

Eric Baster, Technical Manager - ECO  
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4 October 2021

Dear Eric,

**CONSULTATION ON ECO4 SCORING METHODOLOGY: PART 1**

We welcome the opportunity to respond to the above consultation.

We note that this is the first part of a two-part consultation and includes limited detail. We believe we need more detailed information including clarity from BEIS following their consultation on ECO4 in order to reach a firm position on some of the questions.

Our responses to the consultation questions are in Annex 1 attached. We would highlight the following key points.

Broad approach to scoring

As we said in our response to BEIS's consultation on ECO4, our overarching principle is that the scoring methodology should be as simple as possible: the supply chain should be able to understand the types of property to target; and the Retrofit Co-ordinator should be able to be able to calculate effectively a score during the design stage so that they can understand whether the project can go ahead and will achieve the Minimum Requirement. One of the key points in our response to BEIS related to the proposed scoring methodology. In order to sustain growth of the supply chain over time, it is important to ensure that an appropriate market rate is paid for individual measures. In this context, we believe the proposed scoring methodology needs further consideration around how it might work in practice. In particular, we are concerned that an approach which involves partial scores would introduce a whole new scale of delivery risk for installers and suppliers and consequently significantly drive up the cost of delivery.

Whilst we understand that the design of ECO4 sits with BEIS and Ofgem is consulting on implementing BEIS's proposed approach, we think it is important that Ofgem is aware of the shortcomings of the proposed scoring methodology and that further consideration is required around how it might work in practice. In particular, additional consideration is needed around how ECO4 scoring can be integrated into PAS2035:2019.

### Partial and Full Scoring

As detailed in our response to the BEIS consultation, we believe the proposed scoring methodology using partial and full project scores is unnecessarily complicated and will significantly drive up the cost of delivery. The market naturally drives a price that an installer needs for a measure associated with its score. We consider that there needs to be a focus on designing an approach that avoids a partial score approach which introduces a whole new scale of delivery risk.

### Implementing the TrustMark Framework

It is important that the policy and the implementing regulations for ECO4 are fully aligned with the Each Home Counts PAS/TrustMark Framework. This should avoid the complication of the current ECO scoring process and Ofgem's reporting process. We believe that some of the suggested requirements around collection of evidence proposed by Ofgem within this consultation could be removed as these elements are managed by PAS (and the SAP assessment process) and recorded within the TrustMark Data Warehouse. Our preferred option is to avoid duplication wherever possible.

### Homes should benefit from multiple funding

We welcome that BEIS is exploring with TrustMark how measures and packages of measures lodged to the data warehouse could help prevent duplication of funding. If all schemes deliver to the same Each Home Counts standards and all measures are required to be recorded within the data warehouse, this will help to ensure there is an accurate record of energy efficiency and heating improvements within a property, often referred to as a 'Buildings Passport'.

Careful consideration is needed by a single Retrofit Co-ordinator to carry out an Improvement Plan for a property and it is likely that the ECO4 measures will need to be installed first to ensure that the ECO measures improve the property by 2 EPC bands. We believe further consideration is needed around how this might work in practice as the Retrofit Co-ordinator will use a single SAP engine to model the improvements that can be made to the property utilising different pots of funding, and it is important that the different schemes align. It is also important to avoid unnecessary duplication and ensure a seamless process for the householder.

### Changes to SAP

We understand that SAP is expected to be updated to SAP11 in early 2022 and 2025. We are keen to understand how these updates might impact ECO4 scores?

If you would like to discuss any aspect of our response, please do not hesitate to contact me.

Yours sincerely,



**Richard Sweet**  
Head of Regulatory Policy

**CONSULTATION ON ECO4 SCORING METHODOLOGY: PART 1  
– SCOTTISHPOWER RESPONSE**

**Chapter 2: Full Project Scores**

**Question 1 Do you agree that full project scores should be based on starting and finishing Intermediate SAP bands?**

Yes, we support this approach and believe the use of intermediate SAP bands provides a sufficiently granular scoring system, whilst reducing the opportunity for score inflation. The single SAP band scale is too wide and does not incentivise the installation of additional measures once the Minimum Requirement has been reached.

