



David Fletcher

C/O OFGEM

9 Millbank

London

SW1P 3GE

3 October 2017

Dear Sir

Re: The Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme

Provision of a Section 21 Notice requiring the provision of evidence in the form of a written statement

I am writing to you in my capacity as Solicitor to the Independent Public Inquiry into the Non Domestic Renewable Heat Incentive (RHI) Scheme (known as 'the RHI Inquiry') which has been set up under the Inquiries Act 2005 ('the Act').

I know that you will be familiar, from my previous correspondence, with the RHI Inquiry's Terms of Reference, which remain available on the Inquiry's website. You will also be aware that the RHI Inquiry is conducting its investigations into the matters set out in its Terms of Reference. The Inquiry is continuing with the process of gathering all of the relevant documentation from relevant departments, organisations and individuals.

In addition, the Inquiry is also engaged in the process of requiring individuals who have been, or who may have been, involved in the range of matters which come within the Inquiry's Terms of Reference to provide written evidence to the Inquiry Panel.

In keeping with the approach we are taking with other individuals, the RHI Inquiry is now issuing to you a Statutory Notice (known as a 'Section 21 Notice') pursuant to its powers to compel the provision of evidence in the form of a written statement in relation to the matters falling within its Terms of Reference.

The Section 21 Notice enclosed with this letter requires you to provide evidence to the RHI Inquiry Panel in the form of a written statement addressing the matters identified in the Schedule to the Section 21 Notice. As the text of the Section 21 Notice explains, you are required by law to comply with it.

The aim of the enclosed Notice is to require you to provide all relevant evidence you have within your knowledge, information or belief which is pertinent to the Inquiry's Terms of Reference. The Schedule to the enclosed Section 21 Notice provides further detail as to the matters which should be covered in the written evidence which is required from you. In the event that there is a category of information in respect of which you have no evidence which you can provide, please state this in your response. Where you can provide evidence, the more comprehensive your statement is, the less likely it may be that the Inquiry will have to revert to you at a later stage for clarification, although in many cases this is likely to be necessary to some degree.

It is vital that the witness statement you provide to the Inquiry is your own evidence, absent the influence of others; that it is comprehensive; and that it fully explains your involvement in the matters about which you have been asked.

As you may be aware, the Inquiry has already required the provision of a statement setting out the corporate position of Ofgem in relation to the Northern Ireland RHI Scheme. However, the Inquiry Panel is also interested in the roles played by individual officials from Ofgem who were involved with the Scheme. Moreover, the Inquiry Panel recognise that individual officials may have a different perspective from, or may even disagree with certain aspects of, the position adopted by the organisation they work for. The statement, which is required from you pursuant to the enclosed Notice, is your opportunity to explain what you did in relation to the Northern Ireland RHI Scheme and why you did it; and also to make the Inquiry aware

of any concerns you may have about the actions of others.

I appreciate that you may require or desire access to some documentation in order to assist you in preparing your statement. In particular, you may wish to see documentation to which you previously had access but now no longer have access in your current post. If that applies in your case, I understand that Ofgem will assist you, at least in the first instance. You should contact Mark Mills, Principal Legal Advisor at Ofgem. He is contactable at Mark.Mills@ofgem.gov.uk. I have informed Mark Mills that you may be making contact with him to arrange access to documentation, or for general assistance and support; but there is, of course, no obligation upon you to do so. If you encounter any difficulties, of whatever kind, you should not hesitate to get in touch with me.

I also refer you to Restriction Order No 2 made by the Chairman of the RHI Inquiry on 22 June 2017, a copy of which is enclosed for your convenience. This restriction order prohibits you from publishing any documentation received from the RHI Inquiry (save that you may show it to your legal representative) unless you first obtain the consent in writing of the Inquiry Chairman.

In addition to the four restriction orders made by the Chairman of the RHI Inquiry (which you will find published on the Inquiry website) receipt of this correspondence and its enclosures also places you under a duty of confidentiality to the RHI Inquiry in respect of them. You may share the correspondence and the enclosed Notice and documents with your legal representative(s), but neither you nor they may show, communicate the contents of, nor provide this correspondence or the Notice or documents to any other person or organisation without the express permission of the RHI Inquiry. Any breach of this duty of confidentiality is actionable at the suit of the Inquiry Chairman.

You will also find attached to the Section 21 Notice a Guidance Note explaining the nature of a Section 21 Notice and the procedures that the RHI Inquiry has adopted in relation to such a notice. In particular, you are asked to provide your evidence in the form of the template witness statement which is also enclosed with this correspondence.

Given the tight time-frame within which the RHI Inquiry must operate, the Chairman of the Inquiry would be grateful if you would comply with the requirements of the Section 21 Notice as soon as possible and, in any event, by the date set out for compliance in the Notice itself.

