

To: Teri Clifton[teri.clifton@ofgem.gov.uk]; Jane Pierce[Jane.Pierce@ofgem.gov.uk]; Gareth John[Gareth.John@ofgem.gov.uk]; Michael Knight[Michael.Knight@ofgem.gov.uk]
Cc: James Robinson[James.Robinson@ofgem.gov.uk]
From: Edmund Ward
Sent: 2016-10-11T13:09:34Z
Importance: Normal
Subject: Proposed responses to DfE [OFFICIAL Internal Only]
Received: 2016-10-11T13:09:36Z

Hi All
Proposed responses to DfE's request for 'lines to take' for PAC tomorrow, focussing on a factual response.
Edmund

Stuart/Brendan,
We've provided some text below as factual briefing to aid your preparations for the PAC, following Brendan's draft note of yesterday evening.
We've also been reviewing the Category 4 cases. Having reviewed the PwC reports in detail, there are a number of reports where there is insufficient clarity to put payments on hold. For example, 'appears unlikely', 'not used *during the audit*', 'probably a commercial space'. However, we can confirm that there are some cases where payments will be held pending our investigations. In addition, some of category 4 referrals are still in the application process, and we can confirm that such cases would not be approved, and therefore no payments would be made, until such stage as we were satisfied that all eligibility requirements were met. We would not expect to be in a position to make any blanket hold on all cases, as we will act in line with the facts of each case. If you wish we are happy to discuss the approach further.
Conscious of the importance of managing external expectations without compromising details of compliance activities, the following lines might be relevant for your consideration:

- We take all referrals seriously and will take appropriate action on all cases
- Cases referred from the PwC have been raised with Ofgem, who are taking each of these forward on the basis of evidence received
- In some cases, this has resulted in suspension of payments while Ofgem investigates further
- Investigations can result in a range of outcomes, including sanctions and, in some cases, referrals to relevant authorities
- It is therefore not appropriate to comment on individual cases further at this stage

Kind regards
Edmund

What is Ofgem's responsibility?

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We communicate with DfE regularly, through weekly and monthly teleconferences where we discuss both scheme performance and our approach to audit. We also provide scheme data on a weekly basis.

These audits include a combination of statistically selected audits (ensuring that any installation could be visited), and targeted audits (to address particular risk factors, or to gather evidence as part of conducting compliance investigations into particular cases).

Schematics submitted during the application process

Ofgem does not accredit cases without the required evidence. We ask for a considerable amount of information to support each application and the scheme rules are complex. If we don't have sufficient evidence, we go back to the applicant and do not accredit until we are completely satisfied.

Pre-accreditation audits

Pre-accreditation audits can be useful in providing additional assurance of the information provided to support an application and we utilise these where required – we have conducted ten of these visits so far this financial year.

IRMAs

An independent report on metering arrangements is one of the items of evidence that can be requested in line with RHI regulations. The reports must be completed by a 'competent person', who must be an experienced and suitably qualified engineer who is unbiased and impartial. The IRMA author must not be the owner of the installation.

[Internal Only]

To: Alison Hardie[Alison.Hardie@ofgem.gov.uk]
From: Gareth John
Sent: 2016-10-11T13:18:16Z
Importance: Normal
Subject: FW: PAC attendance on 26 October [OFFICIAL]
Received: 2016-10-11T13:18:00Z

For info

From: Edmund Ward
Sent: 11 October 2016 11:09
To: Wightman, Stuart; McCann, Brendan
Cc: Hughes, Seamus; Marten, Lucy; Chris Poulton; Gareth John; Jane Pierce; Teri Clifton
Subject: PAC attendance on 26 October [OFFICIAL]

Stuart

Further to our discussions, please see the below which I hope will provide what you need in order for you to respond to the letter that I understand was sent to your Permanent Secretary regarding Ofgem attendance at the NI PAC.

Chris Poulton, Managing Director, Ofgem E-Serve, has confirmed he will make himself available to attend a PAC meeting on 26 October. In addition, Ofgem will be happy to offer appropriate additional colleagues to attend. To further engage on this, Ofgem would be happy to be contacted in the first instance via Edmund Ward, Head of Technical & Compliance, RHI via edmund.ward@ofgem.gov.uk or Personal information redacted by the RHI Inquiry

Given the nature of the request, could I suggest we take steps to arrange a call between Chris Poulton and Andrew McCormick, perhaps on Thursday of this week, in order to confirm appropriate additional attendance?

Kind regards

Edmund

[]

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: Michael Knight
Sent: 2016-10-11T13:57:53Z
Importance: Normal
Subject: RE: Proposed responses to DfE [OFFICIAL Internal Only]
Received: 2016-10-11T13:57:55Z

Hi. Would you let me see the draft note from yesterday evening, that you mention below, please? Thanks, Michael.

