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# Summary of Responses to Consultation on the Energy Companies Obligation 2012 – 2015: Guidance for Suppliers

## Response to Consultation Document


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**Overview:**

This document summarises the issues and suggestions raised in the responses submitted to Ofgem on the *Energy Companies Obligation (ECO) 2012 – 2015: Consultation on Guidance for Suppliers* document published on 23 November 2012. (The consultation closed on 25 January 2013).

We explain the changes we have made to the final and published *Energy Companies Obligation (ECO): Guidance for Suppliers* document, having reviewed all responses to the consultation. We also detail where we were unable to incorporate suggestions made by respondents, providing an explanation of why we have arrived at our final position.

# Context

Energy efficiency is a key area through which the Government seeks to implement policies designed to achieve a reduction in the United Kingdom's greenhouse gas emissions. These policies contribute to the government's wider commitment to achieve a reduction of at least 34 percent in greenhouse gas emissions by 2020 and at least 80 percent by 2050.

The Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) are two energy efficiency schemes which were established, in part, to assist the UK in meeting targets surrounding the reduction of greenhouse gases. Both of these schemes drew to a close on 31 December 2012.

The Energy Act 2011 and associated legislation establishes a new framework for energy efficiency, through the introduction of the Green Deal. The Green Deal is a market-led framework designed to assist individuals and businesses to make energy efficiency improvements to buildings. Costs will be recouped through energy bills and with the assistance of new Green Deal finance mechanisms.

ECO places obligations on certain larger domestic energy suppliers to promote energy efficiency measures to domestic energy users in Great Britain. ECO is intended to work alongside the Green Deal to provide additional support in the domestic sector, with a particular focus on vulnerable consumer groups and hard-to-treat homes. The Government anticipates that ECO will assist to reduce carbon emissions, maintain security of energy supply, and reduce drivers of fuel poverty.

# Associated documents

**Draft Guidance**

Energy Companies Obligation 2012 – 2015: Consultation on Guidance for Suppliers: http://www.ofgem.gov.uk/Sustainability/Environment/ECO/guidance/Pages/index.aspx

**Open Letters**

Open Letters / List of eligible measures and additional information: http://www.ofgem.gov.uk/Sustainability/Environment/ECO/Info-for-suppliers/Pages/index.aspx

**Legislation**

The Energy Act 2011: http://www.legislation.gov.uk/ukpga/2011/16/pdfs/ukpga_20110016_en.pdf

The Electricity and Gas (Energy Companies Obligation) Order 2012:
http://www.legislation.gov.uk/ukdsi/2012/9780111530276/pdfs/ukdsi_9780111530276_en.pdf

**Consultation Response**

Response to Energy Companies Obligation - Consultation on the methodologies for calculating number of domestic customers and electricity and gas supply:
http://www.ofgem.gov.uk/Sustainability/Environment/ECO/Pages/index.aspx

**Other**

Guidance on Ofgem's approach to Consultation:
http://www.ofgem.gov.uk/About%20us/BetterReg/Pages/BetterReg.aspx

# Contents

# Executive Summary

This document summarises the key issues raised through Ofgem's consultation on the Energy Companies Obligation (ECO) 2012 – 2015: Guidance for Suppliers. There were 65 responses to this consultation. Some responses included specific policy issues which Ofgem has passed on to the Department of Energy and Climate Change (DECC) for their consideration as the Department with lead responsibility for ECO policy and legislation. For all other issues, Ofgem has examined and considered all responses and sought further legal and technical advice where appropriate, in order to finalise our position.

As a result of the consultation process Ofgem has, in a number of instances, changed the policies and processes set out in the consultation document. For example, we have adapted our approach on qualifying boilers; in particular the 'Boiler Assessment Checklist' has been amended in order to be more user-friendly and less time-consuming for assessors to complete on-site.

In some cases our policies and processes have been rephrased, or explained in greater detail, where there may have been a lack of clarity. For example, we have provided clarification on how to determine if a hard-to-treat cavity is less than 50mm and therefore as a result, how this would fall under the appropriate definition for the purposes of the Carbon Emissions Reduction Obligation.

There are also several instances where we have not changed our position. This has occurred in cases where there are constraints in the ECO legislation or where we consider that there are stronger grounds for maintaining our position. For example, some respondents queried whether chartered surveyors are the appropriate party to recommend energy efficiency measures to a domestic energy user. We have been unable to remove this requirement as it is specified in the legislation. We have highlighted such issues to the relevant policy officers at DECC and passed on the responses for consideration.

# 1. Overview of Consultation

**Chapter Summary**

Provides a broad overview of the consultation process.

## Consultation Process

1.1. On Friday 23 November 2012, Ofgem ("we", "us", and "our" in this document) published a draft *Energy Companies Obligation (ECO) 2012-2015: Guidance for Suppliers*. The purpose of the draft guidance was to seek views on our proposed policies and processes for administering ECO, based on the Electricity and Gas (Energy Companies Obligation) Order 2012 ("the Order") as laid in parliament.

1.2. Our consultation ran for a period of nine weeks, and closed on Friday 25 January 2013. The final guidance document has been published alongside this consultation response document, and can be found on our website at www.ofgem.gov.uk.

1.3. Prior to the consultation on the draft guidance, we published interim direction in the form of five Open Letters, which provided information on key aspects of the scheme. The policies and processes set out in the Open Letters took effect from the commencement of ECO on 1 January 2013, and applied for any measures installed by suppliers from 1 October 2012, as outlined in the Order.

1.4. We received 58 responses to the consultation before the consultation had closed. Seven responses were received after the deadline had passed. We accepted these responses as they were submitted to us within a reasonable timeframe to inform the final guidance. A total of 65 responses were considered, and a full list of respondents can be found in Appendix 1 of this document. Note that three of the responses submitted, were confidential and therefore have not been made available on our website or discussed with any parties outside of Ofgem.

1.5. During our consultation period, we hosted two open invite events on the draft guidance for stakeholders; one in London and one in Glasgow. The purpose of these events was to brief stakeholders on the key policies and processes outlined in the draft guidance, discuss the consultation questions, and gather feedback on areas where the draft guidance could be improved.

1.6. We also held six focused workshops on specific aspects of the draft guidance. We would like to thank the participants who provided their time and expertise through this process. The workshops were focused on:

- Obligation Setting
- Scoring
- Boilers
- Affordable Warmth Group and Householders
- Standards
- Technical Monitoring

1.7. Overall, our consultation responses indicate that the draft guidance was well received by industry and other stakeholders. Several respondents welcomed our engagement with stakeholders in developing the draft guidance and encouraged this relationship going forward. A number of companies in particular, commented that the draft guidance provided a good level of detail for a substantial, new and complex scheme.

1.8. Nevertheless, there were several key areas where stakeholders sought greater detail or clarification. A discussion of these areas and our response to stakeholder feedback is set out in chapter 2 of this document. We remain committed to working with our stakeholders to ensure the administration of ECO is successful. We will look to inform, and wherever beneficial, consult stakeholders when making significant changes to administration and guidance concerning the scheme.

1.9. The 'draft guidance' which we refer to throughout this document is entitled *Energy Companies Obligation (ECO) 2012-2015: Guidance for Suppliers* as published on 25 November 2012. For further clarity, the draft guidance is clearly marked as a consultation.

1.10. Any queries relating to our administration of the scheme should be directed to eco@ofgem.gov.uk

## Review of the scheme

1.11. Any formal review or evaluation of the ECO legislation is the responsibility of the Department of Energy and Climate Change (DECC). Queries relating to this should be directed to deccecoteam@decc.gsi.gov.uk

# 2. Response to Consultation Questions

**Chapter Summary**

Summarises issues raised by respondents and provides an overview of the changes made to the final guidance. It also explains why we have not been able to incorporate some of the suggestions raised by respondents in the final guidance.

## Introduction

2.1. We asked our stakeholders a total of 23 questions in the draft guidance document. This chapter focuses on the key issues raised by stakeholders in response to these questions. It also focuses on the key issues raised by stakeholders to areas of the guidance in general. It is structured thematically and follows the order set out in the draft guidance.

2.2. Some respondents raised issues which we were unable to incorporate into the final guidance due to constraints within the legislation. We have highlighted all such responses to DECC. Note that where we have stated throughout this document that an issue highlighted by respondents is a requirement under legislation, we have directly raised this with DECC for its consideration.

2.3. We have already made substantial changes to our website[1] on ECO in order to make it more user-friendly and accessible. We have clearly separated the information on ECO specific to suppliers, domestic consumers and installers and provided a series of useful links such as a list of contact details for obligated parties.

## Chapter One – Background to ECO

**Question 1**

Do you agree with our proposed 'date of effect' of the final guidance? If not, please suggest a different approach and explain your reasons for this.

2.4. Twenty stakeholders responded to this question. Two stakeholders agreed with our proposal that the 'date of effect' for the guidance would be from the first day of the first month which occurs two weeks or more after the date on

[1] http://www.ofgem.gov.uk/Sustainability/Environment/ECO/Pages/index.aspx

which the guidance is published. One of these stakeholders in particular urged that the guidance be published as soon as possible. These respondents argued that the proposed date of effect would create greater certainty for parties involved in ECO.

2.5. Several respondents disagreed with our proposal and instead sought a 'date of effect' of at least eight weeks. Reasons included concerns that:

- suppliers and their contractors would be unable to complete work commenced in line with the policy and processes explained in our Open Letters before the final guidance takes effect.
- any significant changes would mean suppliers having to change their business processes and IT systems in a short space of time.
- the changes would need to be communicated to delivery partners and the rest of the supply chain, requiring extensive training and more time than our proposal would allow.

2.6. Taking into consideration all of the views received, the need to provide certainty for scheme participants, the low level of significant change between the Open Letters and the final guidance and the practical effect of those changes, the date of effect for the guidance is 1 May 2013. That is, all activity under ECO which occurs *before* 1 May 2013 should follow the information provided in the Open Letters. All activity *after* 1 May 2013 should follow the policies and processes set out in the final guidance.

2.7. We consider that this approach provides the best balance between certainty for participants in ECO, ease of administrative burden and practicality for suppliers.

