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From: Keith Avis [mailto:Keith.Avis@ofgem.gov.uk]
Sent: 03 December 2012 15:44
To: McCutcheon, Joanne
Cc: Hepper, Fiona; Matthew Harnack; Mary Smith
Subject: NIRHI: Audit

Joanne cc: As above

The answers to each of your questions are below. I should say that the number of audits carried out for NIRHI will be dictated by the percentage of scheme costs that DETI is paying, and hence by the value of tariff payments made in NI as a portion of total RHI payments. In other words, if DETI were paying for 3% of total scheme costs then that would mean that 3% of tariff payments were being made to NI installations, so for both of these reasons it would be appropriate to ensure that 3% of audits were conducted on NI based installations.

Also, while our current view is that we need to take the final decision on which installations to audit, we would be happy to commission additional audits beyond those that we would normally do should your audit team need these, although this will incur additional cost as it will fall outside the scope of this work and also beyond the number budgeted for.

A response to each of your questions is as follows:

Would you be willing to share the terms of reference/scope of the audit exercise?

Yes we would be willing to share the scope of the audit exercise with you.

Who currently conducts the exercise – is it AEA and/or Deloitte?

Ricardo-AEA carry out site audits/inspections of RHIGB installations.

How often is the exercise carried out and when is it next due?

Audits are being carried out on an ongoing basis. We are currently trialling audit selection on a 6-monthly basis. Most recently, we selected installations in October, covering the period until the end of March. We agreed with Ricardo-AEA that this was the preferred approach as it mitigates the impact of peaks and troughs being experienced over quarterly cycles. It also allows flexibility to accommodate issues such as accessibility in rural locations during Winter and availability of auditor/applicant in Summer. We do have the option to select installations for ad-hoc audits should there be an urgent need to audit an installation.

What sort of details are included in the report produced?

For the GB scheme, an example of the details provided are:

[Paper-Based Investigation](#)

ALL TECHNOLOGY CHECKS

- [Plant Overview](#)
- [Input Fuel](#)
- [Metering Inspection](#)
- [Maintenance and Calibration](#)

TECHNOLOGY SPECIFIC CHECKS

- [Biogas](#)
- [Biomass Fuel Input checks](#)
- [Biomass within Municipal Solid Waste \(MSW\) Fuel Input Checks](#)
- [Biomethane](#)
- [Combined Heat and Power](#)
- [District Heating](#)
- [Geothermal](#)
- [Heat Pumps](#)
- [Solar Thermal](#)

Plant WalkdownALL TECHNOLOGY CHECKS

- [Generating Plant Inspection](#)
- [Plant Overview](#)
- [Metering Inspection](#)

TECHNOLOGY SPECIFIC CHECKS

- [Biogas](#)
- [Biomass](#)
- [Biomass within Municipal Solid Waste](#)
- [Biomethane](#)
- [CHP](#)
- [Heat Pump](#)
- [Solar](#)

If the contract was extended to include NI installations – would a separate report/section specific to NI be able to be produced? And would this be shared with us?

We are currently scoping the delivery of NIRHI audits. However, the expectation is that all existing checks would be carried out, taking into account any differences between the RHIGB and NIRHI Guidance/Regulations. As such, separate reports would be produced for NIRHI installations. We would be prepared to share our audit reports with you.

What sample size is used for the exercise?

We use a sample that is based on a monetary unit sampling approach. Our sample size for 2012-13 is as follows:

Installation Size	Audit Sample Size	Desktop Audits	Site Audits
Small (<=45kWth)	186	149	37
Medium (46kWth > 1MWth)	80	32	48
Large (1MWth>)	57	0	57

I hope that this is helpful to you and your Audit Committee. Of course, do give me a call if you wish to discuss any of this further.

Regards

Keith

Keith Avis

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From: McCutcheon, Joanne [<mailto:Joanne.McCutcheon@detini.gov.uk>]
Sent: 29 November 2012 12:31
To: Keith Avis
Cc: Hutchinson, Peter; Mary Smith; Hepper, Fiona
Subject: Audit

Keith

Having spoken to Audit colleagues I wonder could you provide some further details:-

- Would you be willing to share the terms of reference/scope of the audit exercise?
- Who currently conducts the exercise – is it AEA and/or Deloitte?
- How often is the exercise carried out and when is it next due?
- What sort of details are included in the report produced?
- If the contract was extended to include NI installations – would a separate report/section specific to NI be able to be produced? And would this be shared with us?
- What sample size is used for the exercise?

If you can provide this information I think it might be very helpful.

As regards the vouching of the development costs, I discussed this with audit colleagues too and they are to come back to me asap. Will let you know as soon as I hear.

Regards

Joanne