

All obligated parties

Email: eco@ofgem.gov.uk

Date: 10 March 2021

Dear Supplier,

Ofgem's approach during closedown of the Energy Company Obligation scheme (ECO3).

Under current legislation¹ the ECO3 scheme will end on 31 March 2022. As such, suppliers can only count ECO3 measures installed up to and including 31 March 2022 towards their ECO3 obligation. Therefore, the purpose of this letter is to update suppliers on our approach to the closedown of ECO3.

We believe it would be helpful to suppliers and the ECO3 supply chain to understand our approach to some of the decisions that will be required in order for us to make a final determination on ECO3 by 30 September 2022.² As such, this letter and its appendices outline our proposed approach in general terms.

Appendix 1 to this letter sets out a summary of potential key compliance issues, deadlines where applicable and the approach to be taken by Ofgem and obligated parties.

Appendix 2 provides a timetable of key milestones and dates for the closedown of ECO3.

We would also like to highlight the following:

- Any savings decision will be based on the individual circumstances of the measure(s).
- All measures that we consider do not meet the eligibility requirements for the scheme will be processed for rejection.
- As part of our assessment of information provided relating to a measure, and in response to any representations made to a 'minded to' notice, suppliers may be required to make amendments to a measure notification before it can be processed. We will normally expect measure amendments to be conducted and re-notified within 5 working days.
- We strongly encourage suppliers to ensure that the quality of data submitted to Ofgem is of the required standard and in line with our guidance and that it is submitted in a timely manner. Poor quality data significantly impacts our ability to make savings decisions in a timely way.

¹ The ECO3 Order (The Electricity and Gas (Energy Company Obligation) Order 2018 as amended by The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2019.

² article 36(2) of the ECO3 Order

Should any of the information contained within this letter change, we will communicate this to suppliers as quickly as possible.

Please contact eco@ofgem.gov.uk should you have any questions.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'P. Etheridge', is positioned above the printed name.

Patrick Etheridge

Senior Manager, Supplier Compliance
Assurance and Compliance Hub

Appendix 1: Ofgem guidance on our approach to the closedown of ECO3³

	Issue	Standard approach
1.	Incomplete installations Installations incomplete at 31 March 2022.	To refuse measures installed after 31 March 2022. Suppliers may be able to count measures completed after 31 March 2022 as part of their ECO4 obligation, if they have one, if they are installed to the relevant ECO4 requirements.
2.	Trading of obligations requests Requests to trade obligations not submitted to Ofgem by 30 September 2021.	To refuse requests submitted after 30 September 2021 ⁴ . Approve request if sufficient submission is provided by 30 September 2021.
3.	Transfer of qualifying actions requests Requests to transfer measures not submitted to Ofgem by 30 June 2022.	To refuse requests submitted after 30 June 2022 ⁵ . Approve request if sufficient submission is provided by 30 June 2022.
4.	Automatic Lates (within 5% quota) Late measures to be included within auto-late quota not submitted to Ofgem by 30 June 2022. Suppliers are encouraged to submit auto-late measures earlier where possible.	To refuse requests submitted after 30 June 2022 ⁶ . Approve request if within quota and request is received by 30 June 2022.
5.	Extension requests (not within 5% auto-late quota) Requests to extend measures not submitted to Ofgem by 31 May 2022. If request granted, notification of measure must be made by 30 June 2022.	To refuse requests submitted after 31 May 2022. Approve request if sufficient submission is provided by 31 May 2022. If measures (with approved extension request) not notified to the ECO3 register by 30 June 2022 they cannot count against ECO3 obligation.
6.	Residual addresses Addresses not verified by 30 June 2022.	To refuse/revoke savings for measures where address has not been verified.

³ Certain of the functions set out below are matters of discretion for Ofgem. As such, Ofgem reserves the right to either vary or revoke the guidance set out in this letter as required.

⁴ Article 35(2)(a) of the ECO3 Order.

⁵ Article 34(2)(a) of the ECO3 Order.

⁶ Article 25(1)(c)(ii) of the ECO3 Order.

	Issue	Standard approach
7.	Notification errors Measures with notification errors not corrected by 30 June 2022.	To refuse/revoke savings for measures where 'Core' or 'Required' notification information is incorrect. The ECO3 Data Dictionary ⁷ details mandatory notification fields. If error does not relate to 'Core' or 'Required' eligibility criteria, to attribute savings for the measure.
8.	De-duplication Duplicate measures are unresolved by 30 June 2022.	If intra supplier (or within a group of suppliers) – refuse/revoke savings for measures notified second. If inter supplier (and not part of a group of suppliers) – refuse/revoke savings for both suppliers.
9.	Measure amendments Amendment not approved (outstanding queries with request) or still 'with supplier' (measure not resubmitted) by 30 June 2022. <i>(excluding Transferred, Monitoring and Counter Fraud measures – approach for these processes are detailed separately)</i>	If amendment request relates to eligibility criteria and a supplier has not satisfied us that these are met, to refuse/revoke savings for the measure. If amendment request does not relate to eligibility criteria or scheme requirements, to attribute savings for the measure.
10.	Ofgem Monitoring (Pathways to Compliance) Additional Monitoring and/or Additional Assurance for pathways not provided by: Deadline up to Q6 – 30 September 2021. Q7 and Q8 deadline – 31 December 2021. Deadline up to Q9 – 30 April 2022. Final deadline for remaining quarters – 30 June 2022.	Final deadline for Q10 and Q11 Additional Monitoring (AM) and/or Additional Assurance (AA) and associated documentation, for measures on a pathway to compliance, must be provided by 30 June 2022. We strongly encourage suppliers to submit assurances in advance of these deadlines. To refuse/revoke savings for measures where insufficient monitoring and/or assurance has been provided for a subset of measures.
11.	Monitoring (technical fails) measures not remediated and evidence submitted to Ofgem by 30 June 2022.	To be treated on a case-by-case basis. If a fail is not completely remediated, to refuse/revoke savings for the measure.
12.	Monitoring (scoring fails) measures not re-scored and	To be treated on a case-by-case basis.