**Question 2**

Whilst ECO brokerage is not currently mandated what, if any, areas of additional detail should be considered to avoid complications for the Brokerage Mechanism?

2.8. Fifteen stakeholders responded to this question. Respondents made a number of suggestions for the ECO brokerage mechanism. However, these primarily related to the level at which brokerage should be mandated and therefore are outside of our control. DECC has an ongoing consultation on this issue[2] and as such we have fed back these responses in full to DECC and would encourage

[2] https://www.gov.uk/energy-companies-obligation-brokerage

respondents to incorporate the views they have provided as part of their wider responses to DECC's consultation on this topic.

2.9. Some respondents commented that brokerage is a departure from current ways of working and poses an additional risk for suppliers as brokerage falls outside of a supplier's control. For example, in order for a supplier to meet the notification deadline for a particular measure, brokerage delivery partners will need to provide information to the supplier within a certain timeframe. Therefore a number of respondents argued that policies in our draft guidance need to be flexible to accommodate brokerage. Respondents also stated that some policies required further clarity to assist brokerage users who may be new to the area of energy efficiency.

2.10. In response, our final guidance for suppliers includes a number of additional explanations to aid the wider supply chains understanding of our administration of ECO. In addition, we are currently working to look at how we can ensure that our wider ECO publications can provide the additional clarity sought by the wider supply chain whilst preventing confusion with DECC's Green Deal information.

2.11. We have also considered introducing additional flexibility into our policies to accommodate brokerage. However, for a measure to be eligible under ECO it must meet the requirements of the Order, which makes no exception for measures delivered through brokerage. We are therefore unable to apply different requirements for measures which come through brokerage.

## Chapter Two - Who is Obligated Under ECO: Definition of 'Supplier'

2.12. We did not ask stakeholders to respond to any specific questions relating to Chapter 2 of the draft guidance, and have therefore made no significant changes to the policies outlined in this chapter of the final guidance.

## Chapter Three - Notification of Domestic Customer Numbers and Supply: Setting Obligations

2.13. We consulted separately [3] on the methodologies for calculating the number of domestic customers and amount of gas and electricity supply for phases two and three of ECO.

[3] http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=18&refer=Sustainability/Environment/ECO

2.14. The final guidance now includes the methodologies that were agreed on as a result of our smaller, four-week consultation.

## Chapter Four – Achieving Obligations: General Information Relating to All Obligations

**Question 3**

We have stated that, where a supplier funds all or part of the installation of a measure, we will be satisfied that a supplier has 'promoted' a measure. Do you think that this is a sufficient test for promotion, or should we include additional criteria?

For example, where an extension is being built to a property, or an occupied property is being renovated, should we only award a score to measures that are installed and that exceed building regulations? Also, should we only award the portion of the carbon or cost saving that exceeds building regulations?

**Promotion**

2.15. Thirteen stakeholders responded specifically to the 'promotion' part of this question. Nine respondents agreed that a supplier funding all or part of the installation of a measure was a sufficient test for promotion. The majority of these respondents stated that we should be flexible in our evidence requirements for promotion. Specifically, they said we should accommodate situations where the contract has not been signed pre-installation, and rely on evidence in the form of pre-contract negotiations.

2.16. Two respondents generally agreed with our test for promotion, but felt that any activity relating to promotion should count, for example the payment shouldn't be limited to the cost of installation alone.

2.17. One respondent recommended that we set a de minimis level of promotion at 30% of the total cost of the works, accompanied by a signed declaration from the customer and installer, stating that the supplier was the main cause of installation of that measure. However, because measures under ECO can be delivered as part of a Green Deal package, introducing a de minimis rule for ECO may undermine that scheme and significantly impact on the number of measures delivered under ECO. We have therefore decided not to adopt this approach within the final guidance.

2.18. One respondent felt that it should not matter who first 'promoted' the measure – whether supplier, installer or customer. It is the supplier that must promote qualifying actions to domestic energy users under legislation, and therefore we are unable to change this in the final guidance. However, we recognise that there will be occasions where 'promotion' is undertaken by a third party acting as the supplier's agent.

2.19. We have decided to keep this test for promotion in the final guidance. This is because there was a general agreement amongst respondents that our test for promotion was fit for purpose. In response to the stated preference for flexibility, we have clarified the wording to indicate that promotion is not restricted to the installation of measures. In cases where the agreement to fund the installation has not been concluded before the installation of the measure begins, we have stated that other evidence may be provided, such as draft contracts, in addition to the final signed contract where it post-dates the date of installation as this reflects our standard business practice.

**Joint funding**

2.20. In our draft guidance, we stated that a supplier may jointly fund a measure with a third party, but recommended they liaised with us before jointly funding a measure. This was necessary to satisfy us that the funding the supplier provided was a cause of the installation of that measure.

2.21. There was a strong agreement amongst suppliers that this was appropriate where funds from more than one supplier are put into a 'collective initiative', with all suppliers stating that they should liaise with us first to determine how scores can be awarded for the measure in this instance. However, where this was a bilateral arrangement with a third party such as a local authority, several responders felt this approach was unnecessary. A number of respondents requested further clarification on joint funding and its relation to required evidence, and requested that this should be particularly emphasised in regards to the ECO brokerage mechanism.

2.22. As a result of the views submitted, we have revised the wording relating to joint funding. We have clarified that the rules concerning promotion are equally applicable to measures which are delivered through joint funding arrangements. We have removed the statement that suppliers should liaise with us prior to installing measures where those measures are installed through a joint funding arrangement or out of a 'collective initiative', as we expect suppliers to contact us in the first instance where there is doubt as to whether the test for promotion is satisfied in a particular case.

**Bespoke feedback on promotion**

2.23. Ten stakeholders provided bespoke feedback on promotion in their responses to the consultation.

2.24. Half of these commented that void properties, especially those in social housing schemes, should be eligible for the scheme as this would encourage up-take, and would enable installations to be completed without disturbance, e.g. during renovations.

2.25. Four stakeholders commented that landlords should meet the requirement of 'domestic energy user', with another response stating that the approach doesn't accommodate Houses in Multiple Occupation (HMOs).

2.26. Two respondents also noted that the test of domestic energy users is too strict and suggested that if the Meter Point Administration Number (MPAN) is domestically registered then the user can be classified as domestic.

2.27. With respect to the comments raised around 'void' properties and the test for domestic energy users as being too strict, the core requirement under ECO is that qualifying actions should be promoted to a 'domestic energy user' under the CERO and CSCO obligations. In turn a 'domestic energy user' is the person who uses energy in the premises to which the measure is installed. In the final guidance, we have provided clarification on promotion to allow measures to be installed to properties where a new occupier moves in during the period of promotion.

2.28. Under the HHCRO obligation, the measure must be promoted to a member of the AWG who is a householder, or who resides with a householder. It is clear under this obligation that there is no opportunity for measures to be delivered to a 'void' premises. Similarly, even if the MPAN is registered as domestic this is not equivalent to there being a 'domestic energy user' at the premises.

2.29. We have clarified that the requirement in this regard is that a measure must be promoted to a domestic energy user living in the premises *at some point* during the course of promotion. We have defined the 'course of promotion' to be the period from when the supplier (or a third party) first contacts the occupier with the intention of installing a measure under ECO and ends with the completion of work on the installation of the measure.

2.30. We have also provided further clarity around the definition of 'domestic premises' under ECO.

**Bespoke feedback on the chartered surveyor requirement**

2.31. The draft guidance explains that under the CERO and CSCO obligations, a measure must be recommended either in a Green Deal Assessment Report (GDAR) or in a report by a chartered surveyor. Furthermore, we require a chartered surveyor to report that a cavity wall is a 'hard to treat cavity' in certain circumstances.

2.32. Three responders queried whether chartered surveyors are the appropriate people to recommend energy efficiency measures. Another responder stated that members of other professional bodies should also be able to recommend measures. They also highlighted that the guidance should specify the qualifications and competencies of the chartered surveyor. However, the requirement for a chartered surveyor to be the person recommending a

measure is specified in the ECO Order. As such we are unable to accept measures to be recommended, or reports confirming that a cavity wall is a 'hard to treat cavity' by a person who is not a 'chartered surveyor'. We have clarified that the chartered surveyor must have the appropriate competencies for each situation, and be working within these competencies.

2.33. Two respondents requested further clarity on what level of detail was needed for the report, the format of the report and whether additional checks at audit would take place as a consequence of a measure being recommended by a chartered surveyor. We consider the information provided as to the content of the report to recommend a measure is sufficient for suppliers to meet this requirement. We have, however, decided to produce a template of a chartered surveyor's report for hard to treat cavities – this is now available on our website[4].

**Awarding scores – Extensions and Renovations**

2.34. Eight respondents requested that full savings should be awarded to measures being installed through extension and renovation of a property. Five respondents expressed that we should only award a score to measures that are installed which exceed building regulations. They mostly did not differentiate between extension and renovation, and were concerned that if applied broadly it would significantly increase delivery costs. Two respondents also thought that it was not possible to score measures over-and-above building regulations in Reduced data Standard Assessment Procedure (RdSAP); however we understand that it is possible if actual inputs are used rather than defaults.

2.35. In respect of extensions to an existing property, the final guidance now states that we will award a score only to the savings achieved by that part of the measure which exceeds the requirements of Building Regulations. This is because an extension is unlikely to be built for reasons of energy efficiency alone, and Building Regulations need to be met when building extensions. Therefore, we do not view measures installed as part of an extension which are required by Building Regulations, to have been promoted for the purposes of energy efficiency under ECO. The same approach should be taken in respect of new builds, and we have clarified this in the final guidance.

2.36. In the final guidance, we have removed reference to 'renovation'. This is because where measures are installed as part of a renovation of an existing property, we have decided to treat renovation in the same way as an entire measure, and award a full score for the savings achieved. We have taken this decision because renovations are often carried out in order to improve the

[4] http://www.ofgem.gov.uk/SUSTAINABILITY/ENVIRONMENT/ECO/INFO-FOR-SUPPLIERS/Pages/index.aspx

energy efficiency of a domestic property and so would most likely be carried out for the same reason as a measure that would not require renovation.

