

Note: The legal representative for the author of this letter confirmed on the 08/03/18 that the date on this letter should read 19 October 2015 and not 2014 (See WIT-17714 to WIT-17716).

Annotated by the RHI Inquiry.



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19 October 2014

Edmund Ward
Head of Technical Development, Continuous Improvement RHI
The Office of the Gas and Electricity Markets
9 Millbank
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Dear Edmund

RHI INSPECTION VISITS/AUDITS

In our last telecon meeting on 15th September we discussed the issue of inspection visits/audits and I know we have agreed to have the item on the agenda for our next meeting tomorrow morning.

I thought it might be useful to record something formally in the system in advance of that meeting to highlight the issue, (I know Seamus sent you an email after our last meeting about the matter).

DETI was wrongly of the impression that more site visits were being undertaken, probably in the order of 1 in 10 for new installations, with additional regular checks on meter readings.

As discussed we hear through anecdotal evidence of “gaming” of the system and we would want to ensure that appropriate controls are in place to circumvent this as far as is practical and possible.

We can discuss further in our meeting but our thinking would be that 1 in 10 inspections, perhaps targeted at installations recording more than 400,000kWh annual hours might be a workable framework. In addition, (and your procedures may already cover this), regular submission of photographs of meter readings could be a useful additional control.

I appreciate that this is likely to attract additional costs etc and it would be useful if you had some ball park figures around this that we could feed into our discussions. One other option we could consider would be for DETI to audit a number of installations either directly or through a procured third party. I know that you plan to have one of your audit colleagues' join our meeting and it would indeed be very useful to have that perspective feeding in to the discussion.

S. Wightman

Yours sincerely

STUART WIGHTMAN

Head of Energy Efficiency Branch



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9 December 2015

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Dear Edmund

RHI INSPECTION VISITS/AUDITS

Previous correspondence and our recent discussions around this issue refer.

I am writing now to confirm the extra £25k funding for additional site visits/audits as previously discussed and I would ask that arrangements are put in place for these to be carried out this financial year.

Going forward DETI would be keen to progress an external provider to provide for additional audits over and above those conducted by Ofgem. With that in mind it would be helpful if Ofgem could share the audit specification that is used so that we can ensure the same criteria is used for all audits going forward. We will have to consider how we identify which installations to audit and how we share the addresses, etc.

In our last teleconference meeting we mentioned that DETI Internal Audit intended to commence an audit of the non domestic RHI in January 2016. This work is now being brought forward and our Department's Internal Audit Branch will attend our next teleconference meeting now scheduled for 18 December. Our audit team will be interested in the application and accreditation process and what systems and checks are in place to ensure an eligible heat use.

In discussions around future funding for the NI RHI, Treasury officials have already questioned the scale of the spike in demand which effectively seen installation numbers double in the 6 weeks leading up to our legislative changes. We therefore need to try and understand where these applications came from. Could I therefore please ask for Ofgem to complete some analysis of the applications received from 1 August to 17 November

setting out the geographical location, sector, and heat usage? Alternatively, to ease pressures on your team, if the information can be provided, we can conduct an analysis ourselves.

Thanks again for all your help.

Yours sincerely

A handwritten signature in black ink that reads "S. Wightman". The signature is written in a cursive style with a large initial 'S'.

STUART WIGHTMAN
Head of Energy Efficiency Branch



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18 December 2015

Edmund Ward
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Dear Edmund

RHI EXTRA RESOURCE FOR 2015-16

Discussion at our teleconference meeting this morning refers.

I am writing to confirm the extra resource we agreed in relation to RHI for 2015-16 as follows:-

- **£36k, (£12k extra each month for January, February, March), to facilitate the processing of the surge in applications received, (1034), in the period from 1 August 2015 to 17 November 2015 prior to the scheme changes being introduced.**
- **£7k to be provided in February 2016 for the agreed extra 6 audits to be undertaken by Ricardo.**
- **£5k to be provided in March 2016 for additional legal costs associated with further scheme changes.**

I would be grateful if you could arrange for the relevant change control to be prepared for these changes.

I would also take this opportunity to confirm that as discussed DETI will be proceeding with the procurement of an independent "Audit Assurance Provider" in early in 2016/17 and this will enable additional RHI site audits to be undertaken, (alongside its other work), over and above the Ofgem programme of audits.

Yours sincerely

A handwritten signature in cursive script that reads "S. Wightman". The signature is written in dark ink and is centered below the "Yours sincerely" text.

STUART WIGHTMAN
Head of Energy Efficiency Branch