

Ofgem ECO4 Scoring Consultation Part 2 – E.ON Response

21 January 2022

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.

Yes, E.ON agrees with the proposed format of the partial and full project scores.

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

E.ON broadly agrees with this proposal but would prefer for the uplifts to be consistent with each other (all fixed values or all percentages) from a simplicity and system development perspective. We also have some concerns that having a combination of different types of uplifts will cause confusion for the supply chain.

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, we do not agree with the proposal to require a post retrofit RdSAP assessment (option 1). Our strong preference is to be able to calculate the final SAP rating of the property using the published partial and final project scores and SAP improvement points. This has several advantages over a post retrofit assessment, which we outline below:

- Being able to calculate the final score will ensure that the supply chain has certainty of the likely outcome before each project begins. This will ensure that the majority of projects initiated will progress to completion and will achieve the Minimum Requirement, and therefore will receive full project scores.
- Requiring a post install assessment increases the risk that even after all measures included in the Medium Term Improvement Plan have been installed, the final SAP rating of the property may not be sufficient to achieve the Minimum Requirement.
- If a final RdSAP assessment is required, it makes it more challenging to plan and forecast delivery as both suppliers and the supply chain won't know the final score (which also impacts spend/cashflow), potentially until up to four or five months after the initial retrofit survey is conducted. These timescales will cause challenges at all times throughout the Obligation but even more so towards the end of the Obligation when suppliers are trying to ensure they hit the targets on time and there being such a big difference between PPS's and final scores.
- As ECO4 projects will require several visits to each property, requiring a further visit to carry out a post install assessment adds to the disruption for householders who might need to

take further time off work to accommodate the visit. A further visit will also incur further costs which, over the course of the whole scheme will be very considerable.

- Additionally, unless exactly the same inputs and assumptions are used for the post install assessment as the initial assessment, and carried out by the same qualified operative, there will inevitably be variances in the final SAP rating of the property.
- We have seen in previous ECOs that the governance of EPCs falls short of expectations, and whilst we acknowledge the Government's EPC Action Plan, we note that it is still in the early stages of implementation.

However, should Ofgem decide that a post installation RdSAP assessment is required, we would reiterate that obligated suppliers should never be required to verify any of the inputs made by a qualified Retrofit Assessor, and if there are found to be inaccuracies in the assessment at a later date, then Ofgem should engage with the relevant authorities (eg TrustMark) to address any errors, not suppliers.

Under no circumstances should any Annual Bill Savings notified by a supplier be put at risk due to non-compliance of a qualified Assessor in an industry that has its own compliance and audit framework; suppliers will have paid for the measures in good faith and should not be left to foot the bill.

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.

Yes, we agree with this proposal.

Whilst on the face of it, separating the notification for projects and measures could be seen to be adding administrative burden, we actually believe that it has the potential to reduce the administrative burden for notification.

An example of this is the resolution of residual addresses. Currently the address is included at the measure level and therefore for some measures (particularly heating measures with associated heating controls and weather & load compensation measures), suppliers need to submit the address evidence for each measure – in this case, three times, when the actual evidence itself is identical.

In this proposal, the address details are at the project level, which would mean that any evidence would only be required to be submitted once and doesn't impact on Ofgem's ability to approve each individual measure.

This approach would also enable suppliers to notify the project details as soon as we have them allowing suppliers to focus on ensuring that all of the measure data is complete ahead of the notification deadline.

We also think that this approach will enable suppliers to track progress in a much cleaner way as we will have a clearer view of "live" projects (ie those that have not yet met the Minimum Requirement) and completed projects.

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.

Yes, E.ON agrees with this proposal. It is essential that all installed measures receive a partial project score for instances where the Minimum Requirement cannot be met or where measures are rejected at a later date which mean that the project no longer meets the Minimum Requirement.

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, we agree with this proposal.

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, we agree with this proposal.

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.