From: Edmund Ward
Sent: 11 October 2016 14:10
To: Teri Clifton; Jane Pierce; Gareth John; Michael Knight
Cc: James Robinson
Subject: Proposed responses to DfE [OFFICIAL Internal Only]

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[Internal Only]

To: Jane Pierce[Jane.Pierce@ofgem.gov.uk]
From: invoices@ofgem.gov.uk
Sent: 2016-10-11T14:04:04Z
Importance: Normal
Subject: Invoices
Received: 2016-10-11T14:04:04Z

Dear Jane ,

The following is waiting in MyInvoices for your decision

Irrelevant information redacted by the RHI Inquiry



You can approve, hold or forward an invoice by clicking here to [MyInvoices](#)

Should you have any queries, please contact us as follows:

- For step by step guidance click on [MyInvoices Guide](#)
- For invoice or payment queries email invoices@Ofgem.gov.uk
- For Activity Based Management (ABM) queries email ABMHelp@Ofgem.gov.uk
- For System queries please email richard.hilliard@ofgem.gov.uk or sohail.butt@ofgem.gov.uk

We thank you for helping us reach our prompt payment target of paying invoices within 8 working days.

Taru and the Team
Finance and Risk Management

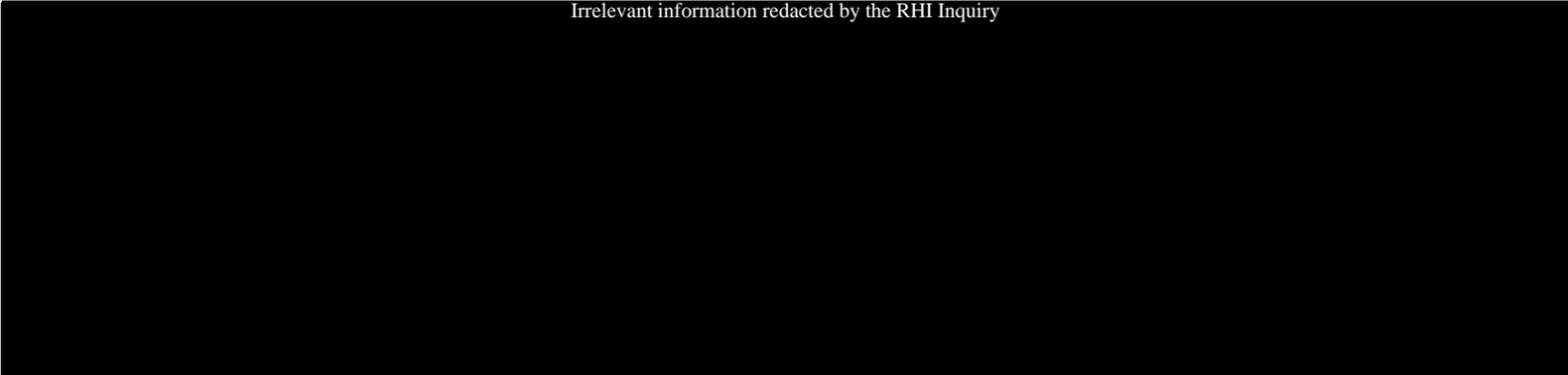
P.S. Remember that to approve an invoice you need to enter the ABM code and be content that the invoice is valid for payment.

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]
From: invoices@ofgem.gov.uk
Sent: 2016-10-11T14:04:00Z
Importance: Normal
Subject: Invoices
Received: 2016-10-11T14:04:02Z

Dear Edmund ,

The following is waiting in MyInvoices for your decision

Irrelevant information redacted by the RHI Inquiry



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P.S. Remember that to approve an invoice you need to enter the ABM code and be content that the invoice is valid for payment.

To: Michael Knight[Michael.Knight@ofgem.gov.uk]
From: Edmund Ward
Sent: 2016-10-11T14:09:32Z
Importance: High
Subject: FW: Document1 [OFFICIAL Internal Only]
Received: 2016-10-11T14:09:00Z
[Document1.docx](#)

We didn't consider it appropriate to respond in line, given the nature of some of the questions posed in the attached.

From: McCann, Brendan [mailto:Brendan.McCann@economy-ni.gov.uk]
Sent: 10 October 2016 18:26
To: Wightman, Stuart; Marten, Lucy; Edmund Ward; Teri Clifton
Cc: Hughes, Seamus; Coyne, Terence
Subject: Document1
Importance: High

All, as discussed I've pulled out some possible questions on the Processes and Controls section of the PwC report. Grateful if all could urgently consider and provide a completed document to Stuart for inclusion in the PAC pack. I appreciate that this is a challenge for all parties to complete in the time available but I think it is a priority for us to have agreed lines.

Many thanks to all in anticipation.

Brendan

[Internal Only]

QUESTIONS ON THE PROCESSES AND CONTOLS SECTION OF THE PwC REPORT.

1. Paragraph 4.1 says that the Department is responsible for developing the overarching policy framework. What arrangements did the Department put in place with Ofgem, or what did the Administrative arrangement with Ofgem cover?

Lines to take.

