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Dear Eric,

ECO4 ADMINISTRATION CONSULTATION: PART 2

We welcome the opportunity to respond to the above consultation. Although we welcome the further detail which Ofgem has provided, we believe we need more detailed information including clarity from BEIS following their consultation on ECO4 to reach a firm position on some of the questions. We have set out our detailed response to the consultation questions in Annex 1, and would highlight the following key points.

Broad approach to scoring

As explained in our response to BEIS's consultation on ECO4, our overarching principle is that the scoring methodology is as simple as possible. This will enable the supply chain to understand the types of property 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 will achieve the Minimum Requirement. One of the key points in our response related to the proposed scoring methodology. We believe that 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 consider that there needs to be a focus on a design that avoids a form of partial score approach which would introduce a whole new scale of delivery risk - otherwise the new obligation will significantly drive up the cost of delivery.

Whilst we understand the design of ECO4 sits with BEIS, and Ofgem is consulting on BEIS's proposed approach, we have responded to this consultation in the same context - the proposed scoring methodology needs further consideration about how it might work in context. 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 elements proposed by Ofgem within this consultation could be removed as these elements are managed by PAS (and the SAP assessment process) 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 two 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 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 SAP10 in early 2022 and SAP 11 in 2025. We are keen to understand how these updates might impact ECO4 scores? We consider that an electrification pathway offers the most feasible and cost-effective route towards the decarbonisation of heat in buildings in the UK and provides a pathway for the deployment of heat pumps. However, SAP 2012 uses out of date energy costs and is not aligned to ECO4 and net zero as it does not model heat pumps correctly. We believe SAP 10 would better align with the intent to transition to low carbon heating.

Please do not hesitate to contact me if you would like to discuss our response.

Yours sincerely,



Richard Sweet

Head of Regulatory Policy

**ECO4 SCORING CONSULTATION: PART 2
SCOTTISHPOWER RESPONSE**

Chapter 2: Overarching approach to ECO4 scoring

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.

As detailed in our response to BEIS's consultation and Ofgem's scoring consultation part 1 we believe the use of partial and full project scores adds unnecessary complexity to ECO4.

However, we support the proposed format for scoring using CSV files. There is an option for the files to be simplified by removing the negative 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.

Yes, we support this proposal as it is less complex and easier for the supply chain to understand. We support the score to have the deflator applied as this will allow the supply chain to see the lowest score enabling them to decide whether the measure will be recommended.

Chapter 3: Determining the finishing SAP rating

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)? Response will be considered alongside those received on this topic during part 1 of our scoring consultation.

Yes, we support option 1 as this aligns with PAS2035:2019 which requires both a pre and post retrofit RdSAP assessment. As part of the post-installation sign-off of a project the Retrofit Co-ordinator must ensure that a post installation SAP assessment (and EPC in some circumstances) is produced and uploaded into the TrustMark data warehouse. The post retrofit SAP assessment will be used to determine the projects finishing SAP rating and evidence that the Minimum Requirement has been achieved.

Within the Each Home Counts framework the EPC Accreditation bodies have responsibility for the oversight of the accuracy of EPCs, this responsibility does not sit with Ofgem or Suppliers. We welcome BEIS's update on their EPC improvement plan which references improvement in the work carried out by EPC Accreditation Bodies.¹

¹ <https://www.gov.uk/government/publications/improving-energy-performance-certificates-action-plan-progress-report>

Chapter 4: Notification in ECO4

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

Yes, we support the use of separate measure and project notifications as this will make reporting clear and keeps it simple.

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.

The focus of ECO4 will be on installing full projects which achieve the Minimum Requirement. In most cases we believe installers will report full projects which will help them to understand the total amount that they will be paid for the project.

As stated in our response to Question 4, we support the use of separate measure and project notifications and believe that a project would be set up, then individual measures would be recorded against the project and the final measure installed would complete the project achieving the Minimum Requirement.

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

Yes, we support the continuation of supplier generated MRNs for all measures as these numbers are fixed and don't change.

However, there is merit in further discussions between Ofgem and TrustMark to look at the possibility of a single constant URN for measures. This would avoid possible mismatches between the original TrustMark UMR (unique measure reference) submitted to Suppliers and the new UMR generated following TrustMark updates, which then results in a mismatch when verified by Ofgem.

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 Ofgem's proposals.

Chapter 5: Updates to existing ECO measures

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.

We agree with the assumptions that BRE have used to develop the partial scores which take into account the architectural type, EPC sub-bands and pre-installation heating type. We do however believe that the partial scores add a level of unnecessary complexity to ECO4. We are also concerned that the fuel prices used to calculate the EPC ratings use SAP12. SAP 12 uses out of date energy costs and is not aligned to ECO4 and net zero as it doesn't model heat pumps correctly. It assumes a heat pump to be a standard electric appliance and does not take into account the fact a heat pump could potentially be at least 4 times more efficient

than a standard electrical appliance. We believe if the scoring was based on SAP10 it would more accurately align with the policy intent to transition to low carbon heating. If the use of partial and full project scores remain in ECO4 then both scoring regimes must align.

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

We support the removal as ECO4 uses SAP which already considers the heating type, so it is no longer necessary and simplifies the process.

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.

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

As Boiler Plus policy now applies in England, Scotland, and Wales we believe heating controls can be further simplified. For example, the compensation score can be removed. We support any changes where simplicity can be achieved.

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

We welcome the aim to simplify the system and believe the proposed approach will more accurately reflect the pre-installation heating system type and it will be easier for Ofgem to verify.

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

We support this proposal as the project scores will be based on pre and post install SAP bands and SAP takes the heating source into consideration.

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

Yes, we welcome the reduction in the number of variants and believe the 5 proposed more accurately align with both current and the proposed future Building Regulations.

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

We support this proposal in ECO4 which aligns with PAS 2030:2019. We believe ECO4 should align with the Each Home Counts PAS/TrustMark framework.

We understand BEIS is producing a PAS guidance document on park home insulation which will provide clarity for the supply chain.

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

Chapter 6: New measures added for ECO4

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?

If a 2 tier scoring system is introduced, we support the introduction of partial scores to be introduced for pitched roof insulation and hybrid insulation as this aligns with the PAS annexes and provides the appropriate assurance that appropriate technical monitoring, guarantees and building control requirements are met. This responsibility sits with the PAS Certification Bodies and removes the requirement for any duplication through requiring additional oversight by suppliers or Ofgem.

We are keen to see more detail around how this would work for District Heating which is not included within PAS and currently requires full SAP, so we are keen to understand Ofgem’s rationale for moving away from this methodology.

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

Yes, and we welcome the simplification

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

Yes, we agree with the approach and assumptions and believe this should make District Heating projects easier to manage with clear scoring. However, District Heating currently requires full SAP, so we are keen to understand Ofgem’s rationale for moving away from this methodology?

ScottishPower
January 2022