

To: Jane Pierce[jane.pierce@ofgem.gov.uk]; Teri Clifton[teri.clifton@ofgem.gov.uk]; Gareth John[Gareth.John@ofgem.gov.uk]; James Robinson[James.Robinson@ofgem.gov.uk]; Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Michael Knight
Sent: 2016-12-06T11:28:48Z
Importance: Normal
Subject: RE: Draft DFE/MOU MOU [OFFICIAL Internal Only]
Received: 2016-12-06T11:28:52Z

I agree that adding an additional document to the existing administrative arrangements and data sharing agreement are necessary - this document deals with issues that should be expressed in those documents and we should avoid the complication associated with a further tier of documentation which, inevitably, overlaps with the existing documentation (in particular the arrangements).

In terms of specific issues covered by the document.

- Governance.
 - The document provides for both Ofgem and the DFE to have a NI RHI board. The purpose of these is reasonably clear.
 - A DFE reporting line is indicated and this includes Ofgem. I don't know whether the dotted line by which Ofgem is indicated in this diagram is intended to acknowledge that our accountability is not to DFE by way of a reporting structure and I suggest that this should be clarified with DFE. I say this because Ofgem is a legally separate public body from the DFE and whilst concerns and issues can and should be raised as between the two bodies it is inappropriate for Ofgem to be accountable or included within the DFE structure.

- Weekly reports
 - The document also provides for weekly reports in relation to cases of suspected fraud and non-compliance.
 - The terms "fraud" and "non-compliance" could usefully be tightened up. So too could "whistleblower" and third party referrals.
 - More widely I have a concern over whether the weekly reports could be sensibly managed - surely every application and participation that is being considered could involve non-compliance. And, attempting to collate and present this information on a weekly basis from the team looks onerous.

- Quarterly assurance statement. What indices will be used to identify whether the scheme is being administered as stated in the document, in line with the regulations?

- Giving effect to the PwC recommendations.
 - Do we agree with all of the recommendations in the report? Some of them appeared impractical.
 - For example, attempting to impose a requirement that heat use should be "economically justifiable" (8.7(b)) / "economically viable" (8.10) – this was something that DECC initially proposed when it consulted on whether to have the GB scheme at all and then discontinued. It involves making subjective judgments against thresholds that will always be easily challenged and it is hard to say exactly what it means.
 - Or, the proposal that participants' heat uses should be compared across other "similar" groups of participants (4.19), which assumes an unrealistic level of standardisation across participants.
 - If we do not agree with all of the recommendations we should not undertake in a MoU or elsewhere to meet them.

I hope that helps. I appreciate it is somewhat unfocussed and if there are any more specific issues that you would like looked at please let me know.

Best wishes Michael

From: Jane Pierce
Sent: 05 December 2016 13:54
To: Teri Clifton; Gareth John; James Robinson; Michael Knight; Edmund Ward
Subject: FW: Draft DFE/MOU MOU [OFFICIAL Internal Only]
 Now sent to the correct James, apologies!

From: Willis, Adele [mailto:Adele.Willis@economy-ni.gov.uk]
Sent: 05 December 2016 10:51
To: Jane Pierce
Cc: Johnston, Gareth (DoF); Marten, Lucy; Hughes, Seamus; Willis, Adele; Edmund Ward; Wightman, Stuart; Teri Clifton; Chris Poulton
 Received from OFGEM on 18/10/2017
 Annulated by RHI Inquiry