth me having a quick chat with someone in e-serve Legal ? Can you suggest a name please ?

Thanks for all your help.

Sujitra

**Sujitra Krishnanandan**

Tel: 020 3263 9832

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**From:** Jacqueline Balian  
**Sent:** 30 July 2014 09:49  
**To:** Christian Milhan  
**Cc:** Sujitra Krishnanandan  
**Subject:** RE: Extending CfDs to Northern Ireland and lessons learned from RHI

I do agree Christian except with

- **Funding:** While it was agreed that DETI would fund both development (including a nine month feasibility study) and on-going costs, this had been a painful exercise as DETI was not able to provide any robust estimates which lead to the costs being underestimated.

This implies that the fault lay with DETI which I don't think was entirely the case. True, DETI did not have robust estimates of market size or scheme size but neither did we and the underestimation of costs was caused in part by our not understanding the likely duplication of effort required to run to separate schemes, and by a failure to divine how quickly the two schemes would move apart in terms of their individual requirements becoming different. The real issue was that we did not set a clear charge for the operation phase up front. We should have provided an annual cost and stuck to it, instead we agreed to a fee based on the NI % of the GB scheme. Because we didn't know what % that would end up being, we had no clarity in advance of how much funding we had, and worse, the funding calculation we opted for (under pressure) was inappropriate. All things which could as well be laid at our door as DETIs so worth bearing in mind!

All the best

Jacqueline

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**From:** Christian Milhan  
**Sent:** 30 July 2014 09:31  
**To:** Jacqueline Balian  
**Cc:** Sujitra Krishnanandan  
**Subject:** Extending CfDs to Northern Ireland and lessons learned from RHI

Hello Jacqueline,

Many thanks for the meeting yesterday on RHI NI, that was very useful. Just to confirm, we discussed:

- **Agreement:** The development and operation of RHI in Northern Ireland is based on a letter of agreement between DETI and Ofgem. This involved a significant amount of legal work to address independence issues for Ofgem. This included the complaint resolution process where the informal complaint stage is done in-house at Ofgem, while the formal review stage is done by DETI who have the possibility to overturn Ofgem's decision (independence issue).