

From: Stewart, Chris (DETI)
Sent: 19 May 2016 18:23
To: Clydesdale, Alison; Wightman, Stuart; Hughes, Seamus
Cc: McCormick, Andrew (DETI); McIlwrath, Linda
Subject: FW: NIAO RHI REPORT - DRAFT COMMENTS FW: Draft CAG report 15-16 16 May 2016
Importance: High

Alison

Thank you. My suggestion is that we adopt the advice of Finance colleagues unless there is a very clear and obvious reason not to do so.

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Chris

By way of further update – finance are content with the method but continue to have concerns around the presentation of the 20 year forecasts. Their advice is set out below.

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Alison

From: Clydesdale, Alison
Sent: 19 May 2016 15:48
To: Stewart, Chris (DETI)
Cc: Wightman, Stuart; Hughes, Seamus
Subject: NIAO RHI REPORT - DRAFT COMMENTS FW: Draft CAG report 15-16 16 May 2016
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Meantime though, if you are content with the comments I could go back to NIAO with those and advise that the figures will be firmed up shortly.

Alison

From: McCormick, Andrew (DETI) <Andrew.McCormick@economy-ni.gov.uk>
Sent: Monday, 23 May 2016 10:34
To: Clydesdale, Alison
Cc: Stewart, Chris (DETI); Rooney, Eugene; McEvoy, Colette; Cousins, Heather; McIlwrath, Linda; McMurray, Stephen; Wightman, Stuart; Woods, Michael (DETI); Hughes, Seamus; Cooper, Trevor
Subject: Re: For clearance - comments and documents to NIAO - RHI REPORT - DRAFT COMMENTS
FW: Draft CAG report 15-16 16 May 2016

Even at basic factual accuracy, I would ask that this only goes back to NIAO if Finance Directorate is satisfied. Best to get all the key facts out on an agreed basis at the earliest stage and that means we need to consider the tariff point (which is new to me as of last week) and the 2011 emails.

Instinct is still that an early internal meeting is needed.

Many thanks.

Sent from my BlackBerry 10 smartphone.

From: Clydesdale, Alison
Sent: Monday, 23 May 2016 09:56
To: McCormick, Andrew (DETI)
Cc: Stewart, Chris (DETI); Rooney, Eugene; McEvoy, Colette; Cousins, Heather; McIlwrath, Linda; McMurray, Stephen; Wightman, Stuart; Woods, Michael (DETI); Hughes, Seamus; Cooper, Trevor
Subject: RE: For clearance - comments and documents to NIAO - RHI REPORT - DRAFT COMMENTS
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Andrew

This report is not the formal draft report – it was simply given to us to check for factual inaccuracies ahead of it issuing formally to you in draft form. NIAO are pressing for responses asap. The draft version they sent last week was only for immediate factual accuracy and there will still be opportunities for the Department to request changes and make comments on the final version.

The departmental audit committee is on Wednesday and NIAO will probably confirm timeline as to when they will get the final draft out to you formally then.

We have cleared the estimates with finance colleagues to allow us to get initial comments back to NIAO. We will of course formally seek more input from finance branch once the draft report formally issues.

Alison

From: McCormick, Andrew (DETI)
Sent: 23 May 2016 08:54
To: Clydesdale, Alison
Cc: Stewart, Chris (DETI); Rooney, Eugene; McEvoy, Colette; Cousins, Heather; McIlwrath, Linda; McMurray, Stephen; Wightman, Stuart; Woods, Michael (DETI); Hughes, Seamus; Cooper, Trevor
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Please see my changes and DNs. I would not normally consider a draft NIAO Report where it is not clear that any comments and input have been fully proofed and agreed with Finance Directorate and have only done so given the time pressure. Internal Audit may also have points on this and the new information re tariffs as highlighted in Chris' email may mean some review of our actions.

Grateful now for further advice and it may be best to meet quickly on this (tomorrow morning is now free for me).

Many thanks.

Sent from my BlackBerry 10 smartphone.

From: Andrew McCormick [Personal information redacted by the RHI Inquiry]
Sent: Sunday, 22 May 2016 21:03
To: McCormick, Andrew (DETI)
Subject: RE: For clearance - comments and documents to NIAO - RHI REPORT - DRAFT COMMENTS
FW: Draft CAG report 15-16 16 May 2016

From: McCormick, Andrew (DETI) [<mailto:Andrew.McCormick@economy-ni.gov.uk>]
Sent: 21 May, 2016 11:20 PM
To: Andrew McCormick [Personal information redacted by the RHI Inquiry]
Subject: Fw: For clearance - comments and documents to NIAO - RHI REPORT - DRAFT COMMENTS
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Sent from my BlackBerry 10 smartphone.

From: Clydesdale, Alison <Alison.Clydesdale@economy-ni.gov.uk>
Sent: Friday, 20 May 2016 18:10
To: McCormick, Andrew (DETI)
Cc: Stewart, Chris (DETI); Wightman, Stuart; Hughes, Seamus
Subject: For clearance - comments and documents to NIAO - RHI REPORT - DRAFT COMMENTS FW: Draft CAG report 15-16 16 May 2016

Andrew

We met with Chris this afternoon and he has confirmed that he is content with the attached documents.

Attached is :

- (i) A tracked change version of the NIAO report
- (ii) Agreed RHI estimates (including 20 year forecast figures)
- (iii) Email from finance branch setting out AME / DEL situation

If you are content we will forward all 3 documents to NIAO.

Best Regards

Alison

From: Clydesdale, Alison
Sent: 20 May 2016 15:55
To: Clydesdale, Alison; Stewart, Chris (DETI); Wightman, Stuart; Hughes, Seamus
Cc: McCormick, Andrew (DETI); McIlwrath, Linda
Subject: RE: NIAO RHI REPORT - DRAFT COMMENTS FW: Draft CAG report 15-16 16 May 2016

Chris

Please find attached revised draft with your suggestions worked in and some of the previous congestion removed. In particular para 25 – we have set out the current monitoring arrangements that have been in place since August 14 – afraid we have no detail on what happened prior to that.

We have included by way of comments some helpful input from Ofgem in para 22.

Stuart has sent you the Jan 2014 letter and also attached is the e mail from finance branch that I think Andrew was referring to (although it's from 2011 – not 2013 so perhaps it's not the one Andrew was thinking of).

Also attached the cost estimates that NIAO are looking for.

Alison

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Cc: McCormick, Andrew (DETI); McIlwrath, Linda
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Chris

Thanks we will look again at the report and send you up a redraft today.

On the figures – the issue is simply the 20 year forecast – Internal audit are in agreement with providing our best estimate of the worst case. I get a sense that Finance branch are uncomfortable with the final figure as its over £1bn – they are right in that there is potential for cost reduction and I have offered some calculations around this but they are speculative and not evidence based.

It is a matter of presentation – however I fear if we do not offer a figure than NIAO will produce one themselves.

Here are the options as I see them :

- (i) Provide the best estimate of the worst case at 20 years – heavily caveated.
- (ii) Provide a reduced figure for a 20 year forecasts – which in my view has a significant and unquantifiable margin of error and I have had no comment from finance on my proposed reduced rates

- (iii) Say we cannot provide an accurate 20 year figure because of the timeframe and the variables.

I would recommend we go with option 1 for the 20 year forecast.

The figures also need to be provided to the audit committee for Wednesday, at which NIAO will be present so we would need to have an agreed position then.

Would it be useful to get a quick chat sometime today ?

Alison

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