

To: Robert Reid[Robert.Reid@ofgem.gov.uk]; Mahmoud Abu-ebid[Mahmoud.Abu-ebid@ricardo-aea.com]
From: Oliver Edberg
Sent: 2013-09-23T11:31:29Z
Importance: Normal
Subject: RE: Northern Ireland RHI - Request for quote to carry out site audits
Received: 2013-09-23T11:32:40Z
[Ricardo-AEA quote for NI RHI audits.docx](#)

Hi Rob,
 Apologies for the delay in sending this across.
 Attached is our quote for undertaking audits in NI for both 5 and 10 audits.
 I am happy to discuss if you require clarification.
 Regards,
 Oliver
Oliver Edberg
Senior Consultant
Ricardo-AEA

RICARDO-AEA

Ricardo-AEA, Marble Arch Tower, 55 Bryanston Street, London W1H 7AA

Tel: +44 (0)1235 753492 | Mobile Personal information redacted by the RHI Inquiry | E-mail: oliver.edberg@ricardo-aea.com | Web: www.ricardo-aea.com



From: Robert Reid [mailto:Robert.Reid@ofgem.gov.uk]
Sent: 23 September 2013 12:08
To: Oliver Edberg; Mahmoud Abu-ebid
Subject: Northern Ireland RHI - Request for quote to carry out site audits

Hi Oliver, Mahmoud
 Can you let me know the status with providing a quote for the NIRHI audits.
 Many thanks,
 Rob

From: Robert Reid
Sent: 17 September 2013 14:58
To: 'Oliver Edberg'; 'Mahmoud Abu-ebid'
Cc: Catherine Avenell; Ade Obaye; Teri Clifton
Subject: RE: Northern Ireland RHI - Request for quote to carry out site audits

Mahmoud, Oliver,
 Teri has informed me that there was agreement from DETI to carry out 5 NIRHI site audits initially. As a result, can you please provide a cost quote to carry out 5 and 10 site audits by March 2014 using the scope outlined below.
 Apologies for any inconvenience this causes,
 Regards,
 Rob

From: Robert Reid
Sent: 16 September 2013 13:29
To: 'Oliver Edberg'; Mahmoud Abu-ebid
Cc: Catherine Avenell; Ade Obaye; Teri Clifton
Subject: Northern Ireland RHI - Request for quote to carry out site audits
Importance: High

Mahmoud, Oliver

Please see below the scope for the Northern Ireland RHI (NIRHI) audit pilot.

Ofgem requires Ricardo-AEA to provide a quote to carry out and finalise a maximum of 10 site audits of NIRHI installations by March 2014. Ricardo-AEA's quote should be provided in a similar format to that used for the GB scheme, in that Ofgem require a cost per audit based on the end-to-end audit process. This should include the following:

- preparing to carry out an audit (includes reviewing the audit pack, notifying the participant and confirming the audit date)
- carrying out an audit (includes travel to the site, undertaking any health and safety checks and physical inspection of the

installation against the audit pack documentation)

- writing the draft audit report (includes using the audit report template, referring to the non compliance and observation text for standard wording and quality assurance checks)
- writing the final site audit report (includes finalising the report to reflect Ofgem's comments, updating the audit report coversheet and quality assurance checks)
- writing a lessons learnt report (includes summary and analysis of audit findings and recommended actions to address non compliances and observations)
- project management (includes planning the site audit programme, updating the project monitoring log, and sending a status update on a weekly basis to Ofgem)

Ofgem also require Ricardo-AEA to provide an estimate of travel and subsistence expenses on a separate line. Ricardo-AEA's quote should be provided on the basis that Ofgem will require Ricardo-AEA to carry out the following audits:

- one audit of a small (<45kWth) installation
- nine audits of medium (45kWth - 1MWth) installations
- 30% of installations will have simple metering arrangements
- 70% of installation will have complex metering arrangements
- all audits will be carried out on biomass installations

The audit checks carried out will be on the basis of those carried out for the GB RHI scheme. This will include new vents and metering checks to be implemented at the end of September 2013. This will exclude checks for air quality standards and pipework being implemented as part of GB RHI Phase 2 on 24th September 2013.

Ofgem plan to select all installations for audit by Friday, 4th October 2013. This is subject to DETI approval of the sample size and budget before any contract can be issued.

