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*Promoting choice and
value for all customers*

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Date: 9 July 2008

Dear Malachy

**Ofgem's response to Department of Enterprise, Trade and Investment
consultation on the proposed reform of the Northern Ireland Renewables
Obligation**

1.1. Ofgem welcomes the opportunity to respond to the Department of Enterprise, Trade and Investment (DETI) consultation on the proposed reform of the Northern Ireland Renewables Obligation.

Administering the scheme

1.2. Ofgem administers the Northern Ireland Renewables Obligation on behalf of the Northern Ireland Authority for Electricity Regulation (NIAUR) under an Agency services Agreement. NIAUR continues to retain legislative responsibility for the NIRO.

1.3. From an administrative point of view it is important that the Renewables Obligation is as consistent as possible across the devolved administrations as inconsistency increases the complexity of the scheme and the administrative burden on Ofgem.

1.4. Our response to Department of Business, Enterprise and Regulatory Reform's (BERR) consultation on the reform of the Renewables Obligation highlighted our concerns about the current arrangements for funding our costs of administering the RO. We do not think it appropriate for these costs to be recovered through network businesses through the licence fee procedure. We urge the Government to review the arrangements for funding of the Northern Ireland Renewables Obligation.

Yours sincerely

Roy Field
Chief Operating Officer