

To: Teri Clifton[teri.clifton@ofgem.gov.uk]
Cc: Hutchinson, Peter[Peter.Hutchinson@detini.gov.uk]
From: McCutcheon, Joanne
Sent: 2014-02-03T12:35:36Z
Importance: Normal
Subject: FW: Finance
Received: 2014-02-03T12:37:48Z

Teri

I refer to my e-mail of 23 October below. Despite us discussing this at length at our meeting of 6 November and a series of follow up emails/phone calls (during which I am always reassured that is about to be sorted) - this issue is still not resolved. I know it is not all within your control but can I ask – what is the problem?

I cannot continue to wait, as the end of the financial year is approaching and I am responsible for ensuring my budgets are adhered to. Unfortunately if I don't hear from you this week – I will need to escalate this under the dispute resolution procedures.

I attach some details of how the payment of operational costs is supposed to operate.

Regards

Joanne

Payment of Operational Costs

1.1. The Parties agree that prior to and during the term of the Arrangements GEMA will invoice DETI for all costs incurred to date and on a monthly basis in respect of the operational costs incurred by GEMA in the immediately preceding calendar month, and DETI will pay GEMA the amount of each invoice within 30 days of the date of the invoice.

1.2. If any dispute arises as to the amount of operational costs payable by DETI to GEMA in relation to a given month, the parties intend to comply with the following process –

(a) The dispute will first be discussed by key Ofgem New Schemes Development and DETI working level contacts (to be agreed separately) and, as necessary will be discussed by the Senior Responsible Owner at Ofgem and the Director of Energy at DETI;

(b) If the accounting officers are unable to resolve the dispute themselves within two weeks of being notified thereof, they will then each escalate the dispute to the Senior Civil Service or Director level of each of the organisations for final resolution.

From: McCutcheon, Joanne
Sent: 23 October 2013 12:03
To: 'Teri Clifton'
Cc: Hutchinson, Peter; Thompson, Sandra
Subject: RE: Finance

Thanks Teri. If the figures involve proposing a change to the Baseline Scope arrangements then we will need to do this through the change control process outlined in the arrangements.

Regards

Joanne

From: Teri Clifton [mailto:teri.clifton@ofgem.gov.uk]
Sent: 23 October 2013 11:57
To: McCutcheon, Joanne
Cc: Hutchinson, Peter; Thompson, Sandra
Subject: RE: Finance

Hi Joanne

I do have the figures now, I'm just discussing hem Jacqueline (my boss), so will be able to give them in the next few days. I'll check with finance on the second point

Thanks

Teri

From: McCutcheon, Joanne [mailto:Joanne.McCutcheon@detini.gov.uk]
Sent: 23 October 2013 11:10

Received from OF GEM on 22.05.2017

Annotated by RHI Inquiry

To: Teri Clifton
Cc: Hutchinson, Peter; Thompson, Sandra
Subject: Finance

Teri

(1) The Baseline Scope (Dec 2012), provided by Ofgem, contained forecasted operating costs but stated (para5.8) that 'Actual costs will be charged in line with the calculations at para 5.12.

$DETI\ Costs = Total\ RHI\ operating\ costs * Value\ of\ NI\ Tariff\ Payments / Value\ of\ Total\ (NI+GB)\ tariff\ payments$

When you and Matthew visited us in May, Matthew indicated that he now felt that this formula might not cover Ofgem costs. He suggested that the arrangement should be changed to 3% or the formula – whichever was higher. We expressed some concern at the 3% figure and how this would pan out if NI payments turned out to be very low and you agreed to look at this again. You kindly sent us the e-mail below in September but as we discussed at the time, item 1 is based on numbers not payments.

We are now seven months into the financial year and we urgently need to close this issue. If we do not receive an official change control request (para5.16) by 28 October we will have to assume that current arrangement stands.

(2) In addition, we are still waiting for details of costs to date for 2013/14. I have been chasing this for some time – the last response I received from Matthew was that Ofgem was waiting on a Purchase Order to which I responded on 3/9 as below

Matthew

We cannot raise a purchase order until we know how much the invoice is for and also that we are content to pay it. This is what has happened for previous payments. Therefore if your Finance team could confirm details of the amount and how it was arrived at then we could then take it forward at our end.

Thanks

Joanne

It is important we sort out these two issues by close of play Monday 28 October. This is the deadline for me to make returns to our October Monitoring exercise - where I need to bid for or release money.

Regards

Joanne

From: Teri Clifton [<mailto:teri.clifton@ofgem.gov.uk>]

Sent: 17 September 2013 15:58

To: Hutchinson, Peter; McCutcheon, Joanne

Cc: Jacqueline Balian

Subject: DETI requests

Dear Peter and Joanne

Firstly, please accept my apologies in the delay in coming back to you. I've now taken a look at each of the queries as detailed below. As I mentioned to Peter on the phone, we are still struggling especially around the data sharing, but I am still pursuing this on your behalf.

1. Staffing costs 2013/14

Based on our discussions around staffing costs you asked me to look at actual costs against the proposed 3% we had suggested earlier in the year. As we discussed, at outset, the costs were higher than 3% due to operational set up costs. As predicted this has now reduced, and submissions for August were 2.77% of the GB scheme and approvals higher at 4% of GB scheme numbers. We have looked at this in more detail and for 2013/14 we would recommend that overall 2% would be more appropriate for audit, recruitment, IT and staffing costs for this year. I explained to Peter that I have had difficulty breaking this down further as we have a number of staff working on both GB and NI schemes due to the volumes, and as predicted we have had to train new staff on the scheme in the last two months.

2. Audits

Within the figures in point 1, an allowance has been made for 5 audits to take place in this financial year. Now that we have had 30 approvals since outset, we would like to suggest that all of these take place in October, and are lining up the resource to make this happen, to give confidence in the accreditations that have been approved. After the initial results, you may wish us to arrange further audits. If you would prefer a larger number to be audited in October, please let me know as we will need to discuss additional funding for this.

3. Data sharing

I continue to encounter difficulties with this one, but I haven't given up hope of finding a suitable resolution. The issue now seems to be moving to data storage and whether, if we set you up as separate data controllers, could we legally pass this data to you. I'm afraid it looks like we need another round with our lawyers on this one before reaching a practical solution.

4. Forecasts for 2014/15

Based on the numbers for the last two months, you have had 9 approvals each month (30 since scheme inception). If I match that back to the same months in the GB scheme, overall the NI RHI scheme is tracking at 6% of the GB scheme each month. If I project that forward and keep to 6% of the actual GB numbers, you will have 74 accreditations approved at the end of the financial year (2013/2014). Please can you whether that feels realistic and let me know what growth plans you are likely to have for 2014/15.

As I mentioned to Peter, I am now away until 1 October, but I will arrange a call to discuss this further on my return.

Kind regards

Teri

Received from OFGEM on 22.05.2017

Annotated by RHI Inquiry

Teri Clifton

Senior Manager RHI Enquiries and Assessments

NSD

Ofgem

3rd Floor

Cornerstone

107 West Regent Street

Glasgow

G2 2BA

Tel: 0141 341 3991

www.ofgem.gov.uk

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.

This message may be confidential, privileged or otherwise protected from disclosure. It does not represent the views or opinions of Ofgem unless expressly stated otherwise.

If you have received this message by mistake, please contact the sender and immediately delete the message from your system; you should not copy the message or disclose its contents to any other person or organisation.