Ofgem requires Ricardo-AEA to submit their quote by close of play, Friday 20th September 2013.

Please let me know if you have any questions.

Many thanks,

Rob
Robert Reid
 Manager, Audit Programme
 Renewable Heat Incentive
 9 Millbank
 London
 SW1P 3GE
 Tel: 020 7901 7298
www.ofgem.gov.uk

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Quotation for Northern Ireland RHI audits

Ricardo-AEA were requested by Ofgem (on 16/09/13) to provide a quotation for undertaking 5 or 10 site audits prior to March 2014. The specification provided by Ofgem includes:

- *preparing to carry out an audit (includes reviewing the audit pack, notifying the participant and confirming the audit date)*
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Ricardo-AEA have an agreed price per audit approach for undertaking GB audits this is based upon the size and complexity of the audits. We offer a price per audit for 5 and 10 audits in Northern Ireland. For 10 audits we offer a lower price per audit as we envisage we will be able to campaign the audits more efficiently alongside project management and reporting efficiencies.

Table 1.1 Audit price for 5 audits

Grade of audit	Number	Price ¹
Small simple	1	Sensitive commercial information redacted by the RHI Inquiry
Small complex	0	
Medium simple	1	
Medium complex	3	
Sub-total (excluding T&S)	5	
T&S ²	-	
Total	-	

Table 1.2 Audit price for 10 audits

Grade of audit	Number	Price ¹
Small simple	1	Sensitive commercial information redacted by the RHI Inquiry
Small complex	0	
Medium simple	2	
Medium complex	7	
Sub-total (excluding T&S)	10	
T&S ³	-	
Total	-	

This price includes activities such as project management and writing the lessons learnt report. The lessons learnt report will be a brief report summarising the findings across the 5 or 10 audits. It will follow a similar structure to that provided by Ricardo-AEA to Ofgem on a 6 monthly basis. It is worth noting that the range of issues across GB audits means that a sample of 5 audits is unlikely to identify any possible trends of observations and non-compliances.

¹ The price includes additional checks Ricardo-AEA have discussed with Ofgem surrounding the distance of the heat meter from pumps and valves and buffer vessel checks. It does not include additional checks for vents which Ricardo-AEA expect are unlikely to be part of installations across a sample of 5 or 10 installations. Should a site with vents be identified then this Ricardo-AEA would undertake extra checks for that installation at an additional cost of [REDACTED].

² T&S: Ricardo-AEA will invoice upon actual T&S incurred. Personal information redacted by the RHI Inquiry

³ We have assumed 2 return flights as it is unlikely to be practical to arrange all audits within one week.

To: Teri Clifton[teri.clifton@ofgem.gov.uk]
Cc: Ade Obaye[Ade.Obaye@ofgem.gov.uk]; Nadia Coleby[Nadia.Coleby@ofgem.gov.uk]
From: Robert Reid
Sent: 2013-09-23T14:06:36Z
Importance: High
Subject: Northern Ireland RHI - Cost quote from Ricardo-AEA to carry out 5 to 10 site audits
Received: 2013-09-23T14:06:37Z
Ricardo-AEA quote for NI RHI audits.docx

Hi Teri, cc Ade, Nadia (Procurement),

Further to providing Ricardo-AEA with the scope of work for carrying out between 5 to 10 technical site audits of RHI installations in Northern Ireland, please find attached their cost quote. The costs quoted are Sensitive commercial information redacted by RHI audit more expensive than GB audits. However, you need to bear in mind that the audit volumes quoted for NI are a maximum of 10 site audits, whereas for the GB scheme we are planning to carry out 233 site audits this financial year. On this basis, I do not consider the costs to be disproportionately higher. Ricardo-AEA have also included an estimate of T & S costs which would not be included within the unit cost to carry out an audit, and would be invoiced separately.

Can you please advise on timescales for receiving approval from DETI regarding budget to carry out these audits. I can then start making the necessary arrangements through Procurement to issue a Consultancy 1 form for internal approval.