**Question 2: Do you agree that scores should be segregated into four floor areas segments?**

Yes, we support the scores being segregated into four floor areas which should help to increase the installation of ECO measures into smaller properties, which have been disadvantaged by the scoring mechanism within previous schemes. We welcome the simple approach which enables the supply chain to understand the types of properties to target and for the Retrofit Co-ordinator to be able to calculate effectively a score during the design stage so that they can understand whether the project can go ahead and whether it will achieve the Minimum Requirement.

**Question 3: Do you agree with the methodology used to determine the full project scores?**

We believe the proposed methodology is too complicated and will not work well in practice for both suppliers and the supply chain. We believe the proposed scoring methodology using partial and full project scores is unnecessarily complicated and will significantly drive up the cost of delivery. The market naturally drives a price that an installer needs for a measure associated with its score. We are concerned that the market price will be set at the partial score rate to cover the cost needed to install each measure. A partial score approach introduces a whole new scale of delivery risk due to the uncertainty around payment for individual measures and we consider that there needs to be a focus on designing an approach that avoids partial scores.

The decision on whether to base the scoring on deemed savings or the use of actual SAP points sits with BEIS. A deemed approach has the benefit of being able to remove measures disqualified from ECO, however the deemed SAP band will not align with the actual SAP band.

The oversight of accuracy of SAP assessments sits with PAS Certification Bodies and should not require any interrogation by either Ofgem or Suppliers. We support the use of actual SAP points within a TrustMark SAP Scoring Engine would provide more accurate scores and remove some of the complexities that exist within the current ECO approach using percentage of property treated (POPT) and percentage of measure installed (POMI).

The proposal to require a POPT calculation for partial scores appears to require a lot of work which in most situations will be wasted as it will be overridden by the full project score by virtue of the Minimum Requirement being satisfied.

A model based on actual SAP points per measure would avoid this complication and could be used for the basis of developing the Full Project Scores (total SAP points and uplift for achievement of Minimum Requirement). We believe this approach would also align with the software used by Retrofit Co-ordinators (mirroring EPC software) which is based on SAP making it easier for the Co-Ordinator to be able to understand the property will achieve the Minimum Requirement and be able to calculate the ECO funding.

**Question 4: Are you aware of any further advantages or disadvantages in respect of the options presented to determine the finishing SAP band?**

We believe the simplest method of determining the finishing SAP band would be for BEIS to require TrustMark to include a SAP Engine within the Data Warehouse so that a Retrofit Co-Ordinator uploads the pre-installation SAP and the Engine is updated when each ECO measure is uploaded and produces a post-installation SAP rating for the property. We do not believe there should be any additional requirements as PAS requires all details of the installation to be uploaded into the Data Warehouse including a post installation SAP assessment which validates the intended outcome has been met, evidence of post installation testing and sign off and evidence of guarantees. We strongly believe determining the finishing SAP bands sits within the Each Home Counts PAS/TrustMark framework.

It is important that consumers are aware of the overall impact of the improvements made to their home and should benefit from a post-installation energy efficiency rating, which is important when they choose to sell their property.

Further consideration is needed by BEIS around how the Data Warehouse and EPC register might work together avoiding any unnecessary duplication. BEIS will also need to determine whether the post installation SAP assessment produced by the Data Warehouse is sufficient or whether they require a post installation EPC to be lodged. It should be possible to use the data from the post installation survey to complete an EPC, however the additional cost of producing an EPC would need to be costed into the ECO4 Final Impact Assessment. This might also include measures which have not benefited from ECO funding.

It is important to ensure that policies are aligned, particularly if homes will benefit from different pots of funding.