**Question 4**

Do you think that the installation and technical standards required by us under ECO are sufficient? If not, which other standards would be more appropriate?

**Question 5**

Do you agree that we should only require suppliers to comply with the measure-specific annexes in PAS, or should we require suppliers to comply with PAS in its entirety? If the latter, please explain why.

2.37. A total of thirty-four stakeholders responded to question 4. A total of thirty-five stakeholders responded to question 5. The responses to questions 4 and 5 are closely related and therefore all responses have been summarised in this section.

2.38. Fifteen respondents suggested that the ECO requirements for installation standards should align with Annex D of the Green Deal Code of Practice, and should require the installers to be Publicly Available Specification ('PAS') 2030:2012 certified.

2.39. Nineteen respondents did not agree that suppliers should only comply with the measure-specific annexes of PAS. All of these respondents suggested that suppliers should be required to comply with PAS in its entirety.

2.40. Respondents mentioned that without PAS certification, it would be difficult to prove the competency of installers and that full PAS compliance would provide assurance that installations were being carried out to a high standard.

2.41. One respondent expressed the view that PAS certification provides confidence that installers are meeting standards and eliminates the need for duplication.

2.42. Respondents also pointed out that all acceptable certification should include tests to UK regulations and conditions.

2.43. As a result of responses received, the guidance has been altered to highlight that compliance with the provisions of PAS can be demonstrated through the installation being carried out by a PAS-certified installer.

2.44. We have also indicated that where a measure is not referred to in PAS, the installation of the measure must be carried out in accordance with Building Regulations and any other regulations that relate to the installation of the measure.

2.45. One respondent suggested that when solid wall insulation is being installed, the glazing should also be replaced to reduce thermal bridging and water ingress. However, we are unable state that glazing must also be replaced when solid wall insulation is being installed as this is not a requirement under legislation.

2.46. One respondent noted that the correct terminology for compliance with PAS is PAS certification rather than PAS accreditation. The final guidance has been changed to include the correct term.

2.47. One respondent explained that the Fenestration Self-Assessment scheme by Fensa Ltd could be used to demonstrate compliance with the Building Regulations for replacement windows. We agree with this view, but consider that all self-certification schemes should be applicable. The final guidance has therefore been updated to state that self-certification schemes can provide evidence of compliance with Building Regulations, with Fensa Ltd schemes specified as an example.

2.48. The outcome of DECC's consultation on brokerage may impact on the requirements for PAS. We will endeavour to revise this section of the final guidance in order to address these issues, should they arise.

**Bespoke feedback on installing 100 percent of a measure**

2.49. Ten respondents requested clarification on what were 'good reasons' for not installing 100 percent of a measure. We have changed the terminology to 'reasonable grounds' and provided examples of what constitutes reasonable grounds for some measure types, for example planning restrictions and lack of consent from the domestic energy user.

2.50. Four of these respondents thought the requirement to provide this information was unnecessary, as installers were incentivised to install as much of the measure as was necessary. However, we disagree as in certain circumstances installers may be incentivised only to install the least expensive part of a measure. For this reason we have also clarified that reasons of cost alone do not constitute reasonable grounds.

## Chapter Five – Carbon Emissions Reduction Obligation (CERO)

**Question 6**

Please provide your views on our definition of, and evidential requirements for, hard-to-treat cavities. In particular:

- Cavities which are not suitable to insulate with standard insulation materials or techniques
- Substantial remedial works
- The requirement for a chartered surveyor's report for the insulation of natural stone cavity walls

2.51. Thirty-five stakeholders responded to this question as part of their consultation response. The majority of respondents supported the interpretation and evidential requirements for hard-to-treat cavities in general, however respondents also made suggestions for how our approach could be improved.

2.52. Properties with 'three or more storeys' with cavity walls are classified as hard-to-treat' under the Order. In our draft guidance we wrote that 'three or more storeys' should exclude basements and lofts. Two respondents suggested that where a building had a basement with external walls, that this should be treated as a storey. As there is no reason to treat the external wall of a basement differently from an external ground floor wall, we agree with this approach and as such have amended the final guidance accordingly.

2.53. Two respondents felt that our interpretation that properties with three or more *consecutive* storeys with cavity walls should be classed as hard-to-treat, was too complex. We have simplified the wording whilst retaining the clarification that some tall buildings with more than one wall type can still be identified as hard-to-treat.

2.54. In general, respondents were evenly split between those who supported the requirement for a chartered surveyor's report and those who opposed it. The majority of respondents who opposed it referenced one of the two situations where requirement for the report is written in legislation (i.e. for non-standard installations and where substantial remedial works are required) and therefore we have referred this view to DECC for its consideration.

2.55. Two respondents opposed the requirement for a chartered surveyor's report for uneven cavities in stone walls, and one supported the requirement. We have decided to keep this requirement because for this type of hard-to-treat cavity, pre-installation verifications are important for identifying suitability for treatment, and it is difficult to audit post-installation. We therefore welcome the additional assurance that will be provided by the chartered surveyor report.

2.56. Two respondents thought that the chartered surveyor's report was insufficient without additional checks on eligibility. One respondent suggested that we should collect photographic evidence of installations and the other that we should undertake additional surveillance of jobs. However, we believe that the evidence requirements and monitoring for these installations is strong, as the chartered surveyor's report will be provided in addition to standard supplier technical monitoring and audit. We have therefore not amended the final guidance.

2.57. A number of respondents requested that we publish a chartered surveyor hard-to-treat cavity template on our website. We published this on our website on Friday 8 March.

2.58. Five respondents pointed out that our statement on exposure zones needed further clarification. All properties are in an exposure zone, so on its own this was insufficient reason for requiring substantial remedial works. We agree, and have amended this section of the final guidance so that only properties that have severe or very severe exposure to wind driven rain are included.

2.59. Nine respondents requested further definition of 'remedial works'. In particular, they pointed us to the contents of an existing Cavity Insulation Guarantee Agency (CIGA) list of remedial works. We welcome the work that CIGA has done in this area and do not think it is necessary to recreate its list in our guidance, as it is subject to change and site specific circumstances that must be verified by a chartered surveyor. However, we have made a few changes in our final guidance for the purposes of clarification.

2.60. We have extended the existing definition of hard-to-treat cavities to take account of some specific points made by four stakeholders who commented on the replacement of failed cavity wall insulation. One suggested that failed solid wall insulation should also be included within the definition of what counts as remedial works. We agree and have thus amended the final guidance accordingly. The same respondent said that the definition of failed cavity wall insulation should not be restricted to where the insulation should never have been installed, as some problems develop despite the cavity being originally suitable for treatment. Again, we agreed, and have removed this requirement. We have also clarified that the removal of blockages from the cavity could qualify as remedial works.

2.61. One stakeholder said that we should not award savings for replacement of failed cavity or solid wall insulation if the original installation is still covered under guarantee. We agree with this approach, and have amended the final guidance in order to reflect this. This is because other parties have an existing responsibility to rectify the installations, and therefore the work would not meet our definition of promotion.

2.62. Some stakeholders suggested that the replacement of failed cavity or solid wall insulation should be scored as if the walls were not insulated at time of

assessment. However this would not be in accordance with Standard Assessment Procedure (SAP)/RdSAP and therefore would not be possible under the legislation.

2.63. Three respondents were concerned that any improvement in the thermal properties of a wall achieved through replacement of failed insulation, or the insulation of partially fill cavities, could not be realised through RdSAP, as this would use the same values for both the pre- and post-installation score. However, RdSAP 9.91 allows assessors to use actual U-values rather than the defaults, and therefore the savings achieved by the improved insulation can be calculated.

2.64. One respondent requested clarification on how to determine if a cavity is less than 50mm. As per current industry practice, each wall must have a section under 50mm and each wall must be considered separately. We have provided additional wording in the final guidance to clarify this.

2.65. Two respondents stated that if solid wall insulation is applied to a hard-to-treat cavity wall, that it was important to seal the cavity. We note this point, however issues relating to the standard of installation are addressed by PAS and Building Regulations, and not our guidance. Therefore we have not specified this in the final guidance.

**Bespoke feedback on solid wall insulation (SWI)**

2.66. Two respondents raised an issue with the definition of SWI which states only installations with a U-value of 0.30W/$m^2$K or lower are eligible (note that this definition only applies to CERO and not the other two obligations). Some walls are not suitable for, or capable of, insulation down to this U-value and therefore would not be treatable under CERO. This is a legislative requirement and therefore we are unable to change this in the final guidance, however we are discussing options with DECC and other industry stakeholders.

2.67. One respondent thought that a chartered surveyor's report should be required for solid wall insulation installations. We have decided not to adopt this approach in our final guidance, as SWI does not have the same legislative evidentiary requirements as hard-to-treat cavities and this would greatly add to delivery costs.

## Chapter Six – Carbon Saving Community Obligation (CSCO)

**Question 7**

Please provide your views on our interpretation of the requirement for walls and lofts to be insulated before district heating connections can be installed.

2.68. Ten stakeholders responded to this question as part of their consultation response.

2.69. The question, stating that wall **and** lofts must be insulated rather than walls **or** lofts, drew some attention from respondents. This was a typographical error and not our intention.

2.70. Seven responses directly addressed the requirement of walls or lofts to be insulated before district heating connections can be installed. The majority of stakeholders were of the view that while it is appropriate to install district heating in well insulated homes, this requirement was too onerous and that some flexibility would be beneficial in cases where it is not practical to install insulation.

2.71. Two stakeholders from the insulation industry agreed with our interpretation but wanted **both** walls and lofts to be insulated before district heating connections can be installed. The Order requires the premises to have either loft **or** wall insulation before a district heating system can be installed, and therefore we are unable to incorporate these views into the final guidance.

2.72. One stakeholder strongly objected to the requirement for insulation to be installed in order allow a district heating connection. This is a requirement under legislation, and therefore we are unable to amend this in the final guidance.