⁷ <https://www.ofgem.gov.uk/publications/eco3-data-dictionary>

	Issue	Standard approach
	evidence submitted to Ofgem by 30 June 2022.	If a fail is not accurately re-scored, to refuse/revoke savings for the measure.
13.	Counter Fraud investigations Insufficient information to resolve measures involved in Counter Fraud investigations by 8 July 2022.	Suppliers with ongoing ECO3 suspected fraud cases will be contacted to agree a plan for expediting cases and receiving regular updates. Any measures involved in cases not resolved by 8 July 2022 will be treated on a case by case basis.
14.	Counter Fraud referrals raised post final determination Counter-fraud referrals are raised after final determinations have been made.	Counter-fraud concerns raised post-scheme will be considered on a case by case basis to determine if we wish to open an investigation.
15.	Installers/3rd parties go into administration or liquidation Suppliers unable to evidence that measures comply with ECO3 requirements.	To be treated case by case. Allow suppliers opportunity to provide alternative evidence; if suppliers are unable to produce relevant documentation then savings will be refused/revoked.

Appendix 2 – Key milestones for ECO3⁸

Date	Milestone/Action	Action by
30/09/2021	Final date for submission of obligation trading requests*	Suppliers
30/09/2021	Deadline for additional monitoring and additional assurances for monitoring Q6 technical and score monitoring pathways to compliance	Suppliers
31/10/2021	Review of any outstanding obligation trading requests	Ofgem
	Closure of Q6 monitoring pathways to compliance	Ofgem
	Ofgem to issue measure reconciliation collating unresolved/unapproved measures by supplier.	Ofgem
30/11/2021	Suppliers to review measure reconciliation contacting Ofgem as required to resolve measures.	Suppliers
31/12/2021	Deadline for additional monitoring and additional assurances for monitoring Q7_Q8 technical and score monitoring pathways to compliance	Suppliers
31/01/2022	Closure of Q7_Q8 monitoring pathways to compliance	Ofgem
18/03/2022	Ofgem to issue measure reconciliation collating unresolved/unapproved measures by supplier.	Ofgem
31/03/2022	Installation completion deadline for ECO3 measures*	Suppliers
14/04/2022	Suppliers to review measure reconciliation contacting Ofgem as required to resolve measures.	Suppliers
30/04/2022	Deadline for additional monitoring and additional assurances for monitoring Q9 technical and score monitoring pathways to compliance	Suppliers
	Ofgem to issue measure reconciliation collating unresolved/unapproved measures by supplier.	Ofgem
	Notification deadline for measures installed in March 2022. (Excluding extensions and auto-lates)	Suppliers
31/05/2022	Closure of Q9 monitoring pathways to compliance	Ofgem
	Suppliers to review measure reconciliation contacting Ofgem as required to resolve measures.	Suppliers
	Final date for submission of extension requests (not auto-lates).	Suppliers
30/06/2022	Last date for suppliers to upload measure amendments/submit evidence/verify scores.	Suppliers
	Duplicates to be resolved.	Suppliers
	Last date for submission of auto-late measures*	Suppliers
	Last date for submission of transfer requests*	Suppliers
	Final notification deadline*	Suppliers
	Deadline for additional monitoring and additional assurances for monitoring Q10 and Q11 technical and score monitoring pathways to compliance	Suppliers

⁸ Certain of the functions set out below are matters of discretion for Ofgem. As such, Ofgem reserves the right to either vary or revoke the guidance set out in this letter.

	Deadline for closure of unresolved score and/or technical monitoring fails	Suppliers
14/07/2022	Closure of Q10 and Q11 monitoring pathways to compliance	Ofgem
15/07/2022	Final MTNs issued	Ofgem
29/07/2022	Deadline for representations in response to the final MTN	Suppliers
12/08/2022	Final RRDs issued	Ofgem
19/08/2022	Final date to approve outstanding ECO3 measures.	Ofgem
30/09/2022	Issue final determination letters to suppliers. Publish ECO3 final report.	Ofgem
	Final determination deadline*	Ofgem

***Statutory deadline**