

ECO4 Consultation: scoring methodology - part 1:

Question 1: Do you agree that full project scores should be based on starting and finishing intermediate SAP bands?

Yes, this provides incentivisation to maximise improvement through measures.

Question 2: Do you agree that scores should be segregated into four floor area segments?

No, for full project scores the score should be generated by a post measure SAP assessment, which naturally would take into consideration the exact floor area of the property. Applying a banded floor area on top of this would generate false annual scores, and therefore funding values.

Question 3: Do you agree with the methodology used to determine the full project scores?

No, we disagree with the generation of full project scores based on assumed and non-calculated values. To accurately evidence annual scoring and final SAP rating/EPC band we would support FPS being entirely calculated via a post-project rdSAP/fSAP calculation depending on the measure. For example, district heating which we understand BEIS wishes to incorporate into a deemed score structure would be impossible to deliver accurate scoring without fSAP assessment given the measure's complexity.

We have a concern that the shift away from lifetime scoring in preference of annual scoring potentially disincentivises cost effective but higher cost measures such as heat pumps and new district heating, the latter currently from benefitting from a 40 year lifetime under ECO3. If reduced to annual scores alone these high impact measures will not receive equal funding. There will be an overall funding discrepancy for net zero measures which government are trying to install at scale which is counterproductive to wider policy goals.

Question 4: Are you aware of any further advantages or disadvantages in respect of the options presented to determine the finishing SAP band?

Evidencing final SAP banding via a post measure assessment is the only way to accurately complete the policy objectives of achieving x2 SAP bands. It's understood there may be push back from industry as this introduces an additional step in the process compared to ECO3 but the level of admin and cost is negligible. The alternative of a fully deemed solution would create perverse outcomes where assumed end SAP banding could substantially differ from any post EPC subsequently lodged. This could open BEIS/Ofgem up to challenge, particularly if installers are forced to deploy additional measures to achieve a deemed 2x EPC band improvement when in the real world it has been cost-effectively achieved via fewer measures.

The disadvantage of potential gaming by manipulation of SAP to achieve inflated values is noted however SAP users are effectively audited by certification bodies to ensure that manipulation of assessments does not occur.

Requiring a post-project SAP assessment allows district heating measures to be accurately modelled and scored

Question 5: What are your views on the advantages and disadvantages identified?

The advantages noted are all very valid, particularly being able to reflect the actual performance of heat pumps given ECO's progressive shift towards more net zero measure delivery. The generation of accurate modelled data on these important technologies will also help with

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Question 6: Do you agree with the proposal to use pre-calculated deemed partial project scores based on the floor area, and starting intermediate SAP band?

We disagree that PPS is how ECO4 should be delivered as we see this as adding risk to the supply chain and due to its complexity, it opens up instances of perverse outcomes. However, we're aware that this is a BEIS policy point rather than Ofgem.

We also disagree that partial scores should be deemed and based on banded floor areas. Rather SAP assessments should be used to ensure scores and project-specific throughout the process. See answer for Q7 for more detail on this.

Question 7: Do you agree with the process used to develop the partial project scores?

Our concern is always that figures based on assumptions and averages do not reflect real-world scenarios. Our additional concern is how deflated PPS' will affect the cash flow of contractors installing 1 measure in a multi-measure project and being reliant on all contractors delivering. This is a substantial financial risk for higher CapEx measures such as GSHPs which the PPS will not be able to reflect a reasonable partial score; particularly as specific performance of the measure won't be picked up until a post measure bespoke SAP assessment has been undertaken.

Overall, we believe requiring SAP assessments at each stage of completion to make sure data being generated and scores delivered are real-world applicable is key. This would require a survey at the initial project stages to generate specific floor areas, which is not burdensome given the existing level of assessment work needed. Contractors could then have certainty through the project by completing provisional EPCs for successive measures which are very quick and simple to achieve in SAP. This would ensure that each measure receives a fair score and removes the need to model each measure from a fixed starting SAP band.

We don't believe this opens opportunities for gaming as DEAs/OCDEAs are regularly audited by accreditation bodies and Ofgem should have internal capability to interpret and audit calculations as needed.

Question 8: Do you agree with the use of a single fixed correction factor to account for interactions between measures?

As per Q7, the need for this would be eliminated if SAP assessments were conducted at each stage.

Question 9: Do you agree with the use of the actual percentage of property treated to determine the partial project score for a measure?

As property-specific data should be used wherever possible, POPT is a critical value to ensure measures are fully installed and cost effectively funded. Therefore actual % should be used.

Question 10: Do you agree with our proposal to calculate the innovation measure uplift by using the partial project score for the innovation measure?

No view.

Question 11: Do you agree with our proposal to have two routes for new measures to enter the ECO4 scheme – a standard alternative methodology route and a new “data light” route?

Yes, measures not reflected in SAP must have a simpler route to eligibility.

Question 12: Do you agree with our proposed evidence requirements for the data light route? If not, please inform us of your preferred requirements.

The proposed evidence set appears to be reasonable.

Question 13: Do you think we should have additional mechanisms, such as a review stage or an open call for evidence, to account for the inherent risk associated with data light scores?

No. Being able to get a currently unrecognised measure approved needs to be as simple and unbureaucratic as possible. Therefore, as few steps as possible are needed to incentive a wide range of cost-effective measures to make sure ECO is flexible with technology development.

Contact:

David Brissenden

Deputy Director, Consulting

Mobile: 07800 766795

Email: David.Brissenden@Cenergist.com