2.73. We have considered these responses and have decided that flexibility in this area would be beneficial. In our final guidance, we have explained that where it is not possible (for reasons other than cost) to insulate the walls of a premises, then for the purposes of the legislation[5], the definition of loft insulation includes:

- a floor above the premises;

[5] Article 13(6)(b) of the Order, which deals with the promotion of district heating systems under CSCO

- flat roof insulation; or
- pitched roof insulation;

as appropriate. We believe that adopting this definition of loft insulation in this specific circumstance allows for greater uptake in district heating connections, while maintaining the requirement to insulate premises unless there are 'reasonable grounds' not to.

2.74. Three stakeholders sought clarification of what was meant by a 'good reason' for not insulating the entire area of a loft or exterior wall. As a result, we have changed the wording 'good reason' to 'reasonable grounds' and provided examples of what would be accepted as 'reasonable grounds' in the final guidance.

2.75. One stakeholder argued that our requirement to have secondary measures installed within six months of the installation of primary measure would make it difficult to enable a district heating connection as part of a broader package of energy efficiency measures or as part of larger developments. This requirement cannot be altered as it is a requirement under legislation. We have referred this view to DECC for its consideration.

**Bespoke feedback on district heating**

2.76. Two stakeholders requested that we clarify our definition of a district heating connection. The stakeholders provided suggestions for an expanded definition that could be included in the final guidance. We considered this suggestion, however we feel that this may be too restrictive and therefore have kept the definition we initially provided in the draft guidance. Any expanded list would be non-exhaustive and may serve to confuse obligated suppliers. For this reason, we will provide advice to obligated suppliers on a case-by-case basis when necessary.

2.77. One stakeholder commented that a 'per property' approach may overlook some of the benefits of site wide district heating scheme. The Order requires suppliers to install measures at individual premises and savings are calculated for each premises therefore we cannot adopt an alternative approach. Furthermore, efficiency gains to a district heating system resulting from the completion of a qualifying action will deliver saving to the individual dwellings and can therefore be awarded a saving through SAP.

**Income domain**

2.78. One respondent stated that income domain is a better proxy for low income than the Scottish Index of Multiple Deprivation (SIMD), or Lower Super Output Area (LSOA) for England and Wales. This is a policy issue which we have referred to DECC for its consideration.

## Chapter Seven – Home Heating Cost Reduction Obligation (HHCRO)

**Question 8**

What are your views on our approach to qualifying boilers set out in Appendix 2? In particular: our definition of a boiler, warranty requirements, and methodology to evidence the boiler being repaired or replaced.

2.79. A total of twenty-three stakeholders responded to this question. The majority of respondents made a number of suggestions as to how we could improve our approach to qualifying boilers, which are summarised below.

2.80. Respondents raised concerns over our definition of a boiler 'not functioning efficiently' for varied reasons including potential difficulties in achieving an acceptable level of consistency in assessments. Some respondents provided a list of criteria for identifying whether a boiler is not working efficiently, including reasons such as boiler and system sludge, boiler external corrosion, cylinders that show signs of leakage and more.

2.81. In the final guidance, we have made significant changes to reflect consultation responses relates to the definition of a boiler 'not functioning efficiently'. The 'Boiler Assessment Checklist' has been amended to include 14 boiler faults, of which 11 are identified as symptoms of a boiler which may not be functioning efficiently. Where any of these faults are identified during a boiler assessment AND as a result of the fault the performance of the boiler is considered to be 'significantly worse than that when the product was new', the boiler may be considered as 'not functioning efficiently'.

2.82. A number of respondents asked that the 'Boiler Assessment Checklist' provided in Appendix 2 of the draft guidance be reviewed in order to reduce the amount of time it takes to complete. Suggestions included providing tick boxes to mitigate this.

2.83. In response, the 'Boiler Assessment Checklist' has been amended to make it more user-friendly in response to concerns that it would take too long for operatives[6] to complete on site. Where practical, text fields have been replaced with tick boxes.

2.84. One respondent commented that 'boiler repair' definitions should be simple and prevent replacement of the entire boiler where a repair instead is possible. This respondent also regarded our concept of 'apparent age' of a boiler as unworkable due to the non-independent judgement of the operator.

[6] For a detailed explanation of what we mean by 'operative' please refer to Appendix 2 of the final guidance

The respondent suggested that we should provide a cut-off to prevent repairs to boilers which may prove 'temperamental' due to boiler age.

2.85. As a result of this view, changes have been made in order to simplify the process for determining whether a boiler repair or replacement is the most appropriate measure. The concept of 'apparent age' has been retained but reduced to a three-point scale. This is in recognition of respondents highlighting the difficulty operatives may have in distinguishing between the original categories, and the potential for inconsistency in the application of this across different operatives. The decision to retain three categories as opposed to one is to allow for cases where the boiler condition is demonstrably better or worse than expected.

2.86. Some respondents did not agree that a warranty for boiler repair should cover the entire boiler, and instead recommended that it only cover the part replaced. One respondent added that a warranty which covers the entire boiler would increase the cost of repairs arguably to a point where very few are cost-effective. Our response to this view is provided under Question 9 of this document.

2.87. Where the draft guidance previously stated that operatives were required to refer to the 'Economic Repair Cost Comparison Tables', the final guidance now includes reference to three situations where this requirement does not apply. This is in recognition of the fact that in specific circumstances, the use of the tables is not necessary. This includes where the cost of repair is shown to be greater than the cost of replacement.

2.88. An additional option has been added to the list of 'exceptional circumstances' when a boiler with a seasonal energy efficiency of 86 percent or more may be replaced rather than repaired. The new option allows for replacement in cases where the cost of actual repair is greater than the cost of actual replacement.

2.89. The consultation responses revealed some confusion amongst respondents regarding the eligibility of boiler replacement measures under HHCRO, where the boilers replaced do not match the definition of a 'qualifying boiler'. In order to clarify that non-qualifying boiler replacements can be eligible under ECO, the introduction to Appendix 2 has been amended so as to point to the relevant section of the final guidance where this is explained.

2.90. The requirement for the assessment and any subsequent repair/replacement to be carried out by the same person or 'operative' has now been removed. Subject to each operative meeting the competency requirements, it is now possible for the boiler work and the assessment to be conducted separately. The 'Boiler Assessment Checklist' has been amended accordingly, to enable up to two operatives to provide a signature against their respective sections of the form.

2.91. Further to requests from respondents regarding clarification on the source of boiler efficiency values to be used, Appendix 2 has been amended to show that SAP /SEDBUK (2009) are the source to be used, as specified by the Order. The 'Boiler Assessment Checklist' has also been updated to ensure that all of the information necessary to determine the efficiency in this way (the SAP Identifier information) must be gathered by the operative.

2.92. In response to concerns that the process for calculating the actual cost of repair may be overly complex for operatives to complete on site, amendments have been made to make the steps clearer and to ensure there is consistency in the approach taken across suppliers and operatives. One of the changes entails listing the factors to be included in calculations of the cost of repair on the checklist. The final guidance also clarifies that, where additional work is required at the time of repair, in order to protect the boiler for the life of the warranty, the costs associated with this work should be included in the actual repair cost.

2.93. We have amended the name of the 'basic system' boiler to 'regular' boiler. Together with the 'combination' boiler, this description is in line with the boiler types identified in SAP. Definitions for each of these two recognised types have been added to the glossary at the end of the final guidance.

2.94. A number of respondents had concerns over the lifetime awarded to boilers in the draft guidance. It is not possible for us to amend the lifetimes attributed to the repair and replacement of boilers under HHCRO, as the lifetime for these measures is set in the legislation. We have referred these views to DECC for its consideration.

2.95. In response to a request for clarification on the eligibility of fuel switching with boiler replacement, a footnote has been added to the final guidance to advise that there is no requirement for replacement boilers to use the same fuel type as the original boiler.

2.96. Some respondents sought the requirement for photographic evidence to be submitted along with Boiler Assessment Checklists. However, it is impractible to link photographic evidence to the boiler in question and use it to confirm the condition of the boiler prior to the visit of an assessor. Therefore we have not incorporated this into the final guidance.

2.97. The definition of a boiler in Appendix 2 has been updated to be consistent with SAP. The list of associated components has been slightly revised to incorporate suggestions made in the consultation responses.

2.98. We noted a valuable point made in the consultation responses regarding the risks posed to vulnerable householders in the event of boiler repair or replacement work being delayed to facilitate auditing. Monitoring and auditing of these measures must include some inspection prior to boiler replacement in order to be effective. However, we wish to reassure all stakeholders that this

will be considered during the design of our monitoring and auditing exercises. We will ensure that monitoring and auditing exercises do not cause boiler repairs and replacement to be delayed.

**Question 9**

What do you consider to be the expected cost of providing a one-year and two-year warranty in respect of a repaired qualifying boiler?

2.99. Eleven respondents answered this question. Six of these respondents requested that their response to this particular question remains confidential.

2.100. Three respondents expressed that warranties should be capped at a maximum value. Of these, one in particular requested that this is done via the 'Economic Repair Cost Comparison tables' in order to keep costs at a reasonable level.

2.101. Our final guidance on boiler warranties has been amended to indicate that warranties should cover boilers for works up to a minimum of £500 or the financial level indicated in the 'Economic Repair Cost Comparison Tables', whichever is higher. This should reduce the financial risk to suppliers in delivering boiler repair measures under HHCRO, which should ensure that the cost of warranty provision is affordable whilst providing protection to customers.

2.102. A number of respondents stated that only repair parts should be warranted, as otherwise repair costs would be unworkable.

2.103. There has been no change made to the final guidance in relation to the requirement for the warranty to cover the full boiler, as defined within the guidance, rather than simply the repaired part. This is essential in order to protect the cost savings associated with the repair across the lifetime of the measure.

2.104. One respondent stated that the repair of a boiler would likely result in a full system service and therefore be of significant cost. This respondent added that the cost would also depend on boiler model and age, thereby complicating assessment.

2.105. Further clarification has been provided in relation to the calculation of actual repair costs, showing that costs associated with works which are considered necessary at the time of repair in order to protect the boiler for the life of the warranty should be included. This addition should ensure that it is cost effective for suppliers to offer boiler repairs, while still protecting the cost savings associated with the boiler repair.

