



Form CONSULTANCY.1

REQUEST FOR PROCUREMENT ACTION FOR A NEW OR CALL-OFF CONSULTANCY CONTRACT

DIVISION / DIRECTORATE :

Requisitioning Officer (identifying need)

Name: Amy Powell-Tuck

Date: 14/07/2014

Head of functional area or Director (endorsing need)

Name: Jacqueline Balian

Date: 14/07/2014

Cost Activity Centre: 7225

ANTICIPATED COSTS: £ 6,519

EXPENSES: £ 495

TOTAL COSTS: £ 6,844

Is your consultancy requirement relevant to the interests of energy consumers (domestic & small business) in Wales? Yes / No / Uncertain (please highlight one). If you are unclear whether Ofgem's Welsh Language Scheme is relevant, please seek legal advice from your legal advisor and general advice from Lia Murphy. If Ofgem's Welsh Language Scheme is relevant please **explain** how you plan to meet the requirements or explain why you have decided it is not necessary to undertake work to meet the requirements, and who in Ofgem you have consulted:

Short title of proposed work: Northern Ireland Renewable Heat Incentive – Site Audits of Accredited Installations 2014-15

Duration of consultancy contract: 4 months until October 2014

Nominated Contract Manager (Name & extn number): Amy Powell-Tuck ext 9814

Proposed Scope of Work (for issue to potential suppliers) is detailed in Annex A

Case for Single Source Action (where appropriate) is detailed here

[Single source are exceptional and the case must detail how value for money will be evidenced.]

Single source action is appropriate as the Northern Ireland Renewable Heat Incentive (NIRHI) site audits will be carried out by Ricardo-AEA (the appointed auditors for the GB Renewable Heat Incentive (GBRHI) scheme). They have an in-depth understanding of the RHI Regulations from carrying out over 350 site audits since April 2012. The NIRHI Regulations are consistent with those used for the GBRHI scheme. Their cost quote for carrying out NIRHI audits aligns with their costs quoted for the GBRHI scheme which were the most competitive from the GBRHI tender process in March 2012. We have been very satisfied with Ricardo-AEA's performance to date and believe they have the necessary capabilities to carry out NIRHI site audits in advance of the proposed E-Serve wide audit contract due to commence in October 2014, after which any additional audits required for the remainder of the financial year will be completed by the successful contractor.

Please provide details of why this role/work activity is an operational necessity.

We have provision in the NIRHI budget for an NIRHI audit programme to commence from July 2014. The site audit programme will be used to:

- monitor participant compliance with NIRHI eligibility criteria and obligations
- detect instances of fraud and non-compliance
- act as a deterrent to participants who may be tempted to break the rules of the scheme
- provide indicative information on the quality of system design, installation and operation where these would indicate a need for further training

Please provide details of the role/work activity that needs to be performed and why it is necessary to fill this position

Ricardo-AEA shall be required to carry out up to five site audits from July 2014 to March 2015. A sample of small (up to 45kWth) and medium (46kWth – 1MWth) accredited installations will be selected for audit to ascertain whether:

- participant information provided during accreditation or registration remains correct and the installation is entitled to be accredited or registered
- accurate and reliable fuel measurement data is being submitted to Ofgem
- eligible heat claims are plausible given capacity of installations and the amount of fuel used
- meter readings/output volumes are appropriate and are such that the right amount of RHI support payments are being made quarterly
- meter numbers, positions, installation date and calibration date are correct
- any calculations of ineligible heat are plausible and failure to install meters is reasonable
- the installation does not have a heat rejection facility, or if it does, it is appropriately metered to detect whether a participant may be purposefully wasting heat
- systems have been suitably installed, commissioned and maintained and heat generation is at an acceptable level given the capacity of the plant and the overall heat load.

Ricardo-AEA shall be required to provide an individual detailed report to us on each audited installation. This shall include any non-compliances or observations, including those related to any gaming of the system. A lessons learnt report will also be completed.

What are the consequences or risks of not using the consultant (eg. failure to fulfil statutory duties; impact on major projects of significant value to the consumer, etc)

There is a risk that we will be in contravention of our obligations under the NIRHI Regulations 2011. In particular, we will not be able to inspect an accredited NIRHI installation to undertake any one or more of the following:

- verify that the participant is complying with all applicable ongoing obligations
- verify meter readings
- take samples and remove them from the premises for analysis
- take photographs, measurements, video or audio recordings
- ensure that there is no other contravention of the RHI Regulations.

What alternatives have you considered to consultancy? (for example, existing internal resources)

We do not have the necessary internal resource capacity or expertise to carry out site audits within the timescales required

Please arrange to email this form to the Procurement Manager (Gareth Morris) or the Head of Procurement (Geoff Hopper) for a view on the procurement process/route before seeking financial authorisation.

Procurement Team's View (and approval for single source under £30K):

We have in the last few weeks gone to SMT with a request for approval for additional GB audits. Although the NI audits are being done as a Variation to this contract and the total project value has been previously aggregated, this is relatively low value (and could be considered part of the 10% contingency and therefore not needing further approval – especially not via the SMT route. Also, this should be the last variation due to re-letting of the technical audit Services Sept 2014). Procurement suggests a Partner/Director sign off would be adequate on this occasion. NC/GM

Authorisation

Level 1 – Director/Partner

I confirm that the cost of this consultancy is an operational necessity and within the directorate budget available or I have sought and had SMT approval for funds from the Contingency budget. I approve a tolerance level of 10% of the anticipated cost to account for the tendering process and any necessary variations.

Name:	GARETH JOHN		
Signature:	[Signature]	Date:	29/7/14

Level 2 - Senior Partner/Managing Director*

Name:	CHRIS BENTON		
Signature:	[Signature]	Date:	29/7/14

● Consultancy spend below £20k can be authorised at Level 2 – Senior Partner/MD

Level 3 – Associate Director Procurement or Managing Director Commercial (including single source between £30K & £75K)

Signature:	[Redacted]	Date:	[Redacted]
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Level 4 – Interim Chief Executive – Andrew Wright (for all consultancy spend over £20K)

Signature:	[Redacted]	Date:	[Redacted]
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Level 5 – SMT (for single source over £75K or requirements over £500K)

[A formal management paper will be required to be submitted in addition to this Form.]

Approved at their meeting on [date]:

Signature:	[Redacted]	Date:	[Redacted]
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Once completed/authorised, please pass this form back to Procurement for action