

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Mark George
Sent: 2016-09-26T09:02:33Z
Importance: Normal
Subject: RE: NIRHI - PwC site inspection report - phase 2 visits summary [OFFICIAL Internal Only]
Received: 2016-09-26T09:03:13Z
[PWC Category 4 Responses..docx](#)

Hi Edmund

Please find attached my draft responses to each of the category 4 audit issues flagged by PwC. In general I find that the report is badly written and lacking in key detail regarding audit checks performed and installation details viewed. As such all potential Compliance actions described are based purely on the detail provided in the summary or issues for each case.

Any queries just let me know.

Mark

Mark George, Senior Manager – Compliance & Technical, OFGEM, New Scheme Development, 9 Millbank, London, SW1P 3GE. Tel: 0207 901 3139. www.ofgem.gov.uk

From: Edmund Ward
Sent: 23 September 2016 06:24
To: Mark George
Cc: Teri Clifton; Jane Pierce
Subject: FW: NIRHI - PwC site inspection report - phase 2 visits summary [OFFICIAL Internal Only]

Hi Mark

Please can you set out proposed compliance activities on the basis of each of the attached cases. Note that I will request further detailed notes regarding these cases, but please advise on likely next steps on the basis of the statements here (on the assumption that these can be regarded as factual summaries).

Kind regards

Edmund

From: Shaneigh Turner [<mailto:TurnerS@ofgem.gsi.gov.uk>]
Sent: 22 September 2016 14:21
To: Edmund Ward; Teri Clifton
Subject: FW: NIRHI - PwC site inspection report - phase 2 visits summary

From: Hughes, Seamus [<mailto:Seamus.Hughes@economy-ni.gsi.gov.uk>]
Sent: 16 September 2016 16:02
To: Shaneigh Turner
Subject: RE: NIRHI - PwC site inspection report - phase 2 visits summary

Shaneigh

My previous email refers. Please see attached spreadsheet which I would be grateful if you could pass to Edmund, Teri and Jane.

Many thanks

Regards

Seamus

Seamus Hughes

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Please consider the environment - do you really need to print this e-mail?

[Internal Only]

PWC Category 4 Responses

Stewart Law

NI RHI Personal information Personal information

Potential Issues:-

- 1 Woodchips dried and used on site.
- 2 Woodchips of various moisture content mixed together.
- 3 Drying wood logs and not just woodchips.

Response:-

There is no indication in the PWC report whether the biomass boiler is connected to the warehouses or farm house (cottages). Therefore the assumption has been made that the sole purpose of the installation is to dry wood chip for commercial reasons.

1) It is permissible for an installation to use a proportion of the fuel it dries as long as there is a clear evidence of a non-single domestic activity. An information request would be issued to clarify the end use of heat generated, and for evidence of a non-single domestic heat use or commercial activity (ie sales receipts etc). A hold could be placed on payments until the eligibility of any heat use can be confirmed.

2) The report references wood chip being stored in 'the warehouse', however it is unclear as to whether the stored woodchip has already been treated (dried) and is intended for fuelling the boilers, or whether it is yet to be treated. Therefore the fact it is of mixed moisture content is potentially irrelevant. If this stored woodchip had already been dried and was intended to directly fuel the boilers the fact that the moisture content was varied across the load would be treated as an Observation and not a Non-Compliance. Any observation text would seek to inform the participant that using fuel of varying moisture content may be in contradiction with both the manufacturer's instructions regarding plant operation, and / or the emissions values declared in the application. The participant would be advised to remedy any issues highlighted in the observation.

3) The fact that wood logs are being dried instead of wood chips is of minor concern. However we would request confirmation on actual heat usage and may subsequently advise that an Amendment is undertaken to correct the information within the application.

NOTE – The status of both Sensitive investigative information redacted by the RHI Inquiry have already been changed from Rejected to Approved following a Dispute case regarding end heat use clarification.

