

E.ON Energy Solutions Ltd response to the Ofgem Deemed Scores Consultation

16 May 2018

Question 1:

Do you agree with our proposal to apply the RdSAP v9.93 updates across all wall types which currently use a pre-installation U-value of 2.1 W/m²K? Please provide reasons for your answer and include as much detail and evidence as possible.

We do not agree.

- U- values should retain the option of 2.1W/m²K. ECO targets specific subsets of house types that can include non-traditional houses that can have very poor thermal performance (rather than national generic average house types). Removing the 2.1W/ m²K option will deny ECO help to the houses that are in most need of improvement and would benefit the fuel poor the most.
- In addition, the BEIS ECO3 Impact Assessment suggests 63,000 SWI measures deliver 0.713bnLTS. This equates to £11,317 LTS per SWI measure. This is 40% higher than the proposed ECO3 deemed score for a gas heated 3 bed semi (£8,026). It appears that BEIS have assumed a very high percentage of large off gas property types to derive this, which doesn't match the property size profile that the fuel poor are more likely to live in, or property types more suitable for SWI such as flats. We believe BEIS greatly under estimated the volume of SWI properties needed to meet the SWI minima, thus the U-value of 2.1W/ m²K needs to be retained to help meet the (very high) energy saving per house that BEIS assumes when setting the SWI minima target.
- Finally, the ECO3 Consultation from BEIS has proposed that the SWI minima can be met by doing other measures on SWI houses which, combined with the U-value change could lead to a massive reduction in the number of SWIs being installed as other measure combinations would be more cost effective.

Question 2:

Do you agree with our proposal to use the most up to date fuel prices available from the PCDB for the deemed scores throughout ECO3? Please provide reasons for your answer and include as much detail and evidence as possible.

Yes, we agree.

- Using the latest fuel price data and fixing them for the duration of ECO3 will bring certainty to the supply chain and enable better forecasting by the obligated suppliers for the duration of the ECO3 Obligation.

Question 3:

Do you agree with our proposed approach to removing POPT for most of measures by identifying average treatable areas and adjusting the scores accordingly? Please provide reasons for your answer, and if applicable provide an alternative approach including as much detail and evidence as possible.

Yes, we broadly agree.

- We welcome Ofgem's attempts to remove or simplify POPT which was an arbitrary way to try to make an inherently inaccurate score, a little bit more accurate.
- We believe that POPT should be removed for the majority measures by identifying average treatable areas and adjusting the scores accordingly. However, we do not entirely agree with some of the detail on how Ofgem are trying to achieve it, which still feels too complicated and too much of an administrative burden. (Further detail provided in questions 8 and 9)
- Secondly, it could also have the potential to encourage the targeting of partially insulated and newer properties due to less insulation being required to fully install the measure. This would go against the policy intent of helping to improve older housing stock in the more deprived areas.
- For those instances where a POPT calculation will still be required (i.e. Installing less than 67% of a measure), clear guidance and simple evidence requirements should be considered to reduce ambiguity amongst the Supply Chain, Technical Monitoring Agents and the obligated suppliers. Therefore, it is crucial that Ofgem provides guidance on how to determine whether Average Treated Area (ATA) or POPT applies, ensuring that it is clear and unambiguous, and detailed enough so that both installers and TMAs fully understand what Ofgem's expectations are with regards to applying ATA (i.e., making the determination simple). Without this clarity, TMAs will fail measures where the installer has estimated that 67% has been installed, but a TMA has measured it at, for example, 65%.

Question 4:

Do you agree with our use of English Housing Survey data to identify average treatable areas for SWI, CWI, loft insulation, flat roof insulation and underfloor insulation? Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Yes, we agree.

- However, we would question if this is fully representative of Scottish and Welsh properties since obligated suppliers will be targeting properties within those regions.

Question 5:

Do you agree with our use of English Follow up Survey data to identify average treatable areas for heating measures? Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Yes, we agree.

Question 6:

Do you agree with our use of Ofgem data and industry opinion to identify average treatable areas for RIRI and park home insulation measures? Please provide reasons for your answer, and if applicable an alternative approach with justification including as much detail and evidence as possible.

