

National Energy Action (NEA) response to Ofgem's consultation on updating deemed scores for ECO3



Action for Warm Homes

About NEA

NEA¹ work across England, Wales and Northern Ireland to ensure that everyone in the UK² can afford to live in a warm, dry home. To achieve this we aim to improve access to energy and debt advice, provide training, support energy efficiency policies, local projects and co-ordinate other related services which can help change lives. Our subsidiary Warm Zones (WZs) is a not-for-profit Community Interest Company that also aims to work in partnership in various locations across the country to deliver integrated packages of energy efficiency measures, benefits and energy advice³. This practical insight is crucial to the authenticity and insight within NEA's advocacy. NEA also provide the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group to raise awareness of the problem of fuel poverty and the policies needed to eradicate it⁴.

Summary of this response

NEA welcome Ofgem consulting early on the changes to the deemed scores, so that the necessary adjustments can be made, once the future scheme design is clarified by the UK Government following the outcome of the Department for Business, Energy & Industrial Strategy (BEIS)' ECO 3 consultation. The updates to the deemed scores to reflect updates to RdSAP and fuel prices appear proportionate, as does the proposal to retain the adopted scoring for the duration of the ECO 3 scheme.

In addition, NEA highlights that based on the practical insight from our subsidiary WZs and the experience of our supporters; we believe the current approach to deemed scores can create market drivers to favour installations in larger detached properties. This can lead to obligated suppliers (and their contractors/installers) discriminating against fuel poor households in smaller properties. NEA believes the reforms to the deemed scores proposed in this consultation, need to help address this issue. However, this area will also require Ofgem and BEIS to consider how best to address this more generally ahead of the ECO 3 scheme going live. NEA also noted in its recent response to the ECO3 consultation the need for the removal of the uplifts for deemed scores currently used within ECO2t. NEA also noted the need for carry forward of delivery from ECOT into ECO 3 delivery to be limited to Affordable Warmth (AW), and not allow the carry forward of the Carbon Emission Reduction Obligation (CERO). NEA also does not support carry under of the obligation and questioned how relevant the BEIS proposal will be given the relative ease by which suppliers should have met their ECOT targets. NEA also welcomed the new incentives for boiler repairs which have not been delivered at all since April last year, causing acute hardship for low income households who cannot afford to repair their heating systems.

In addition, NEA also noted the need for any new uplifts due to the innovation incentives within the ECO3 to be based on deflators to current incumbent scores. This will have fewer risks than uplifts and will be a better way of stimulating innovation⁵ given the wider constraints of ECO resources we noted elsewhere in our response. If BEIS's proposal for demonstrations goes ahead, and its output is intended to be the production of a deemed score, third parties must also be able to challenge/contest any reported findings. In general, this information or project reports should be in the public domain or published alongside Ofgem's consultation on any changes to deemed scores (or in the case of a deflator, a decision is made to alter the deemed score of an existing product). These consultations should also be linked to the phases for the ECO3 to provide some predictability of the timing of these revisions. Finally, whilst NEA has not responded to the consultation questions, we request that Ofgem does not infer we either support or are disinterested in the outcome of these issues. We would welcome further engagement to enhance our understanding of the detail of these proposals once the outcome of BEIS' ECO 3 consultation is known.

¹ For more information visit: www.nea.org.uk.

² NEA also work alongside our sister charity Energy Action Scotland (EAS) to ensure we collectively have a UK wider reach.

³ For more information visit: <http://warmzones.co.uk/>.

⁴ For more information visit: www.nea.org.uk/fpeeg/about-fpeeg/

⁵ NEA notes that the use of uplifts within this part of ECO could create a disincentive for manufacturers to continue to develop their products unless further uplifts are provided. This in turn risks over incentivising these technologies over and above those that are already delivering and have reduced in price. The use of deflators will also enable the ECO funding to stretch further.