

To: Jane Pierce[Jane.Pierce@ofgem.gov.uk]
From: Teri Clifton
Sent: 2016-09-19T14:18:24Z
Importance: Normal
Subject: RE: PAC briefing - LTT [OFFICIAL Internal Only]
Received: 2016-09-19T14:18:26Z

I wonder what time they were presenting the report on us...

From: Jane Pierce
Sent: 19 September 2016 15:18
To: Teri Clifton
Subject: RE: PAC briefing - LTT [OFFICIAL Internal Only]

Yes, I am not quite sure how they can be finding more when they said the work was complete. However, it is not clear whether they mean some or solely domestic use.

From: Teri Clifton
Sent: 19 September 2016 15:15
To: Jane Pierce
Subject: FW: PAC briefing - LTT [OFFICIAL Internal Only]

This concerns me as it feels similar to the no surprises approach taken with our findings...

From: Clydesdale, Alison [<mailto:Alison.Clydesdale@education-ni.gov.uk>]
Sent: 19 September 2016 15:08
To: Jane Pierce; Wightman, Stuart; Marten, Lucy; Hughes, Seamus
Cc: Teri Clifton; Edmund Ward; Gareth John
Subject: RE: PAC briefing - LTT [OFFICIAL]

Jane

Thanks we had another presentation from PwC today that has turned up some more cases in respect of projects using heat primarily for domestic purposes.

PWC will be sending us through in the morning their report on the Ofgem processes – I suspect that our perm sec will look for a call with Chris Poulton towards the end of the week.

Alison

From: Jane Pierce [<mailto:Jane.Pierce@ofgem.gov.uk>]
Sent: 19 September 2016 14:29
To: Clydesdale, Alison; Wightman, Stuart; Marten, Lucy; Hughes, Seamus
Cc: Teri Clifton; Edmund Ward; Gareth John
Subject: PAC briefing - LTT [OFFICIAL]

All,

When we met on Thursday, we promised to send through some additional LTT. Please below.

In terms of the third question on governance, it would be helpful to discuss this further in our telecom tomorrow.

The Feasibility Study referenced that the Audit Strategy would be updated in 2013/14? Why didn't this happen?

The Feasibility Study was based on a number of assumptions, including on forecast application volumes. Given the initial low volumes on the scheme, Ofgem continued with the original approach to audit, with the aim of further developing our audit strategy as the scheme grew. We took actions to augment the strategy during 2015/16 to reflect the increase in applications we received in the later part of that year, and the strategy has been updated further for 2016/17.

As well as audit, Ofgem have a number of checks and controls in place throughout the application process and beyond. The experience from the independent site visits has identified very small volumes of material non-compliance.

Why did you not have a NI specific audit strategy?

Ofgem developed an audit approach which was based on their experience in delivering a number of environmental schemes, including the GB RHI scheme. This was subject to independent assurance. To build on that experience, while recognising that there are differences in the NI scheme, we worked to a single strategy that had a number of elements (such as populations, risk factors) that were tailored to each scheme.

The experience from the independent site visits has not identified categories of NI risks that were not considered in the development or deployment of the overall strategy. We have increased the number of inspections as the NI scheme has grown, and we clarified the approach to audit strategies across the two schemes by setting out separate strategies from 2016/17.

Why did you not have proper governance arrangements in place?

Ofgem and DfE have met frequently since the scheme began, with monthly teleconferences to discuss progress and issues as well as frequent ad hoc discussions by telephone. Ofgem have visited the DETI/DFE offices on a number of occasions to discuss the scheme in person. There is an agreed set of administrative arrangements in place.