2.106. One respondent suggested that we accept insurance-backed guarantees instead of warranties for repairing a boiler.

2.107. It is not possible to accept insurance-backed guarantees in place of warranties. This is because the legislation specifies that a boiler repair must be covered by a warranty in order to be an eligible measure under HHCRO. We have passed this view on to DECC for its consideration.

**Question 10**

Do you feel that our approach for evidencing AWG eligibility is appropriate? If not, can you suggest an alternative to this approach?

**Affordable Warmth Group (AWG) – Current approach**

2.108. The draft guidance states that suppliers are able to evidence AWG membership by production of copies of the appropriate benefit notices or entitlement documents in order to evidence that a person is a member of the AWG on audit. This requirement relates to HHCRO and the rural sub-obligation in CSCO. The draft guidance also detailed instances where eligibility may be evidenced in a different way, namely through the Energy Savings Advice Service (ESAS) referrals system or where an AWG member is also a member of the Warm Homes Discount (WHD) core group.

2.109. Fifteen stakeholders responded to this question. One respondent strongly agreed with our approach for evidencing AWG eligibility and commented on what they felt was a straightforward and simple process. Two respondents generally agreed with our process, however raised the issue that the handover of sensitive data may raise concerns around data protection. One of these respondents also highlighted that our approach could become 'problematic' with the future planned changes to the benefit system in the form of Universal Credit.

2.110. Twelve respondents disagreed with our approach, stating in particular that personal data relating to domestic customers should not be retained by suppliers. A number of alternative approaches were suggested by these respondents, these are listed below, with an explanation of whether they have been incorporated into the final guidance.

2.111. Some stakeholders suggested that it should be possible to confirm AWG eligibility through a data matching arrangement with the Department of Work and Pensions (DWP) or Her Majesty's Revenue and Customs (HMRC). We have not included this as a specific means of evidencing AWG status, as we are aware that this arrangement is not yet in place and suppliers will need to be able to evidence AWG status via another means should this not be realised. We may consider adopting this method in future, subject to the assessment of a specific proposal.

2.112. A few respondents suggested that a signed customer declaration supported by a sample check at audit approach should be adopted.

2.113. Additionally a few respondents suggested that a domestic customer should sign a declaration to state that the installer or assessor had sighted evidence of that customers AWG eligibility (without an audit check). We are unable to adopt this approach to asses AWG eligibility. However, we have explained that suppliers can ensure that the relevant documents to demonstrate AWG eligibility are made available as part of an audit or monitoring regime by using a declaration confirming the relevant persons eligibility for AWG, **AND** gaining their consent to provide the relevant documentation upon request. We remain open to considering evidence from stakeholders on robust alternative approaches to AWG eligibility.

2.114. One respondent suggested that **all** eligibility checks should be carried out via the ESAS for England in Wales, or local Energy Saving Scotland advice centres in Scotland. We are not in a position to adopt only this approach, as ESAS has been set up primarily as a telephone advice service offering free and impartial energy-saving advice to homes and businesses in England and Wales, with separate provision being made in Scotland. It is a matter for suppliers as to what extent they will use this service to meet this requirement.

2.115. One respondent stated that the Government should provide a list of customers who qualify for support as members of the AWG. This is a suggestion which we have referred to DECC for consideration.

2.116. One respondent suggested that checks on AWG eligibility could be verified through trusted third parties such as charities or local authorities. Whilst we welcome other suggested approaches to evidencing AWG status, and encourage suppliers or other parties to approach us with such suggestions, we are not aware of any other approaches that meet our audit requirements at the moment so have not included any in the final guidance.

**AWG Eligibility**

2.117. Three respondents asked that eligibility be linked to the date of assessment of the property, rather than the date of installation of the measure. One respondent also added that we should implement a requirement that the installation is conducted within 6 months of the date of assessment.

2.118. Whilst we understand that the assessment of eligibility will usually occur at a different time to the date of installation, we have decided not to introduce an additional date to accommodate this concern as this would create another evidence requirement. We have however decided to increase the time period within which the evidence is dated to 18 months prior to the date of completion of the qualifying action.

**Legal consent**

2.119. One respondent requested that agreed wording for legal consent for the provision of data by consumers should be provided in our guidance. We have not included this in the final guidance, as this is a matter for suppliers and should be discussed individually with the company lawyer.

**Universal Credit**

2.120. Four respondents sought guidance on how our approach will change in response to the roll-out of Universal Credits.

2.121. DECC have informed us of their intent to consult on the AWG eligibility criteria following the introduction of welfare reform for working-age benefits. The current benefit-based eligibility criteria will remain unchanged, with a further equivalent group identified under Universal Credit following consultation.

2.122. Our final guidance therefore includes a paragraph stating that we will revise our guidance if amendments are made to the legislation, or once more information on Universal Credits is made available.

**Areas of clarification**

2.123. In the draft guidance, we explained that if a person has already been identified as a member of the super priority group under CERT, or if the person has received payments under the Warm Front Scheme, then this may be a good indication as to whether they are eligible under HHCRO. One respondent felt that this could be confusing as these schemes have now ended. We have therefore removed this paragraph in the final guidance to ensure there is no confusion in this area.

**Question 11**

Do you feel that our approach for evidencing 'householder' is appropriate? If not, can you suggest an alternative, or robust proxy, to this approach?

**Householder**

2.124. The draft guidance specifies what documents we require to be provided on audit for each category of 'householder'. It explains that the definition of 'householder' and the associated evidence requirements differ depending on whether the measure is promoted to a householder in England and Wales, or Scotland.

2.125. Fifteen stakeholders responded to this question. One respondent agreed with our approach and felt that it was a straightforward and simple process.

2.126. Eleven respondents stated that our approach was too onerous and should be reviewed. Several respondents were of the opinion that personal data of domestic customers should not be retained as evidence by suppliers, and that our suggested approach would pose an administrative burden on suppliers. These respondents suggested a number of alternative approaches to evidencing a householder; these are listed below, followed by an explanation of whether we have adopted this approach for the final guidance.

2.127. A few respondents suggested that a self declaration signed by the householder should be sufficient evidence that a person is a householder. We are unable to rely on a self declaration as evidence as this does not meet our audit requirements, and would not be a robust approach with regards to fraud prevention. We have, however explained that suppliers should set up arrangements to satisfy us that the person to whom the measure was delivered was a householder. Specifically, we have stated that a signed declaration from the householder confirming their status should be obtained **in addition** to producing documents upon audit or via a monitoring regime. We have also provided further explanation as to what should be included in this declaration in the final guidance. We consider this to be a suitably robust approach to evidence householder status.

2.128. Some respondents suggested that a self declaration signed by the householder, and supported by a back-office check on a sample of declarations via audit, should be sufficient. This check could be done through Land Registry or, if the householder is not a freeholder or leaseholder, further follow-up checks could be conducted to confirm householder status. While we agree that suppliers are able to evidence freeholder or leaseholder status by production of a Land Registry document confirming this at audit, we are not aware of how other categories of householder could be evidenced satisfactorily at audit through follow-up checks. We have however, stated that suppliers may choose to use a monitoring regime (instead of the production of copies of documents at audit) in order to satisfy us of householder status. We remain open to considering evidence from stakeholders on robust alternative approaches to evidence householder status.

2.129. A couple of respondents stated that if evidence shows that the property does not fall under social housing, then we should assume the individual is a householder for the purposes of ECO, accompanied by a declaration signed by the landlord confirming status. However, we are not aware of any way to evidence that a property is definitely not 'low cost rental accommodation' (England and Wales) or that the tenant is not a tenant of a social landlord (Scotland) without documentary evidence to the contrary and the Order requires these to be excluded under ECO. As such, we have not adopted this approach in the final guidance.

2.130. One respondent felt that using technical monitoring agents, when technically monitoring an installation, to check whether a householder was, in fact, a 'householder', was not appropriate. This respondent commented that gathering such sensitive data would be beyond the scope and purpose of technical monitoring visit. We agree with this comment and have not included this as an option for evidencing householder status. We have however, stated that suppliers can choose to satisfy us of householder status by means of a monitoring regime (instead of the production of copies of documents at audit) and will need to contact us to discuss this further. We remain open to considering evidence from stakeholders on robust alternative approaches to evidence householder status.

**Areas of clarification**

2.131. In the final guidance we have included further information in an Appendix on how suppliers can identify a 'protected tenant' and how suppliers can identify whether a 'tenant' is a householder under the scheme. We have also reviewed a number of paragraphs where some respondents sought clarification.

2.132. We have clarified what alternative evidence is required where householder status cannot be established through the Land Registry. In addition, we have clarified our approach to properties that are part of shared ownership schemes.

2.133. One respondent questioned why evidence that a person living at the property is a member of AWG is not considered sufficient evidence that the individual is also a householder for the purposes of ECO. This is a requirement under legislation, which we have referred to DECC for its consideration.

## Chapter Eight – Calculating Savings

**Question 12**

What are your views on our approach to how suppliers must utilise SAP, RdSAP and associated software?

2.134. Twenty stakeholders answered this question. Several respondents broadly agreed with our approach on how suppliers must use Standard Assessment Procedure (SAP), Reduced data Standard Assessment Procedure (RdSAP) and associated software.

2.135. One respondent had concerns regarding our attribution of calculated savings in cases where we believe that the supplier's calculations are inaccurate. This respondent suggested that any re-attribution of savings should be done in consultation with the supplier, and an independent party should be brought in

to make a decision if an agreement cannot be reached between us and the supplier. If we believe that a supplier's attribution of savings is inaccurate, then we must re-attribute the savings to ensure consumers receive the full benefits of the scheme, and we are specifically required by legislation to do this. As this is a requirement under legislation we are unable to ask an independent party to make this decision. We have referred this view to DECC for its consideration.

2.136. An additional three respondents sought clarification on our process for attributing savings and requested that we provide a timeline for this. We have not included a timeline in the final guidance, however as always we will endeavour to resolve any issues in a timely manner and engage with suppliers on a regular basis. We will review whether it is possible to provide indicative timescales throughout our administration of ECO.