Finally, I would be grateful if you could acknowledge receipt of this correspondence and the enclosed notice by email to Patrick.Butler@rhiinquiry.org.

Please do not hesitate to contact me to discuss any matter arising.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Patrick Butler', written in a cursive style.

Patrick Butler

Solicitor to the RHI Inquiry

02890408928

SCHEDULE**[No 482 of 2017]***Background*

1. Set out a description of your occupational history, qualifications and experience.
2. Set out a summary of your role or roles within Ofgem. Please provide details of dates between which you held the role/s, and what the role/s entailed. In each instance, describe how this role related, if at all, to the Non Domestic Renewable Heat Incentive (RHI) Scheme in Northern Ireland ('the NI RHI Scheme').
3. Explain, insofar as is relevant to any involvement you had with the RHI Scheme, to whom you were accountable and/or reported in Ofgem and who, if anyone, was accountable and/or reported to you.

Involvement with Northern Ireland RHI Scheme

4. Please summarise any involvement you had with the NI RHI Scheme, whether in respect of its creation, operation, administration, or otherwise, and during what period you were so involved.
5. In respect of your particular role or position:
 - a. Explain what proportion or percentage of your role was devoted to work on the NI RHI Scheme (giving details, if applicable, of how this altered over time or at different periods);
 - b. Explain how you carried out your roles or responsibilities in relation to the NI RHI Scheme on a day-to-day basis; and
 - c. Specify whether you consider you were adequately trained and/or resourced in respect of your roles or responsibilities in relation to the NI

RHI Scheme. (If not, please specify clearly in what respects you contend this was not so and, if applicable, what steps you took in relation to this).

6. Identify, in your view, any actual or potential problems, flaws, anomalies, or difficulties with the NI RHI Scheme and/or its operation or administration, explaining in each instance, so far as you can, how those problems, flaws, anomalies, or difficulties manifested themselves, how they came about, and with whom (if anyone) responsibility or accountability for them lay.
7. Please identify when, and how, you first became aware of each of the aforementioned problems, flaws, etc..
8. Please identify and explain any difficulties you encountered within Ofgem in respect of the operation of the administration of the RHI Scheme.
9. Please identify and explain any difficulties you encountered in the relationship between Ofgem and the Department of Enterprise, Trade and Investment (DETI) (later, the Department for the Economy) in Northern Ireland in respect of the operation of the administration of the NI RHI Scheme.

Involvement with Great Britain RHI Scheme

10. If you had any involvement in the Northern Ireland RHI Scheme (as addressed above), please also address the following issues:
 - a. State whether you were also involved in the analogous RHI Scheme which operated in Great Britain ("the GB RHI Scheme");
 - b. If you were involved in the GB RHI Scheme, summarise briefly the extent and nature of your involvement in it;
 - c. If you were involved in both RHI Schemes:

- i. state whether, based upon your experience of each, there were lessons to be learned for the NI RHI Scheme from the GB RHI Scheme and, if there were, clarify what those lessons were, whether they were learned, and, if they were not learned, what you understand to be the reasons for this;
- ii. state whether, based upon your experiences of each, there were differences in how Ofgem dealt with each Scheme and if there were such differences, clarify whether any of them impacted adversely upon the NI RHI Scheme (in particular, concerning the proper administration of that Scheme), clarify what those particular differences were, and set out the reasons for those differences as you understand them.

Promotion of the NI RHI Scheme

11. Specify whether you promoted the NI RHI Scheme and/or encouraged any third party to seek accreditation under the Scheme, assisted any third party in so doing, or provided any third party with information knowing that they might apply, or consider applying, or that they might advise, encourage, assist, or cause other persons to apply, or consider applying, for accreditation under the Scheme. In respect of any such instance, please provide full details including (but not limited to) the third party concerned and the date of any steps taken by you in that regard.

Lobbying and pressure

12. Identify any instances, to your knowledge or belief, of lobbying or encouragement of Ministers, Special Advisers, Civil Servants or other relevant persons in relation to the terms of the NI RHI Scheme and/or the introduction, non-introduction, variation or delay of the introduction of cost controls into the Scheme (including, but not limited to, the amendment of tariffs, tiering, degression and Scheme suspension or closure) at any stage but, in particular, at the creation of the Scheme and in the period from mid-2015 to early 2016.

13. Identify any instances, to your knowledge or belief, where influence or pressure was exerted on you in relation to any aspect of the NI RHI Scheme. In respect of any such instance specify:
- a. who provided that influence or pressure;
 - b. when it occurred;
 - c. what it consisted of and how it was conveyed;
 - d. what you believed the motivation to have been (and what you now believe the motivation to have been, if different), and why you believe that; and
 - e. how you dealt with it.
14. Identify any instances, to your knowledge or belief, where influence or pressure was exerted on someone else in relation to the NI RHI Scheme. In respect of any such instance identify:
- a. who provided that influence or pressure;
 - b. who it was exerted on;
 - c. when it occurred;
 - d. what it consisted of and how it was conveyed;
 - e. what you believe the motivation to have been, and why you believe that;
 - f. how it was dealt with; and
 - g. how and when you came to be aware of the influence or pressure.

