



Key Issues Slides

Description

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Application accreditation numbers

- We received 279 applications in November.
- We were only able to accredit 151, a reduction from 273 in October.
- The air quality and metering changes have had a significant impact on our ability to accredit applications.
- Time taken for each application has increased by at least 30%, with the introduction of the regulation changes in September.
- 80 – 90% of cases are now being returned to applicant.
- Number of enquiries received has increased from 4230 in September to 4745 in November. October was our busiest ever month on the phones, and total enquiries (email and phone) peaked at 4866.
- With the current issues and a short month in December, we are unlikely to reach above 150 accreditations again by month end



Main issues following regulation changes

Air Quality

- Currently waiting for regulation update as we have been unable to process cases due to due to a drafting error in the amendments.
- Emission certificates have been very poor quality so have had to be returned to the test houses.

Metering issues

- Confusion on standard/multiple categorisation has led to errors in heat loss assessments.

Education

- Reviewers are spending more time speaking to applicants to educate them on the above issues
- It had taken longer than we anticipated for our people to understand the new regulations fully.

What are we doing about it?

- We are using our enquiry people to chase with applicants to see if we can get outstanding requirements back in quicker.
- We have dedicated resource working with test houses to educate them on emission certificate completion.
- We have retrained and continue to educate our staff on standard and multiple installations.
- We are working on factsheets that can be sent out with every request for more information around standard/multiple installations. These will also be available on the website.
- We have analysed all cases with Ofgem to determine which are pre and post regs.
- We are sending letters to applicants where we have had no response, to ensure receipt of outstanding requirements in case email addresses have changed.
- We are prioritising work to ensure reviewers are spending maximum time available on case reviews.
- Working on a communications plan to do what we can to address the immediate situation



Major activities in coming months

- PDS staff and others heavily involved in preparation for the launch of the new periodic data system currently due for release in March
- Preparation underway for specification, testing and validation of the management information module based on Qlikview software due for release in January.
- Working with IT to understand Scribe replacement activities and impetus.
- Additional temp staff being recruited for data migration.
- Staff assisting with Batch 3 development

Further system changes are scheduled for delivery early in 2014/15 financial year including:

- changes to front end to improve user experience
- moving fraud and compliance activities on line
- automation of bank account details capture

Work will start in the New Year to scope this work so that IT can recruit the right resource to start work in April.



Data sharing protocol and PIA

Work on the DECC data sharing protocol and Privacy Impact Assessment must be completed by end December to allow 2014 review to begin.

DECC have asked for significant further Information some relating to KPIs and some relating to information not currently gathered by Ofgem which would require register changes

Separately FPAG have agreed to a fraud and audit information sharing pilot on RHI which will require further work in the early spring

This project with therefore consist of 3 parts:

- a) Data sharing protocol agreed by end December to cover contact details and postcode data
- b) Agreement by end March as to what further information can be included in the data sharing protocol after settling any independence and resource issues likely to arise, and after analysing the impact on applicants if any
- c) Actual provisions of additional category B data in line with the delivery of the MI module and any front end changes needed

Other recent requests from DECC have caused 'independence' concerns – a solution is being sought

Assurance checks in ND RHI

- Since the scheme went live we have carried out a high level of checking
- There was originally a three stage check for each of accreditations, periodic data and payments. Unnecessary duplication was eliminated as part of the first efficiency improvement project
- However, because of the amount of periodic data now being processed, around 2.5 Delegated Authority days per week is now required to check and process periodic data and payments
- In the early days of the scheme system errors were regularly discovered, now that IT fixes are in place, this is rare

Review of checks

The end to end system has therefore been reviewed by Ade Obaye in her role as fraud and compliance specialist for the ND RHI in order to provide:

- Meaningful checks at each stage, including DA
- A review of the now-stable system to ensure that checks meet our assurance needs
- A review of the system prior to the major changes to the periodic data system to provide a baseline
- This work will lead on to a full assurance review of the proposed periodic data system and checks against this baseline to ensure future systems are robust before launch
- This will be followed by an independent assurance audit by Deloitte which is due before the end of the financial year

Non – Compliance

Development team putting together full plan for non compliance actions in the meantime operational team is : -

- 1) Carrying out a pilot of pre-accreditation audits in Jan
- 2) Developing an installers area of website with photos and simple compliance tips.
- 3) Reviewing all documentation to ensure advice is consistent in view of regulatory changes
- 4) Additional Comms resource recruited to help.

Non-compliance plan

The rate of non-compliance at audit is currently 46% although the financial impact of the non-compliances is low . The development team is leading on plans for dealing with the issue, meanwhile the operations team has:

- 1) Started a set of pilot pre-accreditation audits in January
- 2) Issued the first communications in a campaign on the keeping of fuel records
- 3) Begun developing an installers area of the website – with pictures of common errors
- 4) Started reviewing all documents to ensure advice is clear and consistent
- 5) Recruited additional communications resource – more is likely to be needed
- 6) Run an event for IRMA providers in London and Glasgow
- 7) Scheduled another event is to be scheduled at a venue in the west of the country
- 8) Arranged to participate in a series of DECC installer events being run as part of the launch of the domestic schemeyear
- 9) Arranged for inclusion of appropriate RHI clauses in the two main specification systems
- 10) Initiated discussions with REA & GSHPA to develop a 'rated people' site for RHI
- 11) Included in the PIP modules facilities to reduce non-compliance such as requiring the uploading of meter photos and fuel records



Centralisation of Fraud and Audit

A position paper has been developed by FPAG advocating the centralisation of key fraud and audit activities

- Because RHI ND industries more audits than any other scheme and because of our structure this will affect a large proportion of our staff in payments, fraud and compliance and audit
- The changes will impact on:
 - The management of audit contractors
 - On cost
 - On team structures and work load
 - On efficiency of system and processes

A meeting has been sought with Karen Boyle



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Changes to IRMAs

- Independent Reports on Metering Arrangements were developed to provide an independent scrutiny of systems prior to accreditation. It was hoped that their existence would cut down on errors and fraud.
- IRMAs authors need to be more competent and more independent in order to fulfil their intended role
- Our auditing strategy was based on the assumption that IRMAs would be carried out for complex installations above 45kW and all installations over IMW
- Changes to the regulations have reduced the need for IRMAs
- In view of these facts, a review of IRMAs needs to be undertaken in the near future, in order to ensure that the scheme is as robust as possible against fraud and error, and to optimise whatever solution is decided upon

Challenges to independence

- Since the advent of the Memorandum of Understanding, DECC has raised a number of separate requests for additional information and data
- They have asked to audit our payments activities or become co-recipients of external audit findings
- They have requested a joint operations board
- They have requested KPI data
- Decisions on all these fronts will be needed and in many cases new compromises will have to be reached
- These new challenges highlight the need for the training on independence which is currently in development by legal for our staff and DECCs

Ongoing Issues & Difficult Decisions

- We continue to deal with ongoing issues, including:
 - **Meters UK** – we have written to applicants requesting certificates to support the eligibility of their meters, and continue dialogue with the manufacturer
 - **National Lottery grants** – we are writing to 11 affected applicants following DECC’s policy announcement that certain applicants will be able to keep their grants but receive reduced RHI payments to offset any double-funding
 - **Carbon Trust and Northern Ireland RHI** – DETI has written to an applicant we rejected, informing them that DETI will revoke our decision. DETI also set out a proposed change to operating procedures to account for the consideration of ‘de minimis’ state aid support. We are now considering the approach we will take for this and other affected applicants, and whether this is something Ofgem might take on via an amendment to our existing Administrative Arrangements with DETI

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