Yes, We agree.

- However, we would like to point out that from our research little insulation has been installed on park homes. The industry expert that Ofgem pointed us in the direction of, states there are no systems he is aware of that are suitable.

Question 7:

Do you agree with our proposed approach for measures for which there is insufficient data available to identify treatable areas? Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

Yes, we agree.

- We agree with the proposal to allow 100% of the score to be claimed for glazing, high performing external doors, draught proofing, party wall insulation and micro generation as few of these measures have been completed during the current Obligation.

Question 8:

Do you agree with our minimum requirement that at least 67% of the property is treated in order to qualify for the full ECO3 deemed score? Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

We broadly agree.

- We welcome Ofgem's attempts to remove or simplify POPT which was an arbitrary way to try to make an inherently inaccurate score, a little more accurate. We believe that the proposed solution will still lead to complication and confusion in the supply chain as there will be differing views on what constitutes 67%; in certain circumstances, it will not be a simple determination. For example, for any terraced houses or detached houses, the 67%

requirement is harder to judge easily. On a terraced house with two equal sized walls the installer would need to install the wall measure to at least 1.34 walls; in the case of a detached house it is 2.67. If the insulation is not applied to the whole of the house it is a lot harder to judge whether the 67% requirement has been met compared to 50% (unless it is an equal walled semi-detached property). Therefore, unless the measure is installed to virtually 100% of the property many installers will need to carry on performing a full POPT calculation to mitigate any questions from a TMA, therefore the administrative burden continues at the same level from ECO2t into ECO3.

- Thus, it is crucial that Ofgem provides guidance on how to determine whether ATA or POPT applies, ensuring that it is clear and unambiguous and detailed enough so that both installers and TMAs fully understand what Ofgem's expectations are with regards to applying ATA (i.e., making the determination simple). Without this clarity, TMAs will fail measures where the installer has estimated that 67% has been installed, but a TMA has measured it at, for example, 65%
- Factors that have been considered to arrive at 67%, such as areas of other wall types, areas covered in tiles, timber or plastics and areas above or behind conservatories are all key areas for which in most cases insulating solutions can be found. Therefore, care should be taken not to encourage the supply chain to leave large expanses of the property uninsulated, potentially leading to damp or cold bridging issues.
- Therefore, we feel Ofgem need to make it clear when communicating the new rules that there is still a legal requirement to install 100% of the measure and this intent is to ease scoring issues and not an open excuse to insulate only the parts of the property that are "easy" to treat. EEM designs etc should still require the installer to give thought to the design, interaction and installation methods of suitable products.
- Finally, in the ECO3 consultation it is proposed that for any insulation measure to support the replacement of an inefficient heating system the insulation needs to be installed to 50% of the property. This will result in two targets to bear in mind when installing insulation to support a heating measure; 50% to support the heating and 67% to claim the full deemed score. We believe this will cause confusion amongst both the obligated suppliers and the supply chain.

Question 9:

Do you agree with our proposed approach of using POPT to score measures which do not meet the 67% minimum requirement? Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

We broadly agree.

- Ofgem should be mindful that where different thresholds are introduced within the elements of ECO it can cause confusion for the supply chain. Ofgem should endeavour to align these as much as possible. Having a different threshold for POPT to that for an insulation measure to support a boiler upgrade will inevitably result in mistakes in the supply chain.
- When communicating these changes, Ofgem needs to make it clear that this threshold is to be used for scoring purposes only, and that the requirements to install 100% where possible; adherence to PAS and Building Regs etc, still apply to ensure that customers' homes are being treated with care and thought when energy efficiency measures are being considered for their property.

- Therefore, as above, it is crucial that the guidance Ofgem provides on how to determine whether ATA or POPT applies, is clear, unambiguous, and is detailed enough so that both installers and TMAs fully understand what Ofgem's expectations are with regards to applying ATA (i.e., making the determination simple). Without this clarity, TMAs will fail measures where the installer has estimated that 67% has been installed, but a TMA has measured it at, for example, 65%

Question 10:

Do you agree with our proposed format for deemed scores? Please provide reasons for your answer, and if applicable alternative suggestions with justification including as much detail and evidence as possible.