Hugh McManus

Personal information redacted by the RHI Inquiry

Potential Issues:-

- 1 The biomass boiler is only heating a domestic property, therefore the installation is ineligible.

Response:-

The report states that the biomass boiler was switched off. It does not state whether the biomass plant was connected to the heating system serving the Offices and/or the family house. Neither does it give any indication as to whether the boiler was, or ever had been, in an operable condition.

It is stated that the heat demand for the offices was being supplied by an oil boiler; however it is not clear whether the biomass boiler is connected to the same system as the oil boiler, or whether the metering arrangement allowed for accurate measurement of heat generated by each individual plant.

Therefore, any initial compliance action would be to seek clarification from the participant regarding all the above omissions. Consideration would also be given to whether any payments had been made to this installation, and to whether sufficient evidence exists to ensure these were made against eligible heat.

Payments would be suspended, under Regulation 43, while the investigation is conducted, and should the heat use be found to be ineligible then previous payments could be re-couped.

GT Farms

NI RHI Personal information and Personal information

Potential Issues:-

- 1 Biomass boiler only heating a Domestic property, therefore installation ineligible.
- 2 Installation is drying woodchip that is subsequently used on site with no commercial purpose taking place.

Response:-

The report refers to the fact that the application states the heat use is for a drying floor and domestic premises. However the NSD Questionnaire also states the heat is used for heating a garage / workshop. These latter heat uses are not mentioned so it is unclear as to whether the PWC auditor was aware of them or not.

Initial compliance action would be to request clarification on heat use, and for evidence of non-single domestic and /or commercial activity (ie dried wood sales receipts).

Payments would be placed on hold while the investigation is conducted and, depending on the findings, previous payments may be recouped and / or the accreditation revoked.

Robert Livingston

NI RHI Personal information redacted by the RHI Inquiry

Potential Issues:-

- 1 Heat use not as described in application.
- 2 Heat not used for an eligible purpose (ie not a non-domestic process)

The PWC report is very badly written and contains many grammatical errors. The report states that the declared heat use was for a 'drying floor' (although does not state what type of drying), but on inspection the heat was being used for the purpose of drying clothes for a commercial laundrette. Compliance action – We would request clarification as to end heat use, and evidence that the use is of a non-domestic nature. The fact that it may be commercial clothes drying rather than wood drying is not of a major consequence. Payments would not be suspended during the initial investigation. An amendment would be required to correct any information on heat use held within

the application. Should the heat use be solely of a Domestic nature the accreditation may be revoked.

Forsythe Poultry Biomass

NI RHI Personal information

Potential Issues:-

1 Inefficient use of heat

Response:-

As per the PWC description of the heating system and heat uses we do not consider that any non-compliance has been identified. Further audit finding details would need to be provided before we could initiate any further action or investigation.

TG Troughton

NI RHI Personal information Personal information Personal information

Potential Issues:-

1 Heat generated purely to claim RHI payments.

Response:-

The report states that [REDACTED] of the installations on site generate heat for the purpose of washing potatoes, and that this is a deliberate attempt to generate unnecessary heat. It is incorrect to assume that any heat generated is 'unnecessary' as potatoes may well need to be washed in hot water! Furthermore it is inferred that the declared heat use was for poultry sheds, but that these have not yet been constructed. Further clarification is needed from PWC to understand the audit findings and their specific concerns.

However, in general, Compliance would follow up with the 1x accredited installation and request confirmation of heat use. This would be considered in respect of the heat use declared at application stage and relevant action taken subsequently. Personal information redacted by the RHI Inquiry would be considered by the relevant assessment reviewer(s), who would seek confirmation of heat use and eligibility before recommending accreditation.

Sensitive investigative information redacted by the RHI Inquiry

Potential Issues:-

1 Commercially sensitive information redacted by the RHI Inquiry

Response:-

Commercially sensitive information redacted by the RHI Inquiry