2.137. A few respondents sought clarification on the process for approving bespoke software, including an indicative timeframe for the process. We have provided some information in our guidance however we cannot provide timeframes as we will not be carrying out the testing. Respondents also requested that any approved list of software should be made publicly available on our website as soon as possible. We will consider doing so but it may be more appropriate for the approved software list to be maintained by the company that tests the software.

2.138. A number of respondents disagreed with the in-use factors applied to certain eligible measures, as specified in Table 4 of the draft guidance. These in-use factors are mandated under legislation, and we are therefore unable to amend the in-use factors applied. We have referred all views to DECC for its consideration.

2.139. A number of respondents suggested that appropriate methodologies should be used when RdSAP or SAP could be shown to be inaccurate, however the Order requires the use of SAP or RdSAP where they contain a methodology and therefore we are unable to incorporate this into our final guidance.

2.140. Three respondents felt that our guidance should acknowledge possible development of proposals to recognise 'product differentiation' under the Green Deal. Whilst we welcome this work, we have decided not to refer to it in our guidance because product differentiation mechanisms have not yet been agreed. We will continue to discuss product differentiation with DECC and industry.

2.141. We note that product differentiation is already possible under ECO for boilers via RdSAP, and also for the thermal properties of insulation measures where a supplier can demonstrate the U-value of a product, because the corresponding values can be entered into RdSAP.

2.142. One respondent felt that for properties with multiple wall types we should allow each wall type to be scored in direct relation to the percentage of the external wall it is applied to, rather than carrying out this apportionment within RdSAP/SAP. This respondent added that attempting these calculations within RdSAP/SAP can be so complex that anything gained in methodological accuracy is likely to be outweighed by human error. We agree with this view and have amended the final guidance accordingly.

2.143. Two respondents requested more clarity on scoring boilers to be included in the guidance. This has been added to the final guidance.

2.144. A number of respondents requested clarification on the use of Energy Performance Certificates (EPCs) under ECO. An EPC is required in order to create a Green Deal Assessment Report, which is one of two ways (the other being a chartered surveyor's report) a supplier can show that a measure is 'recommended' under CERO and CSCO. EPCs are not required for HHCRO. We have provided clarification in the final guidance.

**Scoring - lifetimes (bespoke)**

2.145. Three respondents said that the lifetime for solid wall insulation should be the same as the lifetime for cavity wall insulation, because both are awarded guarantees of similar length. However, solid wall insulation is awarded a shorter lifetime than cavity wall insulation because of the exposed position of the installation which leads to a greater risk of damage and affects the durability of the installation.

2.146. Nine respondents discussed the type of guarantees that should be acceptable in order to evidence lifetimes for wall insulation. Seven of these requested that we should provide the criteria for assessing whether a guarantee is suitable.

2.147. Two respondents specifically requested product differentiation for the lifetime of a measure. We have added to our guidance an explanation for how a supplier can apply for a non-standard lifetime for a measure or product.

2.148. The guidance also now contains the criteria that an appropriate guarantee must satisfy including:

- Financial assurance
- Duration
- Coverage
- Quality Assurance

2.149. Two respondents felt that we should require guarantees that are insurance backed as these are regulated by the Financial Services Authority (FSA) and provide additional consumer protection. Whilst we welcome this protection, the requirement in ECO for a guarantee is to support the lifetime of certain measures.

2.150. We have removed the ability to use a clerk of works / building control sign off for tall buildings where it was not possible to get a guarantee. This was only an interim measure while the guarantee industry was developing new products.

**Bespoke feedback on glazing**

2.151. Three respondents disagreed with the requirement for carbon savings associated with replacement glazing measures to only apply to installations that exceed Building Regulation requirements. This is a requirement under legislation, and therefore we are unable to change this in the final guidance. We have referred this view to DECC for its consideration.

2.152. Two respondents requested that a g-value should be specified for the minimum requirements for glazing. The final guidance now contains a suggested g-value of 0.65 and a frame factor of 0.7. These values should be used with a U-value of 1.6 $W/m^2K$. These are suggested values that can be used as inputs to SAP/RdSAP to achieve the minimum energy efficiency standard of Window Energy Rating (WER) Band C.

2.153. One respondent suggested that surveyors should measure and record the actual window areas when carrying out a house survey to ensure accuracy. We have decided not to include this as a requirement under ECO because actual window areas are not always required to fully complete an RdSAP assessment.

2.154. One respondent questioned the application of a 15% in-use factor for glazing. This factor is stated in the legislation and therefore must be applied to all glazing measures installed under CERO and CSCO.

2.155. One respondent suggested that glazing upgrades should not be recognised as measure. Glazing upgrades can be scored using SAP/RdSAP and as long as the requirements of the glazing measure are met then they can be included as a qualifying action under ECO. This has been clarified in the final guidance.

**Question 13**

Do you have any comments on our approach to scoring packages of measures? If suggesting alternatives, please provide evidence on how this will meet the requirement for suppliers to notify us of carbon/cost scores each month**.**

2.156. Twenty stakeholders responded to this question, which returned varied responses.

2.157. There was general support for the scoring system, however many suggested additions or changes to the SAP system in order for it to better suit the ECO scheme, which are explored below.

2.158. Eight respondents gave a range of comments on the order of installation. Six stated they support requiring measures to be scored according to the order of installation of measures whilst only one opposed. One stakeholder noted how the order of installation we prescribed was appropriate except for when all measures are being installed in one day, when the RdSAP default order should be used for accuracy.

2.159. We agree with the view that packages of measures should be scored in accordance with the order of installation. Any other solution is impracticable under the Order. We do not believe we should require suppliers to score measures installed on the same day in the SAP/RdSAP default order because this would add unnecessary complexity to the scoring process. Also, it would mean that a different score would be achieved when two measures are installed on the same day, than if the same two measures had been installed on consecutive days.

**Question 14**

a) What are your views on whether suppliers should be able to infer some RdSAP inputs when scoring measures under the HHCRO?
b) Do you have any suggestions on how this could be done, while ensuring that the savings determined for the measure are accurate and specific to the property in which they are installed?
c) Would this enable the obligation to be delivered more efficiently and effectively? Please provide qualitative and quantitative evidence to support your position.

2.160. Fifteen stakeholders responded to this question.

2.161. Four respondents disagreed with the concept of RdSAP inference. Of these, one respondent stated that RdSAP inputs need to be as accurate as possible and inference would reduce confidence in the calculations meeting the actual savings achieved by the measure. Two of these respondents felt that inferring RdSAP scores would mean creating an uneven playing field for suppliers.

2.162. The remaining respondents were generally supportive however were not sure whether the benefits would outweigh the costs, mainly because a scoring methodology had not yet been devised. As a result, we have decided to remove this section from the final guidance but we are willing to discuss the idea with any suppliers who wish to develop a solution.

2.163. A number of respondents suggested the utilisation of 'sampling' or 'cloning' for EPCs, and asked if this would be acceptable under ECO. We recognise that there are existing guidelines for using a sample of EPC assessments to create EPCs for dwellings of a similar type and construction[7]. This may be an appropriate way to calculate SAP/RdSAP scores for ECO, however we must also ensure the accuracy of an ECO score awarded for the completion of a qualifying action and thereby the accuracy of the inputs to SAP/RdSAP calculations.

2.164. In light of the above, we have included in our final guidance a statement that suppliers may choose to utilise sampling or cloning to produce SAP/RdSAP scores in line with existing guidelines. However, we will still expect that all SAP/RdSAP inputs are accurate and properly represent the premises in question. If technical monitoring or audit of a property shows that information entered into a SAP/RdSAP calculation does not properly represent the premises in question, we will treat the technical monitoring or audit as having failed, even if industry guidelines for sampling were followed.

**Question 15**

We intend to publish all appropriate methodologies immediately after approval on our website. What are your views on this proposal?

2.165. Eighteen respondents answered this question. Of these, ten respondents agreed that we should publish all appropriate methodologies immediately after approval on our website.

2.166. One respondent stated that all appropriate methodologies should be kept confidential.

2.167. Three respondents agreed that all appropriate methodologies should be published to our website, but requested that we provide a 'grace period' of 3, 6 or 12 months respectively before publication. One respondent in particular felt that this would provide more of an incentive to develop new methodologies.

2.168. A few respondents requested that we outline a specific process and timeline for approval of any appropriate methodologies submitted to us. We have not included a timeline in the final guidance, as we consider this to depend on the complexity of the appropriate methodology submitted. However, we will endeavour to review and approve any appropriate methodologies submitted to

[7] A guide to generating Energy Performance Certificates for similar dwellings owned by the same landlord (DCLG, 2008).

us in a timely manner, and will engage with suppliers on a regular basis throughout this process.

2.169. In consideration of the above, we have decided to publish all approved appropriate methodologies to our website immediately after approval. This has been specified in the final guidance.

## Chapter Nine – Monthly Notification of Completed Measures

**Question 16**

Do you feel that our approach to determining the date on which the installation of a measure is complete is reasonable? Are there instances where you think an alternative approach should apply? If so what alternative do you propose?

2.170. The approach in the draft guidance document stated that that date on which a measure is complete for the purposes of monthly notification is the date that the measure is 'handed-over' to the customer. This is expected to be within one month of the installer completing work on the measure. We had decided to allow for this flexibility between the date of handover and completion of installation in order for any remedial works and follow-up checks to occur before the installation is considered to be 'complete' for our purposes.

2.171. Twelve stakeholders responded to this question. Nine respondents felt that our approach was reasonable, with the general view that flexibility should be allowed, particularly in regards to large communal projects such as district heating schemes.

2.172. Three respondents recommended that the completion date for all measures in a package should be the date that the last measure in the package is completed.

2.173. In our final guidance, we have retained our approach to determining the date on which the installation of a measure is complete. We have clarified that packages of measures are not allowed to have the same handover date as the last measure installed, where they have in fact been handed over at different times. We have clarified that only where one type of measure is being installed to properties owned by the same landlord are the measures permitted to have the same hand-over date as the last measure installed. We have decided to retain this approach as it provides sufficient flexibility for suppliers, whereas further flexibility will impact on other key areas of administration such as audit and technical monitoring.

