

**OFGEM ECO4 CONSULTATION SCORING PART 2**

**RESPONSE FROM LMF ENERGY SERVICES**

**20<sup>th</sup> 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.**

*Response:-*

*Once the deflator for partial project scores is decided upon it should be incorporated into that table.*

*Although a deflator may be of some use in encouraging completion of full projects the suggestion of 30 to 40% will unnecessarily pressurise cash flow and stifle delivery across the industry.*

**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.**

*Response:-*

*The BEIS Design of ECO4 Consultation document at paragraphs 289 to 294 discussed the proposed uplifts for broken boilers and broken electric storage heaters. These uplifts were stated to incentivise delivery of these measures and their levels to reflect the costs of replacing such heating systems. That is even though those apparent costs were then somehow expressed as annual bill savings. A replacement boiler cost of £2,500.00 becoming £60.00 annual bill saving and £715 per replacement ESH becoming £16.00 annual bill saving. Unless somehow overlooked, the method or reasoning for the calculation from replacement cost to annual bill saving does not appear to be explained there or in any of the other documents so far published in the various consultations for ECO4.*

*It is also unclear why these fixed uplifts have now changed from 60 to 55.9 for broken Boiler and 16 to 14.9 for each broken ESH in the Partial Projects Scores spreadsheet that accompanies this ECO4 Scoring Part 2 Consultation.*

*The BRE ECO4 Scoring Methodology document accompanying this consultation does not appear to include any reference to the fixed value uplifts let alone a methodology for them.*

*The Ofgem ECO4 Scoring Part 2 Consultation document at paragraph 2.16 suggests the scenarios relating to the fixed uplifts do not result in any additional efficiency gains but that is incorrect.*

*A household with a broken boiler or broken electric storage heater will on an RdSAP assessment have pre-main heating of that respective heating even though it is broken, and paragraph 5.13 of the ECO4 Scoring Part 2 Consultation document recognises this.*

*The broken heating present remains the main heating for RdSAP regardless of what the householder is using for heating and so their costs savings from the subsequent install of any heating measure are likely to be far higher than the relevant Partial Project Score.*

Live Manage Facilitate Ltd

North West House, 210-222 Price Street, Birkenhead, CH41 3PS | Company Reg: 10006957 | VAT:234 0338 41

T: 0151 666 5300 | E: [enquiries@lmfcs.co.uk](mailto:enquiries@lmfcs.co.uk) | W: [www.lmfenergyservices.co.uk](http://www.lmfenergyservices.co.uk)

*The Ofgem ECO4 Scoring Part 2 Consultation at paragraph 5.4 makes clear the importance of the pre-main heating source distinction for heating measures stating 'This is because the pre-main heat source of the premises greatly influence the cost.'. Also page 16 of the BRE ECO4 Scoring Methodology document accompanying this consultation states 'the savings from a heating upgrade are predominantly determined by what system was present before the upgrade'.*

*As per consultations on previous iteration of ECO as well as other BEIS research and policy documents a householder with broken heating may be using expensive coping strategies such as portable electric room heaters.*

*Without a proper explanation of how the level of a particular fixed uplift has been calculated it is difficult to assess how much it mitigates the difference but even if it were accurate for one actual in use pre-main heating, different households with broken heating will have different actual in use pre-main heating, which will not be reflected in an RdSAP assessment.*

*Also, ECO4 would be in danger of providing less support or no support to households due to the score they achieve being based on their broken heating (even plus a fixed uplift), such households could thereby be condemned from support merely by the presence of broken relics of what used to heat the property. At the same time a neighbouring household that is using the same heating and is exactly the same in every way other than not similarly having broken relics would score more. This is despite their annual bill savings from the same proposed heating measure being identical.*

*Beyond that the fixed nature of the uplifts is also problematic. Despite the starting intermediate SAP band and Total Floor Areas being clearly framed as so important to the proposed scoring for ECO4 they are then ignored for fixed uplifts. The consequent differences in annual bill savings are thereby strangely ignored in this fuel poverty alleviation scheme. These uplifts should be dealt with in such a way that they accurately include proportional differences for the starting intermediate SAP band and Total Floor Areas, for example via a percentage uplift.*

*Also as above, a household with a broken heating system should have a lower starting intermediate SAP band based on the actual pre-main heating they are using.*

**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.**

*Response:-*

*Agreed. Option 1 (post RdSAP assessment) is to be preferred so as to ensure greater accuracy in results and annual bill savings for individual projects and the resultant data for the entire ECO4 scheme.*

**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.**

*Response:-*

*No strong view either way.*

**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.**

*Response:-*

*In order to avoid the suggested delays if not done in this way this approach is agreed.*

**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.**

*Response:-*

*No strong view either way.*

**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?**

*Response:-*

*No strong view either way.*

**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.**

*Response:-*

*SAP 2012 energy prices are out of date. Even if they were up to date today ECO4 is scheduled to run from 2022 to 2026 during which there may well be further and repeated energy price crises (especially for gas) and the BEIS published plans for decarbonisation and electrification of heat include measures to reduce the cost of electricity. While such matters may be outside Ofgem's powers, knowingly designing and scoring a fuel poverty alleviation scheme on the basis of already inaccurate prices which will likely continue to become more inaccurate is problematic.*

*Net zero and decarbonisation aside and purely focusing on fuel poverty alleviation, the bias for gas over electric in RdSAP and therefore in ECO4 will lock customers in to rising rather than falling bills.*

*Even if the energy prices were correct RdSAP includes questionable assumptions about the heat demand of a property being greater if a heat pump installation is planned and also about the efficiency of heat pumps.*

*The response above to question 2 is also relevant to this question 8 as despite the broken uplifts the actual pre-main heating source is not properly reflected in partial project scores for such circumstances.*

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

*Response:-*

*Although the wall type will be reflected in the starting intermediate SAP band, the band reflects other things as well and the subsequent performance of new heating is affected by the wall type. Given the stated importance*

*of wall types and insulation (or lack thereof) it seems unusual to then discard such readily available information in scoring heating measures.*

**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?**

*Response:-*

*No strong view either way.*

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

*Response:-*

*No strong view either way.*

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

*Response:-*

*No strong view either way.*

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

*Response:-*

*The response above to question 2 is also relevant to this question 13 as the actual in use pre-main heating rather than any broken heating that may be present should be reflected in the starting intermediate SAP rating for insulation and heating measures. Otherwise the resultant score would unnecessarily and inaccurately drag down the annual bill savings in this fuel poverty alleviation scheme.*

*Even where the pre-main heating course is accurate it seems unusual to discard such readily available information in scoring insulation measures.*

**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.**

*Response:-*

*No strong view either way.*

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

*Response:-*

*No strong view either way.*

**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?**

*Response:-*

*No strong view either way.*

**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?**

*Response:-*

*No strong view either way.*

**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.**

*Response:-*

*No strong view either way.*

**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.**

*Response:-*

*No strong view either way.*

*(end).*