No, we do not agree with the assumptions used to develop the partial project scores.

We believe that because just one property archetype has been used for each floor area band, there will be many properties that are not adequately represented. The property archetypes for each EPC band will not necessarily be representative of the actual property mix for each SAP band in terms of relative dimensions of the walls, roofs, and windows relative to each other or relative to the total floor area.

This could create anomalies where certain property types will receive lower partial project scores than they would have done if the property mix used to develop the scores was more representative. An example of this are bungalows which have half the total floor area of two storey houses which therefore means that the partial project scores for floor and roof insulation are lower than they would have been if the bungalow property archetype was used.

Similarly, the partial project scores for wall insulation measures are based on two or three exterior walls, which disadvantages detached properties.

We believe that the partial project scores for floor and roof measures should be split into single story and two or more stories; and that all wall insulation, glazing and draught proofing should be split into two exterior walls (mid-terrace), three (semi-detached house/end terrace) and four (detached). This would make the partial project scores more representative of the property type mix within each SAP band.

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

We agree with this proposal, the wall construction type is one of the inputs in the initial Retrofit Assessment, so it is factored into determining the starting SAP rating of the property.

However, we believe that the partial project scores should take into account the actual mix of construction types for each SAP band. Therefore, the scores for the lower SAP bands should give a higher weighting to solid wall construction than the scores in the higher bands.

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, we agree with this proposal. It would be useful if Ofgem could include in their ECO4 Guidance a table equivalent to Table 24 of the ECO3 Guidance so that there is complete clarity for both suppliers and the supply chain on which score to claim, based on the combination of heating controls present/installed.

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

We do not have any suggestion on how the heating control measure category can be further simplified.

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

Yes, we agree with this proposal.

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

We agree with the proposal to remove the pre-main heating source for insulation measures so long as the fuel mix used to develop the scores are correct and representative of the actual fuel mix for each floor area and SAP band in the British housing stock.

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, we agree with this proposal.

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

No, we do not agree with this proposal.

Whilst PAS2030 advises that the whole park home should be insulated, there are often instances where it is not recommended to insulate the roof or floor for technical or safety reasons, or one part, for example the roof space, is already insulated. Retaining separate scores for each element makes it much easier to meet the requirements of PAS2030 for those parts of the park home that can be insulated.

Additionally, if some elements of a park home have already been insulated, it will make it very difficult to score unless the full partial project score is awarded. This is because each element of a park home will have different starting and finishing U-values which do not correlate to simple area ratios, which would require much more complex calculations to determine the actual score.

Insisting on insulating the whole property where it might not be suitable could lead to problems occurring in the future, for example rotting timbers, and could actually damage the integrity of the property.

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, we agree with this proposal.

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?

We agree with the proposal to add partial project scores for pitched roof insulation, hybrid wall insulation and district heating system connections.

Splitting out pitched roof insulation from loft insulation makes sense as the installation techniques and materials are different.

For hybrid wall insulation, the score should be the equivalent of the two separate measure scores combined. We would also welcome clear guidance on when hybrid wall insulation should be claimed and when it would be more suitable to claim the two separate internal and external wall insulation measures.

However, we do have some concerns that having hybrid wall insulation as a measure in its own right might lead to an increase in cross supplier duplicates as the supply chain have historically claimed both individual measures, but this can potentially be mitigated with clear guidance as per the paragraph above. This is also likely to be the same for pitched roof insulation in relation to previously installed loft insulation measures.

For district heating system connections, we support the creation of a partial project score providing that it is accurate, and representative of the actual savings achieved by district heating.

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.

We broadly agree with the approach and assumptions used to derive the score for pitched roof insulation. As the BRE methodology document states, there is an absence of actual data, therefore we suggest that BRE is commissioned to carry out further research to ensure that the assumptions used are valid.

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.

Yes, we agree with the approach and assumptions used to derive the scores for district heating connections.