

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Gareth John
Sent: 2016-04-14T09:52:53Z
Importance: Normal
Subject: Re: HPRM: RE: HPRM: FW: Non-Domestic NIRHI - Draft Scope (OFFICIAL) (IO) [OFFICIAL]
Received: 2016-04-14T09:52:55Z

Hi Edmund not sure what state this is in - it could be too early for ESB but if in draft form - be good for Chris to see the latest as back up for his assurance audit plan piece . He can at least refer to Bill of health minor observations etc.

Gareth John
Gareth.John@ofgem.gov.uk

On 14 Apr 2016, at 10:03, Edmund Ward <Edmund.Ward@ofgem.gov.uk> wrote:

Michael,

Thanks for your email on these specific points, which we passed to Deloitte to consider as part of their review.

To confirm that we've received the following responses (in green below) from Deloitte following the initial stages of their review. Once the draft phase 1 report is issued (which we would anticipate being within the next week – a separate email on next steps will follow), we would be happy to arrange a discussion/further correspondence on the points you raise below with Deloitte, as required.

Kind regards,
 Edmund

From: Woods, Michael (DETI) [<mailto:Michael.Woods@detini.gov.uk>]

Sent: 25 March 2016 17:00

To: Edmund Ward; Hughes, Seamus; Wightman, Stuart

Cc: Mills, John (DETI); Willis, Adele; Briggs, Peter; Jane Pierce; Teri Clifton; Gareth John; Cooper, Trevor; Stewart, Chris (DETI)

Subject: RE: HPRM: RE: HPRM: FW: Non-Domestic NIRHI - Draft Scope (OFFICIAL) [OFFICIAL] (IO)

Edmund/ Stuart

Thank-you for your assistance with clarifying the scope of the review by Deloitte. Can i raise a specific question that i would want Deloitte to consider as part of their review of Eligibility controls in Phase 1 of the review. The question has is essentially this:

Do controls provide assurance that the Applicant has met all eligibility criteria at the point at which they have submitted their application. In the case of the NI scheme were changes in tariffs were introduced in 2015, is there assurance that those applications submitted before the cut of date for the change in rates met all the eligibility criteria at that point, and that applicants who applied at that point but did not actually have installations in place and operating would be identified and would not be deemed eligible. There is an assumption here on my part that applicants had to have a valid installation in place at the point they apply and that controls at applications stage check and confirm that this is the case. The importance of this from a Northern Ireland perspective is consideration of the risk that applicants may have applied before the cut of date to secure the higher tariffs but did not actually meet all the criteria at that point or who have submitted before the scheme was closed but did not have the technology installed.

Yes the review covered off on the controls surrounding the applications (accreditation) process, and checked that all Applicants had to meet the eligibility criteria at the time of application. This eligibility criteria includes proving equipment has been installed (and requires the submission of receipts, commissioning certificate, photographs etc.) As such, applicants do need to prove a valid installation at the point of application and this is checked by Ofgem.

I think that a view on the adequacy of the system to detect and reject such applicants would be useful as part of phase 1 and in phase 2 we can also look at more specific testing of a sample of applicants.

Can you confirm my understanding that

- 1) Applicants must have the technology already installed and operation at the point of submitting their application; and

Yes they do, unless they are applying for pre[liminary] -accreditation (though the applicant still needs to get full accreditation once the technology is installed, and this is subject to the same process and controls as for normal applications)

- 2) That this is checked as part of the application process and Deloitte will consider the controls over the risk that applicants do not have installations in place as part of their review of eligibility controls in phase 1?

Yes the applications process was checked and we considered all related controls. Evidence of installations are required (including certificates, receipts and photos) as part of the applications process. We have recognised that Ofgem's controls extend to a desktop review of this information only, and rely on site inspections for physical validation of the

installed technologies.

I appreciate this is a very specific question, but it is one that has been raised by colleagues and one on which that i would like to be sure of the answer. I am happy to discuss with Deloitte directly if that would be useful?

Michael Woods

DETI IAS

Ext 29892

Tel 02890 529892

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