Standards of conduct and conflict of interest

15. Identify any instances, to your knowledge or belief, where a Minister, Special Adviser, Civil Servant or any other person involved in the NI RHI Scheme (including, if applicable, yourself):
- a. breached relevant standards (including, but not limited to, the Nolan Principles, the Ministerial Code of Conduct, the Civil Service Code of Conduct, the Code of Conduct for Special Advisers and/or terms or

conditions of employment or service) or acted in a way incompatible with their duties (including, but not limited to, by means of making premature or unauthorised disclosures);

- b. acted in circumstances relating to or touching upon the Scheme in any way where they had a real or perceived conflict of interest;

in respect of any such instances, providing details and specifying the basis for any belief that there has been a breach of a relevant standard or duty or that a conflict of interest arose.

16. Specify whether, to your knowledge, you have any connection to a person or body receiving payment under the NI RHI Scheme or benefiting commercially from the Scheme in some other way (for instance, by supplying equipment, plant, fuel or other goods or services used by Scheme claimants). In this request, a 'connection' includes (but is not limited to) circumstances where the Scheme claimant or beneficiary is a relative, friend, close acquaintance, business associate or (in the case of politicians or special advisers) donor or supporter (either to or of you or your political party).

Whistle-blowing and raising of concerns

17. Identify any instances of which you are aware of whistle-blowing in relation to the Scheme, or disclosures made in the public interest raising concerns about the NI RHI Scheme, setting out details of when this occurred, to whom and by whom any relevant disclosure was made and how it was dealt with.
18. In particular, provide an account of how you dealt with any disclosures raising concerns about the NI RHI Scheme made or communicated to you at any time. In relation to each such instance, identify precisely how the concerns were communicated to you.
19. Specify when you first became aware that subsidies payable under the NI RHI Scheme exceeded the cost of biomass fuel used to produce heat (so that there

was an incentive in some cases to produce heat merely to make profit from the Scheme) and how you so became aware.

General

20. Considering the RHI Inquiry's Terms of Reference, please identify any representations made to you about the RHI Scheme (which you regard as significant and about which you consider the RHI Inquiry should be aware), whether those representations were made by colleagues, or otherwise. In respect of any such representations please indicate when they occurred, where they occurred, who was involved, and what was said or communicated to you.
21. Considering the RHI Inquiry's Terms of Reference, please identify any conversations or discussions you had about the RHI Scheme (which you regard as significant and about which you consider the RHI Inquiry should be aware), whether those conversations or discussions involved colleagues, or otherwise. In respect of any such conversations or discussions please indicate when they occurred, where they occurred, who was involved, and what was said to you.
22. Provide any further evidence within your knowledge or belief which is relevant to the matters which the RHI Inquiry is investigating as set out in the RHI Inquiry's Terms of Reference.

NOTE:

It is important for the efficiency of the RHI Inquiry that the issues identified above are addressed as fully as possible and by reference, where available, to the dates and locations of specific incidents to which reference is made. The statement should be broken down into paragraphs, which should be numbered sequentially from '1' to the end. The use of appropriate section headings or sub-headings is also encouraged. A template witness statement is provided with this Notice for your assistance and should be used as the format for your response.

Inquiry into the Renewable Heat Incentive scheme

RHI REF Notice 482 of 2017

Date: 13/10/2017

Witness Statement of: David Fletcher

I, David Fletcher will say as follows-

Background

- 1) I have worked for Ofgem in various roles for ten years (listed below) focusing on the administration and development of administration for government delivery schemes. Prior to this I worked for a high street bank and a First Aid charity in a managerial position. I have an ordinary degree in Natural Sciences.

2)

Role title	dates	Summary	Relationship to NIRHI
Associate Director EESP	01/07/2015- To present (7/15- 3/16 in acting capacity)	Responsible for energy efficiency and social programme delivery within E-serve division of Ofgem	Management observer at RHI boards and member of Management committee of E-serve. No decision making role in management of operational NI RHI
Head of ECO policy	01/11/13- 30/6/15	Responsible for energy efficiency scheme administration development at Ofgem	No interaction with NI RHI
Senior Manager New Scheme Development	21/11/11- 31/10/13	Oversight of development for various schemes including ECO, RO, FITs and NI RHI. Also carried out a process review on one aspect of GB RHI.	Involved in initial development for business case for NI RHI being undertaken by Ofgem, and initial administrative arrangements for the delivery of the scheme.