Yes, we agree.

- The new format is a lot easier to work with and easier for our software provider to upload onto its systems. However, we have identified that there are duplicate scores, marked with an asterisk, which we understand is for proxy heating systems. It seems all fields are identical other than the asterisk. To simplify it would be helpful if a further column can be added with a field that highlights if a measured score is used for a proxy heating system.

Question 11:

Do you agree with our proposal to update the assumed size of the floor area of the room-in-roof used to develop the RIRI score? Please provide reasons for your answer, and if applicable please suggest an alternative approach including as much detail and evidence as possible.

Yes, we agree.

- We agree with the proposal to increase floor area for RIRI measures to better account for dormer windows etc.

Question 12:

Do you agree with our proposal relating to the assumed levels of insulation in the elements of the room-in-roof used to develop the RIRI score? Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

No, we do not agree.

- ECO targets subsets of houses and not national averages; RIRI would not be considered where insulation is already at 0.3 W/ m²k. Therefore, more modern homes or those already insulated should not be included in the calculation to determine average scores. Properties targeted for ECO RIRI measures, tend to be the older property types that have roof truss designs and free space for a room in roof. Thus, starting U value should be based on pre-1966 and 1967 to 1975 (i.e. weighted average of $0.35 \times 2.3 + 0.08 \times 1.5 / (0.35 + 0.08) = 2.15$ W/ m²k

Question 13:

With regard to upgrades for inefficient mains-gas and LPG boilers, do you agree with the assumptions we have used to identify the pre-installation efficiency for non-condensing boilers? Please provide reasons for your answer, including as much detail and evidence as possible.

Yes, we agree

- Our research suggests that non-condensing boilers range between approx. 80% to 55% SEDBUK efficiency, so on the face of it 74% seems a little high. However, it depends on how many of the older less efficient boilers are still in use.
- However, anything up to 25 years old and wall mounted we would expect to come in at around the 70% efficiency mark so assuming anything older than that has already been replaced (which we believe is a fair assumption) then 74% seems acceptable.

Question 14:

Ofgem are responsible for determining what constitutes a similar efficiency rating to non-condensing boilers and for electric storage heating with a responsiveness rating of 0.2 or less. We are in the initial stages of developing our position on this area and we welcome views from stakeholders. In responding you may have regard to the following non-exhaustive examples of issues to consider;

(i) A methodology for determining this rating for each heating type

(ii) Data sources that we could use

We have no view on this.

- We believe that the manufacturer is best placed to provide guidance.

Question 15:

Do you agree with the proposed update to the park home insulation deemed scores? Please provide reasons for your answer, including as much detail and evidence as possible.

We have no view on this

- From our research, little insulation has been completed on park homes and the industry expert that Ofgem pointed us in the direction of states that as far as he is aware there are no systems suitable.

Question 16:

We are also interested in high-level and material issues which are relevant to and likely to have a substantive impact on our approach to improving deemed scores for ECO3, for example, you may have views on:

(i) How could we streamline our administrative processes to further the main objectives of the deemed scores;

(ii) How could we amend the underlying assumptions or methodology to improve the deemed scores.

Please provide as much evidence and detail as possible in your response.

- As per our response to questions 8 and 9, it would be beneficial to move away from the current POPT method for scoring measures, it's a burden to installers, obligated suppliers and the technical monitoring agents who work in the industry. The current proposal of >67% equalling a full score and anything under 67% reverts to the current POPT methodology, will not result in the time and administrative savings that everyone in the industry hopes for with the transition from ECO2t to ECO3. Ofgem need to provide a method of applying the deemed scores to installed measures that is a lot easier than we all experienced for ECO2t.
- Secondly, deemed score assumptions should be based on the subset of the housing stock that is suitable for ECO and not the statistical average. For example, SWI is suitable for predominantly older houses which have higher room heights than the statistical average which includes modern, well insulated homes that are not suited to solid wall insulation and therefore should not be included in the assessment of the score. This should apply across the board such that dimensions of properties, U values and boiler efficiencies should be weighted to the house types applicable and appropriate to each measure type (e.g. not include very old houses not suitable or relatively modern ones that are already reasonably insulated).