



SCOTTISHPOWER
The Energy People

Mr W Broad
ECO team
Ofgem
9 Millbank
London
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Energy Retail

Your ref

Our ref

Date

20 June 2013

Contact/Extension

Dear Will,

Energy Companies Obligation (ECO): Consultation on how to account for the percentage of measure installed when calculating ECO scores

We welcome the opportunity to respond to the above consultation on Ofgem's proposal to change the basis on which suppliers calculate ECO scores where measures are partially installed.

Currently suppliers have two options. They can take explicit account of the partial installation within the Standard Assessment Procedure (SAP) or Reduced Data Standard Assessment Procedure (RdSAP) calculations. Alternatively, they can calculate a score using SAP/RdSAP assuming 100% installation and then multiply the answer by the percentage 'P' of installation (referred to as the 'P' method). Ofgem is proposing to withdraw this second option on the basis that new evidence suggests it is not sufficiently accurate.

Whilst we are reluctant to see further changes being made to the ECO Guidance (particularly if they involve costly and time consuming system changes), we understand the importance of maintaining the accuracy of ECO scores, and ensuring that all suppliers calculate their scores on a consistent basis. We also understand that using the 'P' method does not allow for accurate scoring of multiple measures. We therefore support Ofgem's proposal.

The consultation paper does not say whether the withdrawal of the 'P' method will have retrospective effect. Given the materiality of the differences between the two methods, there is a risk that suppliers opting to use the 'P' method may have benefited commercially, relative to those using the more accurate method. In the interests of maintaining a level playing field, we feel very strongly that Ofgem should require suppliers who have been using the 'P' method to recalculate any scores notified to Ofgem using the more accurate method. This will ensure accuracy and consistency of scoring for all parties from the outset.

Should you wish to discuss this response further, please do not hesitate to contact me.

Yours sincerely,

Gillian Noble
Head of UK Government Obligations