

Cenergist Ltd: Ofgem ECO 4 scoring consultation: part 2 – response

Question 1: Do you agree with our proposed format for partial project and full project scores? Please provide reasons for your answer, and if applicable alternative suggestions with justification including as much detail and evidence as possible.

We agree with the format of PPS, however we do not agree that FPS should be deemed in any way, therefore the format is redundant.

Question 2: Do you agree with our proposal to include fixed value uplifts into our scoring matrix and for fixed value uplifts to be notified as measures? If not, please indicate your preferred alternative.

No. Having a mix of fixed and % based uplifts causes unnecessary complication and administrative work in the scheme.

We understand that having fixed uplifts is potentially a way to disincentive fossil fuel measures inc. boiler repair/replacement however we believe even with fixed uplifts ECO will be too fossil fuel focussed; therefore, not maximising carbon savings via net zero measures.

A knock-on effect is to meet MR, a number of measures would be required alongside boiler installs that are arguably ineffective such as underfloor insulation which was delivered at scale under ECO3 to circumvent the boiler cap.

Our recommendation is to retain % uplifts and remove uplifts entirely from fossil fuel measures. This would actively promote more efficient technologies, prevent per property spend from being unnecessary inflated, and protect the cost efficiency of the ECO scheme.

Question 3: Do you agree with our proposal to require a post-retrofit RdSAP assessment to determine a project's finishing SAP rating (option 1)? Responses will be considered alongside those received on this topic during part 1 of our scoring consultation.

No if this suggests rdSAP would be used for all measures including DHS. We strongly agree that FPS should be real world calculation however it needs to be made clear that although most measures should be calculated via rdSAP, District Heating (DHS) measures should use fSAP as the reduced form of software is unable to capture key data such as system efficiency and distribution heat losses. ECO to date has ensured DHS is conducted via fSAP as rdSAP is unable to accurately reflect the generated savings.

Clarity is required on whether any post-retrofit assessment requires a lodged EPC or additional site visit by a DEA. It would be sufficient that this was completed as a desktop exercise and non-lodged EPC to reduce delivery costs.

Question 4: Do you agree with separate measure and project notifications? If not, would you prefer a single notification? Please suggest any pros and cons to either approach that have not been included above.

We agree with separate measure and project notifications.

Question 5: Do you agree with our proposal to award deflated PPS to the final measure in a project? If not, please suggest an alternative.

Our response to the main ECO4 consultation made it clear that we were not in favour of the PPS and FPS structure as it would be onerous to administer for Suppliers and Ofgem. This area is a good example of a process which the supply chain will struggle with operationally. However, as the PPS/FPS nature of ECO4 appears to be proceeding then awarding deflated PPS to final measures is necessary when following separate measure and project notifications.

Question 6: Do you agree that in ECO4 we should continue to require supplier generated MRNs to for all measures? If not, please propose any alternative options.

Yes, as measures such as DHS fall outside of Trustmark and therefore a universal identifier is required.

Question 7: Do you agree with our proposals for determining the point of completion for the project? Can you suggest any alternatives to determine that a project has been completed?

Yes

Question 8: Do you agree with the assumptions used to develop the partial project scores? If not, please suggest where the assumptions should be changed.

Yes, however we disagree with the formation of deemed PPS for DHS measures. This will be expanded in Q.19

Question 9: What are your views on our proposal to remove the wall type distinction for heating measures?

Agreed as the pre-project SAP/rdSAP analysis will reflect wall type and thermal performance.

Question 10: Do you agree with our proposal to split the standard heating control measure into a programmer and room thermostat measure and a TRV measure?

Yes, this simplifies the process.

Question 11: Do you have any suggestions on how heating control measure category could be further simplified?

If delivering a heating measure, then installation of heating controls should be mandatory. As such the PPS and FPS for the measure should be inclusive of the main heating measure and heating controls. This reduces administrative burden for both supplier and Ofgem.

Question 12: Do you agree with the proposed changes to the notification of rare heating systems? If not, please provide alternative suggestions.

Yes

Question 13: What are your views on our proposal to remove pre-main heat source for insulation measures?

Yes as this will be captured by PPS and FPS SAP/rdSAP assessment

Question 14: Do you agree that the number of u-value variants for solid wall insulation measures should be reduced? If not, please provide alternative suggestions.

Yes

Question 15: What are your views on our proposal to have a combined park home insulation measure?

We do not agree with a combined measure. This does not account for instances where areas of external fabric (walls/roof) cannot or should not be treated. We would recommend a split score which would allow flexibility for the retrofit co-ordinator and better conformity to standards regs.

Question 16: Do you agree with our proposal to retain the distinction between single and double park homes by creating a "PHI single" and "PHI double" measure?

Yes

Question 17: What are your views on the addition of partial project scores for pitched roof insulation, hybrid wall insulation and district heating system connection measures?

As per response to Q19, we do not support a deemed PPS for DHS measures. We would recommend a PPS derived from the actual fSAP calcs conducted by the delivery partner. This ensures payments are sufficient to ensure it is financially viable to deliver such a complex and higher capex measure type (typically 15-20k per property) whilst maintaining consistency with the calculation methodology for the FPS.

Question 18: Do you agree with the approach and assumptions used to derive the scores for the pitched roof insulation measure? If not, please provide alternative suggestions.

No view

Question 19: Do you agree with the approach and assumptions used to derive the scores for the district heating system connection measure? If not, please provide alternative suggestions.

No. Due to the complexity of DHS, a PPS based on assumptions will be unrepresentative of real world. Furthermore, DHS is high capex (typically 15-20k per property) and has a long delivery lead time. As such we have serious concerns that when a DHS measure is not a final measure within a project any deemed PPS granted will be insufficient to make it financially viable. This is particularly the case if the final measure of a project also has a long lead time as EWI.

There is an argument that any insulation measure should be delivered prior to heating, this fits ECO's "Fabric First" approach. This is reasonable when targeting individual homes however becomes operationally difficult when concerning blocks of flats. Delivering DHS at scale requires interfering with the fabric of the building and risking the integrity of the insulation measure delivered. This increases the cost of delivery, the risk of post install damp issues, and even heightened fire risk.

We propose that DHS is permitted to be delivered prior to any insulation measure (CWI included where pre-conditions need to be met on the understanding this will be completed post DHS and factored into all design heating calcs) and subsequently a PPS based on the fSAP analysis undertaken by the delivery partner is awarded at completion – e.g. 80% of the reported FPS. This keeps the score methodology consistent across the DHS measure type and provides financial certainty.

Without a robust PPS value we strongly believe DHS will be undeliverable.

We are also concerned that calculation methodology where each measure within a project is considered individually will create issues in delivery. Under current proposals there is uncertainty on eligibility on a package of measures. For example, if a property is a high E and is set to receive CWI/EWI and a heat pump, it is feasible that the insulation measure alone pushes the EPC to low C. At this point the heat pump would technically fall out of eligibility. We would strongly recommend that SAP analysis and subsequent FPS is conducted for all measures in project as a combined project using the pre-install SAP assessment as the baseline to the calculation. This would give certainty to the supply chain and the ability to justify and deliver more energy efficiency measures as part of a package of works.

An additional concern separate to PPS scoring is the tariff in SAP used for Ground Source Heat Pump measures (inc. DHS). As it stands the de facto standing charge is too high and therefore down weighs the performance of the measure in both annual savings and SAP banding. It's important that the actual savings of a measure are reflected in ECO to promote net zero measures and therefore the standing charge should be reduced. It's understood that this consultation does not have a bearing on the inputs of SAP, however it's a point worth raising with BRE.