- The Administrative arrangements were drawn up to....
2. How was Ofgem managed? Who was responsible for monitoring adherence to the Administrative arrangements? Why were the Administrative arrangements not clearly defined and why were no key performance indicators agreed between the Department and Ofgem?

Lines to take

- Ofgem was managed through a series of regular meetings and discussions.
3. Paragraph 4 10 of the PwC report make reference to the submission of inaccurate schematics by applicants and Ofgem's acceptance of these. What is the Department's view of this?

Lines to Take

- I understand that Ofgem consider the totality of the evidence before deciding to approve an application...
4. In paragraph 4.11 there is a reference to 'independent' metering reports from the installer. What is the Department's view of the 'independence' of these reports?

Lines to take

- It has to be accepted that the reports are not truly independent but

5. In paragraph 4.12 reference is made to installations being considered on a case by case basis and not in totality. Is the Department happy that this approach is being taken by Ofgem?

Lines to take.

- This is something that we will

6. Paragraph 4.13 makes reference to approvals being given when low quality information has been submitted by applicants. What is the Department's view of this?

Lines to take

- The decision to approve installations is a matter for Ofgem who use professional judgement on all the evidence submitted to them....

7. Is the Department content with the low level of pre- accreditation checks that have been carried out by Ofgem?

Lines to Take

- The level of pre- accreditation checks ...

8. On the issue of the validation of meter readings is the Department content with the approach being taken by Ofgem?

Lines to take

- I understand that Ofgem apply reasonability checks.....
- The report also notes that PWC did not identify any significant issues with respect to meter readings being inconsistent with the data that had been submitted to Ofgem

9. Why did the Department not ensure that Ofgem had a relevant risk management strategy in place?

Lines to take

- The Department...

10. Why did the Department not follow up the results of site inspection with Ofgem on a regular basis?

Lines to take.

- The Department received...

11. Given the findings of the PwC report is the Department happy with the service provided by Ofgem and its sub contractor?

Lines to take.

-

To: Edmund Ward[Edmund.Ward@ofgem.gov.uk]; Teri Clifton[teri.clifton@ofgem.gov.uk]; Jane Pierce[Jane.Pierce@ofgem.gov.uk]
From: Gareth John
Sent: 2016-10-11T14:29:10Z
Importance: Normal
Subject: NI Plan
Received: 2016-10-11T14:29:00Z

Hello,

I've fwded on some of the bits today to Alison H so she is in the loop and also explained that jane is looking at Core brief pack and contacting PAC clerk for wider context etc.

Planning (Whilst jane is busy on briefing pack and EW on audits etc)

We did a plan on a s/s / table before I think we should dust this off and update as our CP planning for NI / Pac and follow on steps etc – this will also enable us to deal with outlier risks / issues etc such as the SPAD allegation . also useful as a tick box exercise in terms of have we got all the final docs in terms of inputs and outputs from each process such as: - some of these if not all will be needed for the briefing packs eg. So we can link and explain the 0.86% site audits done – the period this for and the context (eg my response will be this was for the period x to sep and gb comparator rather than the full year view and this was before the sep to feb rush so the numbers are actually $14/1259 = 1.11\%$ NI v $200/14526 = 1.38\%$ from memory)

Deloitte phase 1 rep

PWC full report inc process and controls

Site Audit reps from PWC

Relevant Site Audit reps from us – in terms of the 14 from 15/16and 25 odd in 16/17 – what are the findings and themes and what compliance actions have we taken / are in progress.

Dfe Internal Audit report?

NIAO report

Gareth John

Associate Director

Renewable Heat Incentive

9 Millbank

London

SW1P 3GE

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Follow us:



To: Wightman, Stuart[Stuart.Wightman@economy-ni.gov.uk]; McCann, Brendan[Brendan.McCann@economy-ni.gov.uk];
Cc: Woods, Michael (DfE)[Michael.Woods@economy-ni.gov.uk]; Marten, Lucy[Lucy.Marten@economy-ni.gov.uk]; Hughes, Seamus[Seamus.Hughes@economy-ni.gov.uk]; Teri Clifton[teri.clifton@ofgem.gov.uk]; Jane Pierce[Jane.Pierce@ofgem.gov.uk]; Gareth John[Gareth.John@ofgem.gov.uk]
From: Edmund Ward
Sent: 2016-10-11T16:26:00Z
Importance: Normal
Subject: Process/controls lines to take / category 4 next steps [OFFICIAL]
Received: 2016-10-11T16:26:01Z

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That said, we can confirm that there are some cases where payments will be held pending our further investigations. In addition, some of category 4 referrals are still in the application process, and we can confirm that such cases would not be approved, and therefore no payments would be made, until such stage as we were satisfied that all eligibility requirements were met. We would not expect to be in a position to make any blanket hold on all cases, as we will act in line with the facts of each case. If you wish we are happy to discuss the approach further.

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As always, happy to discuss.

Kind regards

Edmund

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