

To: Jane Pierce[Jane.Pierce@ofgem.gov.uk]; Chris Poulton[Chris.Poulton@ofgem.gov.uk]; Gareth John[Gareth.John@ofgem.gov.uk]
Cc: Edmund Ward[Edmund.Ward@ofgem.gov.uk]; Michael Knight[Michael.Knight@ofgem.gov.uk]; Teri Clifton[teri.clifton@ofgem.gov.uk]; Alison Hardie[Alison.Hardie@ofgem.gov.uk]; Mark George[Mark.George@ofgem.gov.uk]
From: James Robinson
Sent: 2016-09-07T08:05:21Z
Importance: Normal
Subject: RE: Initial Feedback from PWC audit of Ofgem processes_20160906 [OFFICIAL Internal Only]
Received: 2016-09-07T08:05:23Z

The NI PAC website lists 'witnesses attending' as Andrew McCormick, Alison Clydesdale and Heather Cousins, so I would have thought we'd know by now if we were being asked: <http://www.niassembly.gov.uk/assembly-business/committees/public-accounts/forward-work-programme/>. They also list themselves as having a briefing session on the Northern Ireland Audit Office's report on Non-domestic Renewable Heat Incentive Scheme and a 'preparation session' for their inquiry on the 21st.

J

James Robinson

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Personal information redacted
by the RHI Inquirywww.ofgem.gov.uk


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From: Jane Pierce
Sent: 07 September 2016 08:54
To: Chris Poulton; Gareth John
Cc: Edmund Ward; Michael Knight; Teri Clifton; James Robinson; Alison Hardie; Mark George
Subject: RE: Initial Feedback from PWC audit of Ofgem processes_20160906 [OFFICIAL Internal Only]
Importance: High

All,

As Edmund has mentioned, we are sending a range of additional information/evidence over to PWC today.

In addition, we have received the attached note from PWC, which includes "Ofgem comments" based on our discussion at the meeting.

As we had not had sight of the findings prior to the meeting, we feel that there is some value in submitting some additional comments.

We need to send these by the end of the day if they are to have any impact on the report itself.

I have attached a first draft attached – but very grateful for comments urgently.

In terms of the PAC, we need clarity about the scope of the session (which we understood was about the Department's controls) – we will chase DfE for this now so that we can take an informed view, we will also get in touch with Eleanor.

Many thanks.

Jane

From: Chris Poulton
Sent: 07 September 2016 08:41
To: Gareth John
Cc: Edmund Ward; Michael Knight; Jane Pierce; Teri Clifton; James Robinson; Alison Hardie; Mark George
Subject: Re: Initial Feedback from PWC audit of Ofgem processes_20160906 [OFFICIAL Internal Only]

I think you are making the same point when you say "it's clear to me".

It's obvious some people don't want to believe that or it's not obvious to them. I can't see any circumstances where the money they are talking about in the £10s millions has gone out the door due to our activities unless anyone can make an argument that we should be requesting funding to audit every installation a few times each

For me the issue is should we be in the room to say that? If not, I am worried there are enough ways for areas that they have found to be pieced together to create the wrong story...

Sent from my iPhone

On 7 Sep 2016, at 08:35, Gareth John <Gareth.John@ofgem.gov.uk> wrote:

Hi Chris,

I agree with your points and we want to minimise exposure but points 1 is a tenuous link - there is no evidence I've seen so far on specific cases that suggest we shouldn't have approved to the scheme or paid out.

It's clear to me the overspend is due to poor design and then mismanagement of introduction of the tiered tariffs / scheme closure and comms around that.

On point 2. We need to be careful of jumping to - we had the wrong strategy - PWC need to state what they believe the right strategy is / should have been other than 1-2% is too low nothing seems to be offered here.

A strategy of 20% of sites based on 300 per annum would range from £60k on costs and ramp up to £200k plus - so would have to be proportionate - the one area that may have been considered earlier upon ramp up of volumes was the statistical sampling approach of 50+ audits per annum.

In terms of point 3 - it's a balance here between volumes / patterns and what we see on site from the audits we have done. Key here is in terms of what PWC have found and if it is contrary to the regs - and can action be taken.

Gareth John

Gareth.John@ofgem.gov.uk

On 7 Sep 2016, at 08:12, Chris Poulton <Chris.Poulton@ofgem.gov.uk> wrote:

Sorry, that sent early

So the point being is the person not in the room most likely to get a hard time?

Just a thought, I come at this through no knowledge or experience and trying to work out our best way to get across our thoughts in the right forum

Who is the best person OFGEM wide to advise on what we should do at this point?

Chris

Chris Poulton

Managing Director

Ofgem E-Serve

On 7 Sep 2016, at 08:10, Chris Poulton <Chris.Poulton@ofgem.gov.uk> wrote:

Hi

Thanks for the note

I don't want us to volunteer on this, however.... There is a view that's been taken that

- 1 our administration may have caused overspend
- 2 our site audit strategy wasn't right and might have allowed people to game
- 3 PWC have found we things we didn't know about on site and in our activities

Chris Poulton

Managing Director

Ofgem E-Serve

On 7 Sep 2016, at 07:37, Edmund Ward <Edmund.Ward@ofgem.gov.uk> wrote:

Hi Chris

Received from OFGEM on 22.05.2017

Annotated by RHI Inquiry

Our sense is that we would know by now if a request was to come direct from the PAC. [Although we have not approached the PAC direct to ask the question, given risk of prompting anything].

We understand the DfE PermSec (Andrew McCormick) is meeting this Friday to discuss DfE attendance/procedures for the hearing – I suppose it is possible that he would then ask/invite us to attend alongside, but we've been making clear to both branch colleagues and those on the PermSec's steering group (Brendan/Michael) that we don't expect to attend.

So I'd say unlikely for the 28th September – especially as focus of this session is on the DETI overspend rather than administration or allegations.

As it sounds like there will be a later follow-up session focusing on findings/allegations (probably after Christmas), my view is we would be somewhat more likely to be asked to attend that.

Edmund

From: Chris Poulton

Sent: 07 September 2016 06:41

To: Edmund Ward

Cc: Gareth John; Michael Knight; Jane Pierce; Teri Clifton; James Robinson; Alison Hardie; Mark George

Subject: Re: Initial Feedback from PWC audit of Ofgem processes_20160906 [OFFICIAL Internal Only]

Thanks Edmund

As far as getting things done it look like we are on the right track.

In relation to the session on the 28th do we know yet if we are being asked to give evidence?

Chris

Sent from my iPhone

On 6 Sep 2016, at 17:40, Edmund Ward <Edmund.Ward@ofgem.gov.uk> wrote:

All,

Please see attached our initial summary of feedback from PwC on Ofgem systems/processes, as per our call with them this morning, along with our draft responses. Grateful for any suggestions on approach.

Note that we'll get further clarity from PwC, but we have already commenced sending over further evidence to support our approach where PwC had missed or misunderstood facts and will continue over next 24 hours.

Alison, we'll also feed this into defensive lines to be available in advance of the PAC sessions from 14 September, in case of any media interest in advance of the session on 28 September.

Kind regards,
Edmund

[Internal Only]

<Initial Feedback from PWC audit of Ofgem processes_20160906.docx>

[Internal Only]