Senior Manager Smart Metering policy	01/03/10-03/04/11	Work on the design of Smart meter roll out including a period of loan to DECC as part of Smart metering technical development	Pre- NIRHI
Manager Renewables	24/9/07-28/3/10	Various roles within the renewable electricity policies including reviewing of fuelling and generation under the RO scheme.	Pre-NI RHI Only period of direct engagement with NI utility regulator and electricity industry

- 3) In all my roles within Ofgem I ultimately am accountable to the Gas and Electricity Markets Authority. In respect to the role of senior manager New Scheme development I reported to Matthew Harnack (who was then the head of New Schemes Development) and had Catherine McArthur and Jonah Anthony (Policy Development Managers) reporting to me, in early 2012 my portfolio changed, once ECO development commenced, and as such RHI work moved away from me. In my role as a member of the management committee (MC) of Ofgem E-serve I report to Chris Poulton (interim MD Ofgem E-serve).

Involvement with NIRHI scheme

- 4) As above I was involved in the initial feasibility study for Ofgem undertaking an administrative role on behalf of the NI Government. Our team prepared the decision paper for the Authority to agree to run NIRHI alongside the GB RHI and had initial discussions with NI government colleagues to discuss the funding and requirements for the schemes administration. As a member of the MC I sat as an independent observer of the RHI board my role was to ensure that the board complied with its Terms of Reference, in this role I reviewed the operational papers presented to the board on GB and NI RHIs.
- 5) (a,b,c) In relation to my role in New Scheme development work on the NI RHI represented no more than a third of my time for a period between November 2011 and Spring 2012, this time was spent with the management of my line reports, the review of the developing feasibility study, e-mails with my colleagues and NI government members.
I consider that my team and I were adequately trained and resourced to carry out both the feasibility study and early engagement with NI government.
- 6) At the earliest stage we identified that divergence between the GB and NI policies would add to the complexity of the scheme and potentially negate the benefits of sharing administration and systems. This was detailed in the feasibility study, which was given to DETI before their scheme consultation had concluded. However, given my involvement with the NIRHI was before scheme inception I do not have a view on whether there were any difficulties with its operation or administration.
- 7) As above.
- 8) I did not encounter any difficulties within Ofgem in respect of the operation of the administration of the NIRHI.
- 9) I do not recall any specific difficulties when I was directly involved in the scoping study. However, I was aware of difficulties encountered in the early days of the scheme related to agreeing the Memorandum of Understanding between Ofgem and DETI and obtaining payment for our administration when the scheme was initially opened.

Involvement with the Great Britain RHI scheme

10) (abc) I was not involved in the development of the GBRHI scheme, however as an observer for the e-serve MC I sat in the RHI boards which covered both schemes. In relation to the GB RHI scheme I undertook a short project to review an issue around an accreditation issue for certain stations. This looked at the complexity of the application to scheme and the impact of connections between heating source and heat load.

C i) My involvement in the complexity was at the early stage of this work and led to recommendations on specific simplifications for the application process in the GBRHI scheme. I understand that the simplification work was not taken forward at that time. As such, there wouldn't be lessons that could translate from the GBRHI to the NI RHI.

C ii) The only differences I was aware of was in relation to the funding of the work and the separate payment for administration between DETI and Ofgem, however I am not aware that this adversely impacted on the NIRHI scheme or its administration.

Promotion of the NI RHI scheme

11) I did not promote the NIRHI scheme

Lobbying and pressure

12. I am not aware of any lobbying in relation to the NI RHI scheme.

13. I had no pressure put on me in relation to the NI RHI scheme.

14. I am not aware of pressure put on any other member of staff in relation to the NI RHI scheme.

Standards of conduct and conflicts of interest

15. I am not aware of any incident where there was a conflict of interest or relevant standards were breached.

16. I can confirm that to the best of my knowledge I do not have any connection with any beneficiary of the NI RHI scheme.

Whistleblowing and raising of concerns

17. I am not aware of any whistle-blowing in relation to the NI RHI scheme.

18. N/A

General

19. I became aware of this through the press reaction to the payments being made for the NI RHI scheme and updates provided as a member of the Ofgem E-serve management committee.

20. I do not regard that any significant representations about the NI RHI scheme have been made to me.

21. I do not regard that I have had any conversations that I would consider as significant and which the RHI inquiry should be made aware of. The only conversations in relation to the NI RHI inquiry I have had have been in relation to the progress of discussions at the PAC and the operational resource requirements the inquiry has placed on the teams involved. - I do not consider that these fall within the terms of reference of the inquiry.

22) N/A

Statement of truth

I believe that the facts stated in this witness statement are true

Signed.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Dated- 13/10/2017