**Areas of clarification**

2.174. One respondent proposed that we should review our approach to focus on "returning the installation site into a reasonable condition". For example, the clearance of debris, scaffolding or similar. This respondent pointed out that a domestic energy user may be unable to deem an installation as complete until the site has been sufficiently cleared by contractors. We have not amended the final guidance to incorporate this as it is important that the date of handover is within a reasonable timeframe of the date of completion of the measure. We consider that a month should be sufficient for any remedial work to be completed and the work site to be cleared.

2.175. One respondent suggested that once the installer registers an installation as complete, that the report should be submitted directly to us rather than the energy supplier. We are unable to accommodate this proposal as the legislation only allows suppliers to notify us of measures under the scheme.

2.176. One supplier requested that proof of installation be held as an electronic signature in core systems. This has been agreed in conjunction with suppliers, and we have incorporated this into the final guidance.

2.177. One respondent suggested that where a secondary measure as part of a package is not completed, but the primary measure has passed the notification date, then the primary measure should still be allowed to be notified. However, it is a requirement under the legislation that a primary measure must be notified in the month after its installation. If the notification date for a primary measure has passed, then an extension for the notification of that measure should be applied for.

**Question 17**

Do you feel that our approach to what we consider as 'administrative oversight' is reasonable? If not, please explain why.

2.178. Thirteen stakeholders responded to this question. Eight respondents broadly agreed with our approach to what is considered as 'administrative oversight'. Three respondents suggested that we should allow an initial period of flexibility on cases where monthly notification has not been submitted due to administrative oversight.

2.179. One respondent felt that there may be exceptions to the list provided in our draft guidance.

2.180. One respondent asked that we provide a comprehensive list of what we consider 'administrative oversight' with regards to the entire supply chain.

2.181. The final guidance retains our approach to administrative oversight, as this allows us to be flexible in cases where a supplier requests an extension. We have instead provided further information around what is a 'reasonable excuse' for clarity.

2.182. One respondent felt that it would be unfair to penalise suppliers on the basis of administrative oversight. However we are required by legislation under article 16(12)(b) of the Order to reject an application for extension on monthly notification where it has been caused by 'administrative oversight'. We have referred this view to DECC for its consideration.

**Other areas**

2.183. Four respondents recommended that we be reasonable with respect to issues out of the suppliers control such as brokerage and third party contracts when considering applications for extensions. Five respondents commented that the one month rule on reporting on installed measure was too onerous to meet and that we should be more flexible with regards to applications for extension related to work carried out through the brokerage system.

2.184. Two respondents also requested that we specify what is considered to be a 'good reason' or 'extenuating circumstance' to justify an extension to the monthly notification deadline.

2.185. As a result of these views, we have clarified our position relating to third parties and brokerage in the final guidance, and have provided further explanation as to what we consider 'reasonable grounds' when submitting an application for an extension.

2.186. In our draft guidance, we stated that monthly notification will be considered complete if the notification includes all the 'core' data we require for each reported measure. In the final guidance we have specified that any missing 'additional (non-core)' data will need to be reported to us as soon as possible, but should be no later than a month after the 'core' data has been submitted. We have also clarified that we will be unable to fully review and process a supplier's monthly notification until any relevant 'additional (non-core)' data is submitted to us.

**Bespoke feedback on monthly notification and reporting**

2.187. Twelve stakeholders raised bespoke issues relating to monthly notifications and reporting.

2.188. Five of these noted that the reports to the Secretary of State should be made public, along with information on individual supplier progress, by type of measure and as a percentage of each supplier's overall Obligation. We have

clarified what information will be included in the monthly report to the Secretary of State, and stated that it will be published on a monthly basis.

2.189. Four stakeholders called for clarity on the issue of "accurate reporting" in paragraph 9.23 of the draft guidance, asking for more specific information for the level of accuracy required and how this relates to brokerage. We have revised the wording of this paragraph to clarify that this refers to the data provided as part of the monthly notification being true, instead of accurate.

2.190. Three stakeholders asked for more information on what information is needed from suppliers, especially when referring to enforcement action if this information is not supplied. We have clarified what information we expect to be provided at monthly notification, and what action we may take in the event of non-submission of this information.

2.191. Two respondents called for a service-level agreement (SLA) for our response timeline. We have stated that we are not in a position to provide SLAs at the moment. While we intend to process the information in a reasonable timeframe, this will be heavily dependent on the quality and completeness of the information provided.

2.192. Three respondents asked for notifications to be accepted at different times of the month, especially during the early stages of the scheme. We have clarified that suppliers are not limited to submitting notifications only once in a month, but that any information submitted over the course of the month will not be processed until after the end of the month.

2.193. Other comments regarding monthly notification and reporting included a request to "bank" measures as the programme progresses rather than awaiting close in 2015; and request for updates on changes to the notification template. With respect to 'banking' of measures, there is no such concept under ECO, instead suppliers will receive confirmation of the carbon or cost savings resulting from their monthly notification that have been attributed, on a regular basis. Suppliers will be informed of any future changes to the notification template as they happen, and updated templates will be available on our website.

2.194. Three respondents raised issues relating to fair processing and data protection. Two of these referred to the privacy notice, the first commenting that it should be more concise and the second asking for clarification on the process on the possibility of the Privacy Notice being passed through the supply chain. We have looked to redraft the Notice where possible, and clarified that suppliers are responsible for ensuring that the Privacy Notice is provided to each customer to whom a measure is installed under ECO. The final respondent noted that the Fair Processing text must refer to DECC, because subject to a request from the Secretary of State for the provision of data derived from monthly notification by suppliers, the data provided will be

shared with DECC. The text in our final guidance has therefore been redrafted accordingly.

## Chapter Ten – Transfers of Qualifying Action

2.195. We did not ask stakeholders to respond to a specific consultation question in relation to transfers and no comments were received on this chapter. We have however updated this part of the final guidance to reflect developments in our IT system (the ECO Register). Notably, we have specified that suppliers should make an application to transfer through ECO Register, rather than via email or by letter. In addition, we have clarified that transfers should relate to qualifying actions which have been approved and had savings attributed. Suppliers wishing to transfer measures before a saving has been attributed should contact us to discuss this further.

## Chapter Eleven – Excess Actions

**Question 18**

Do you feel that this chapter adequately explains what can be considered as an excess action?

2.196. Ten stakeholders responded to this question. Nine respondents agreed that the chapter clearly explains what can be considered as an excess action.

2.197. We have therefore made no significant changes to this chapter of the final guidance, in line with the majority of respondents' views.

2.198. One respondent did not agree that excess Super Priority Group (SPG) CERT cavity wall and loft insulation measures should qualify as an excess action to carry towards the CERO obligation under ECO. This respondent commented that SPG CERT and CERO do not focus on similar target groups. This is a requirement under legislation, and we are therefore unable to change this in the final guidance. We have referred this view to DECC for its consideration.

2.199. One respondent felt that the deadline to submit an application (by 1 June 2013) was inappropriate. This is a requirement under legislation, and we are therefore unable to amend this in the final guidance.

2.200. Some respondents sought clear timelines on applications for excess action to be approved. We will endeavour to process excess actions as quickly as possible, but have not provided timeframes in the final guidance. We will review whether it is possible to provide indicative timeframes throughout our administration of ECO.

2.201. One respondent suggested that excess actions be clearly delineated from qualifying actions when reporting on a supplier's progress towards achieving its obligations. We intend our reports to provide this information.

**Question 19**

Do you agree that our process for making an application for excess actions is clear?

2.202. Ten stakeholders answered this question. Nine respondents agreed that the process for making an application for excess actions was clear. Four of these respondents however requested that we provide a clear timeline on when we will decide on whether a measure qualifies as an excess action, and a timeline on when we will expect to notify suppliers of this.

2.203. One respondent sought clarification on whether a supplier is able to amend an application for excess action if any information submitted is found to be incorrect at a later stage. We have now clarified that a supplier will have the capacity to amend applications to overcome any error.

## Chapter Twelve – End of the Obligation Period

2.204. There was no specific consultation question on this chapter of the draft guidance, however, one respondent provided comment on the end of the obligation period.

2.205. The respondent commented that the requirement to provide a hard copy of applications for re-election in addition to an electronic copy is burdensome. Following developments in our IT system (the ECO Register) we have adopted this proposal in part, and specified that suppliers should apply for a transfer via the ECO Register and that hard copies are not required.

2.206. The respondent also requested that we respond to an application for re-election within 28 days of receipt, suggesting that where we are unable to either accept or reject the application within this time that we provide the supplier with details of our concerns and an indication of what needs to occur before a final decision can be made. As is our practice across all schemes we administer, we will process all applications in a timely manner and liaise with applicants regularly to inform them of progress with their application. In the event that we have concerns or queries regarding an application for re-election, we will liaise closely with the supplier who made the application to resolve these issues and provide details of our concerns, before we determine whether to accept or reject the application. We have not however included specific timeframes in our final guidance.

2.207. Finally, the respondent sought assurance that we will not unreasonably delay a decision to approve or reject an application for re-election. In keeping with

our principles of administration and general duties as a public body, we will process all applications in a timely manner.

## Chapter Thirteen – Audit and Technical Monitoring

2.208. Many respondents provided comment on this chapter and the proposals contained within, in particular the proposals around 'rates of technical monitoring'. One respondent highlighted the difficulty in developing a technical monitoring strategy without the technical monitoring questions in place and therefore suggested removal of this Chapter until the technical monitoring questions are published. We will therefore review this chapter once the technical monitoring questions are complete to ensure that the policies and processes remain effective. Any subsequent changes to this chapter will be notified to stakeholders as soon as possible.

**Question 20**

What are your views on our approach to auditing?

2.209. Fifteen stakeholders responded to this question. Of these, eight broadly agreed with the approach to auditing.

2.210. Two respondents did not expressly agree or disagree with our approach to auditing, but provided a general response stating that any approach used should be robust and of a high standard.