**Question 5: What are your views on the advantages and disadvantages identified?**

We support the alignment of ECO4 with the Each Home Counts PAS/TrustMark framework and therefore agree that an updated SAP assessment is required following the completion of all projects. This provides occupants with a finishing SAP assessment and allows BEIS to accurately evaluate the scheme. We do not believe there should be any additional cost as a post installation SAP assessment is a requirement within PAS.

Further consideration is required around how this will work in practice with the proposed scoring methodology particularly around the use of partial project scores. Our preferred option is to simplify the scoring utilising the SAP Engines used by the Retrofit Co-ordinators and uploading the measures into a single TrustMark Data Warehouse SAP Engine which records the pre-installation SAP rating and determines the post-installation SAP band.

### **Chapter 3: Partial project scores**

#### **Question 6: Do you agree with the proposal to use pre-calculated deemed partial project scores based on the floor area, and starting intermediate SAP band?**

As stated previously we do not support the use of partial project scores as we believe they add an unnecessary level of complication. However, we support the principle of the use of the starting SAP intermediate band and the scoring stratified by the floor area. As detailed in our response to the BEIS consultation and question 3 above, BEIS needs to consider whether the scoring should be based on actual SAP scores or deemed scores.

#### **Question 7: Do you agree with the process used to develop the partial project scores?**

We do not support the inclusion of partial project scores and the use of deflated partial project scores (PPS). We believe their use adds unnecessary complexity for both suppliers and the supply chain. This is further complicated by BEIS proposing a cap on PPS delivery. We are not clear why both a score deflation and a cap are needed. Our preferred option would be for BEIS to cap the volume of ECO4 that can be delivered through PPS.

We believe there is a risk with deflated PPS (especially if the deflation is set at the level proposed) that the supply chain will price measures at the deflated score which will drive up the cost of delivery of ECO4.

#### **Question 8: Do you agree with the use of a simple fixed correction factor to account for interactions between measures?**

Yes, we agree with the use of a simple fixed correction factor as this provides a simple and straightforward approach. It also allows some flexibility around the order that the measures are installed within a project.

#### **Question 9: Do you agree with the actual percentage of property treated to determine the partial project score for a measure?**

As stated within our response to Question 3 we do not support the additional unnecessary work involved in calculating the percentage of property treated (POPT) for partial scores and we would support a simpler scoring methodology based on full scores only.

Determining the POPT under ECO4 should sit with PAS and TrustMark, and be subject to the oversight of both the PAS Accreditation Bodies and TrustMark. Under PAS:2019 the Retrofit Co-ordinator is responsible for ensuring that a measure is fully installed to 100% of a property in accordance with PAS standards.

#### **Question 10: Do you agree with our proposal to calculate the innovation measure uplift using the partial project score for the innovation measure?**

We support a simple methodology for scoring which does not include partial project scores however, we recognise that a score needs to be applied to the innovation measure which forms part of the package.

## **Chapter 5: Alternative methodology**

**Question 11: Do you agree with our proposal to have two routes for new measures to enter the ECO4 scheme – a standard alternative methodology route and a new “data light” route?**

Yes, we support this proposal.

**Question 12: Do you agree with our proposed evidence requirements for the data light route? If not, please inform us of your preferred requirements**

Yes, the proposal seems sensible. As this route is capped which limits any risk, we believe Ofgem needs to develop a simple approach in relation to their evidence requirements. The current proposal for evidencing requirements is very onerous (large sample sizes, peer-reviewed academic research, etc.) and likely to act as a barrier to innovative measures being considered.

We have suggested within our response to BEIS’s consultation on ECO4 that a workshop is held with Ofgem to look at how the innovation process can be streamlined to make it more attractive to both suppliers and manufacturers to invest. Consideration should also be given to the evidence requirements at the workshop.

**Question 13: Do you think we should have additional mechanisms, such as a review stage or an open call for evidence, to account for the inherent risk associated with data light scores?**

No, given delivery of these measures is capped and will be very limited, we do not believe any additional mechanisms are needed. The cap will ensure that any inherent risk is minimised.

ScottishPower  
October 2021