Many thanks,

Rob

020 7901 7298

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Sent: 23 September 2013 12:31
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Received from OFGEM on 11.05.2017

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Annotated by RHI Inquiry

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Ofgem E-Serve Technical Audit Assurance Categories

Assurance Rating	General Description	Trigger Point(s)	Description*
Low	Audit found major issues of non-compliance.	General: Major issue with eligibility. OR Financial: Impact on scheme considered to be in excess of £50,000 . OR Fraud: There are suspicions of abuse, misuse or fraud	This assurance category will indicate that an audit has found one of the following; <ol style="list-style-type: none"> 1. The audited station/measure has been incorrectly accredited for scheme participation resulting in the receipt of incorrect payments/savings which will need to be recovered and an assessment made on the possible removal of accreditation. This will include issues that have a significant impact on the wider scheme and/or Ofgem. 2. The impact of the audit findings indicates a large potential loss to the scheme (in excess of £50,000). 3. There is a suspicion of abuse, misuse, or fraud.
Medium	Audit found moderate issues of non-compliance.	General: Moderate issue with eligibility. OR Financial: Impact on scheme considered to be in excess of £1,000 , but not exceeding £50,000 .	This assurance category will indicate that an audit has found one of the following; <ol style="list-style-type: none"> 1. The audited station/measure has issues with eligibility which can be rectified within a reasonable timescale to ensure compliance with scheme legislation. This may result in payments/measures being suspended or withheld until this happens. 2. The impact of the audit findings indicates a moderate potential loss to the scheme (in excess of £1,000 but not exceeding £50,000).
High	Audit found minor issues or has recommended introduction of best practice.	General: Minor issues found on site. OR Financial: Impact on scheme considered to be less than £1,000 or has no impact.	This assurance category will indicate that an audit has found one of the following; <ol style="list-style-type: none"> 1. The audit has identified areas of poor practice and/or the station/measure has not complied with certain ongoing obligations. The impact of this will have a minor or no impact on the wider scheme and/or Ofgem. 2. The impact of the audit findings indicates a minor potential loss to the scheme (less than £1,000).
Excellent	No issues found during audit.	N/A	There were no issues noted during the audit.

* Note: It will be down to audit managers to judge the rating on a case-by-case basis and potential financial losses are calculated over the total lifetime of the scheme.

Annex 1: Scheme Examples**Ofgem E-Serve Technical Audit Assurance Categories (Examples)**

Assurance Rating	General Description	FITs	RO/CCL/REGO	RHI Non-Domestic	ECO
Low	Audit found major issues of non-compliance.	Audit found installation was not eligible or was issued an incorrect tariff rate.	Audit found installation was not eligible under one or more schemes or was incorrectly banded for the RO.	Audit found installation was not eligible or did not comply with ongoing obligations that have a significant impact on payments and potentially results in revocation.	Audit found installation was not eligible as it was not installed in line with PAS and / or building regulations and could not be rectified.
Medium	Audit found moderate issues of non-compliance.	Audit found that an error in the meter caused overpayment of around £5,000.	Audit found that generation data had been inaccurately reported resulting in incorrect issue of certificates.	Audit finding leads to notification of non-compliance that may have an impact on payments but can be rectified so that payments can continue to be made.	Audit found that the installation or original SAP/RdSAP inputs were incorrect, therefore affecting the carbon score.
High	Audit found minor issues or has recommended introduction of best practice.	Audit found that the schematic diagram was not correct.	Audit found that Declared Net Capacity/meter serial number was stated incorrectly in the accreditation application	Audit found minor discrepancies between audit findings and application responses with any non compliance not having an impact on payments	Audit found areas of best practice that could be improved.
Excellent	No issues found during audit.	N/A	N/A	N/A	N/A

To: Paul Kitcher[Paul.Kitcher@ofgem.gov.uk]; Edmund Ward[Edmund.Ward@ofgem.gov.uk]; Sarah Russell[Sarah.Russell@ofgem.gov.uk]
From: Andrew Amato
Sent: 2013-09-25T11:00:10Z
Importance: Normal
Subject: FW: Analysis of RHI Application Details (NI)
Received: 2013-09-25T11:00:11Z

From: RHI
Sent: 25 September 2013 12:00:10 (UTC) Dublin, Edinburgh, Lisbon, London
To: Andrew Amato; Cheryl Fox; Jacqueline Balian; Deckerson Thomas; Mavreen Ananura
Subject: Analysis of RHI Application Details (NI)

Please find enclosed the following details ;

No of Partially Completed Applications: 17
In Review: 6
With applicant: 8
Cancelled: 0
Approved: 34
Awaiting Declaration: 2
Submitted Recently: 1

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