2.211. Two respondents disagreed with the stated approach to auditing, with one arguing that the approach should be simpler and the other adding that the approach seemed disproportionate and therefore was likely to have a negative impact on the delivery of the scheme.

2.212. Three respondents stated that the process was too complex or disproportionate; with one raising the concern that smaller suppliers may struggle with the demands of managing third party contracts.

2.213. Three of the respondent felt that brokerage may be an issue, with two arguing that it gives the supplier less control of the quality of installations and one stating that brokerage measures should not be subject to the same level of scrutiny as other measures. We have not included a separate approach to auditing for installations carried out through brokerage, as we consider that suppliers need to ensure that all measures they wish to contribute towards an ECO obligation are compliant with the Order and our guidance. If, after audit, we find that a measure does not comply with such requirements then that supplier will lose their carbon or cost savings for that measure.

2.214. A few respondents sought 28 days notice prior to audits. We have considered this proposal and will provide two weeks' notice of audit, in line with our current practice under other schemes we administer.

2.215. We have taken into consideration all responses received, and are of the view that our approach to auditing is suitably robust. In addition, it is consistent with our approach in the other environmental schemes that we administer and we have therefore made no significant changes to this section of the final guidance.

**Question 21**

Do you agree with our approach to technical monitoring? If not, do you have any specific comments on how this could be made more efficient?

2.216. Nineteen stakeholders responded to this question on technical monitoring. There was general support for our approach to technical monitoring as a whole.

**Who should conduct technical monitoring**

2.217. In particular, there was broad support for the use of an independent assessor. However, two respondents asserted that it may not be suitable to use an independent technical monitoring agent due to the complexity of the work involved. We have not adopted this proposal as we consider the independence of the technical monitoring agent to be important for maintaining the integrity of the scheme.

2.218. Several respondents also considered that the independent monitoring agent should be 'suitably qualified' or 'competent'. We have adopted this proposal and have now specified this in the final guidance.

2.219. Some respondents suggested that we undertake technical monitoring (instead of suppliers) or adopt joint Ofgem-supplier inspections. We understand that suppliers will always undertake technical monitoring in order to ensure that contracts are properly fulfilled and that installations meet the requirements of the Order. To assist with 'access fatigue' our preference is to tie in with the monitoring suppliers already undertake. We have therefore not adopted this proposal and technical monitoring remains a requirement on suppliers.

**95% Pass Rate for installations**

2.220. Eleven of the responses referred to the 5% technical monitoring of installations, bringing up a number of questions and requests for clarification. This included references to the reasoning behind setting the technical monitoring at 5%. We have adopted 5% for technical monitoring as we

consider that this provides the best balance between providing a sufficient sample to assess installations, without being too onerous on suppliers.

2.221. Two respondents stated that the 95% pass rate was too high, particularly for certain types of measures such as cavity wall insulation. We consider this to be an appropriate standard to ensure proper consumer protection and therefore have not changed this in the final guidance.

2.222. Three stakeholders highlighted a lack of differentiation between major and minor failures with the 5% baseline and argued that the failure rate should be in respect of major (not minor) failures. We have adopted this proposal, subject to further work on the technical monitoring questions, in order to ensure consistency.

**What should be technically monitored**

2.223. There was a call for clarity on the methodology of selecting the 5% on measures to be technically monitored in terms of whether this refers to 5% across all measures as a whole, or 5% of each individual measure. We have therefore clarified these requirements in the final guidance.

2.224. Some respondents asked for monitoring to occur on a 'per installer' basis. We have adopted this proposal and added this to the final guidance.

2.225. A few respondents sought greater clarity on the spread of technical monitoring, for example geographic areas. We have added more detail in the final guidance to explain what we mean by geographical areas.

2.226. Three stakeholders stated that the monitoring should take into consideration the specific requirements as defined by PAS2030. We have taken this view into consideration, and our final guidance asks for extra technical monitoring where measures included in PAS are not installed by a PAS certified installer. This is so that we can be sure that measures have been installed in accordance with the provisions of PAS.

**Rates of Technical Monitoring**

2.227. There were mixed responses to the proposal to have the rates of technical monitoring linked to performance. Many of the respondents strongly supported this proposal and commended this new approach as a way to reward consistently high technical monitoring results. Other respondents argued that it could create additional administrative requirements.

2.228. In addition to this, some respondents examined the proposed levels of monitoring with one stating that 1% monitoring at level one is inappropriate and too low. Other respondents supported this level of monitoring. On balance, we have chosen to adopt this proposal as a way to encourage higher

standards of technical monitoring. However, as noted above, this approach will be reviewed once the technical monitoring questions have been drafted to assess whether it is still an effective approach.

2.229. Finally, some respondents argued that level two monitoring should be at 3%. We have not adopted this proposal as we consider the level applied in the draft guidance appropriate.

**Remedial Work**

2.230. Some suppliers argued that re-inspection of all remedial work is not necessary and the requirement that remedial work be completed within two months sends the wrong message to installers. In the interests of consumer protection, we have not adopted this proposal.

**'No Access' Reports**

2.231. Two respondents sought clarity on the requirements for 'no access reports', with many stating that these reports are not necessary. We have considered these responses and will not require the reports. Suppliers are however welcome to informally provide these reports if they wish.

**Reporting Technical Monitoring**

2.232. A number of respondents requested a standard template be provided for reporting the results of technical monitoring to us. We will examine this further as part of our supplier workshops on the technical monitoring questions.

**Technical Monitoring Questions**

2.233. One respondent noted that the technical monitoring questions should be developed through collaboration between us and suppliers. Technical monitoring questions are currently being developed in this way and will be published to our website in the spring of 2013.

**Question 22**

Are there standards in addition to those contained in the building regulations, that we should require suppliers to technically monitor?

2.234. Fifteen respondents answered this question, with five stating that no additional standards to those included in the building regulations are required.

2.235. Ten respondents stated that additional standards for technical monitoring are required. Of these ten, five respondents referred to the need to use the PAS2030 standards – especially in regards to elements relating to carbon savings. Three of the respondents called for additional technical monitoring, and suggested that ECO should be aligned with the Green Deal Scheme standards. Two respondents suggested that work should be carried out in accordance with any appropriate trade association, manufacturer and system supplier guidance.

2.236. Due to the overlap on issues raised, we have considered these views as part of our wider question on standards (Question 4) and PAS (Question 5) above.

**Question 23**

Do you agree that our approach to fraud prevention is suitably robust (including the submission of prevention/detection proposals at the time of activity proposals)?

2.237. Fourteen stakeholders responded to this question. Of these, eight broadly agreed with the outlined approach to fraud prevention in the draft guidance.

Six respondents did not explicitly agree or disagree with the approach to fraud prevention. Of these six, two stakeholders requested more details or clarification on the approach, in particular on the extent to which suppliers must submit prevention and detection proposals. We have added more detail to the final guidance in order to clarify this, including specifying when the proposals should be submitted to us.

2.238. Stakeholders in this group identified issues in relation to the integrity of the ECO assessments, which should occur both pre- and post- installation. One respondent in particular suggested that the "only way to reduce fraud is for Ofgem's Fraud Prevention and Audit team to be responsible for monitoring [ECO]". Our Fraud Prevention and Audit team will continue to be responsible for auditing of ECO and will liaise with suppliers to ensure they are aware of the requirements. Technical monitoring will be separate to this and should be undertaken by the supplier and the results reported to us (see technical monitoring section above).

2.239. Four respondents touched upon the issue of identifying duplicate measures reported to us, with three stating such checks should be on-going and processed quickly and thoroughly. One respondent stated that identifying duplicate measures is not necessary. We consider such checks as necessary under ECO as without this identification, the volume of carbon reported to us may differ from the actual benefit provided to domestic customers. We therefore adopt the former proposal in the final guidance.

# Appendix 1 – Consultation Respondents

1. Alsecco
2. British Board of Agrément (BBA)
3. Building Research Establishment (BRE)
4. BRE Global Energy Assessor Accreditation and Green Deal Advisors Certification Schemes
5. British Gas
6. British Property Federation
7. British Rigid Urethane Foam Manufacturers (BRUFMA)
8. Carillion Energy Services
9. Certass
10. Chartered Institute of Building
11. Cavity Insulation Guarantee Agency (CIGA)
12. Combined Heat & Power Association
13. Confidential
14. Confidential
15. Confidential
16. Department of Energy & Climate Change (DECC)
17. Diamond Bead Ltd
18. Domestic & General Insulation Ltd
19. EDF Energy
20. Effective Energy
21. Enact Energy
22. Energy Action Scotland (EAS)
23. Energy UK

24. E.On energy
25. Exenergy Ltd
26. First Utility
27. Gemserv
28. Glass and Glazing Federation
29. Heating and Hotwater industry Council (HHIC)
30. Insulated Render and Cladding Association (INCA)
31. Kingfisher Future Homes
32. Kingspan Insulation Ltd
33. Knauf Insulation
34. Llewlleyn Smith
35. Loftzone
36. Mark Group Limited
37. The Mineral Wool Insulation Manufacturers Association (MIMA)
38. Michael Dyson Associates Ltd
39. National Blown Bead Association
40. National Energy Services
41. National Housing Federation
42. National Insulation Association
43. Osborne Energy
44. Ovo Energy
45. Quality Assured National Warranties (QANW)
46. Renocon Ltd
47. Residential Landlords Association
48. Rhondda Cynon Tag County Borough Council
49. Rockwool

50. Rapid Response Investment Management (RRIM)
51. Saint-Gobain Delegation UK
52. Saving Energy UK
53. Scottish Government
54. Scottish Power
55. Sentinel Solutions Ltd
56. South Coast Insulation Services Ltd
57. SSE Energy Supply Limited
58. Starfish Group
59. Sustain Ltd
60. Solid Wall Insulation Guarantee Agency (SWIGA)
61. The Carbon Co-op
62. Tim Starley-Grainger from Westminster City Council (own views)
63. Trustmark
64. United Sustainable Energy Agency
65. Urbanism Environment Design Ltd

# Appendix 2 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

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