



Association for the Conservation of Energy

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Consultation on requirements for HTTC

Introduction and overarching statement

The Association for the Conservation of Energy aims to reduce overall energy demand to ensure a secure and sustainable energy future. Through our lobbying, campaigning and research we help to achieve sensible and consistent policy, legislation and targets. ACE works to raise a positive awareness of energy conservation and encourage increased investment in all energy-saving measures.

We welcome the opportunity to contribute our views to this consultation, and would like to point out at the start that what pervades Ofgem's proposals is disproportionality. We discuss each of the proposals in turn below, but would like to illustrate how outrageously disproportionate the proposed requirement is for the use of professionals 'independent of the supply chain' (pertaining to proposals 1 and 2). For over 20 years, new buildings' compliance with the building regulations has been verified by professionals (Approved Inspectors) with appropriate qualifications who are mostly not 'independent of the supply chain' in Ofgem's understanding of the phrase as they are usually employed by developers, but who are independent by dint of their professional accreditations and the professional reputations they need to look after. Approved Inspectors verify compliance of whole new buildings, ranging from individual homes to large commercial developments costing into the tens of millions. Against this backdrop, to require 'independence' for a renovation costing into the thousands is wildly disproportionate to the point where we believe it would be easily challengeable in the courts and has commensurately, disproportionately, adverse implications for delivery, as discussed further below.

1 100% verification of narrow HTTC measures

We are of the view that the proposal for 100% independent verification of narrow cavities will result in the entire insulation industry being burdened by the errors made by a minority of participating companies. We support robust action and further safeguards to ensure measures are being applied correctly, but these should be directed towards organisations whose actions are non-compliant, and should not burden the majority of companies who have taken a thorough and robust approach to

ensuring compliance. Such additional and (for most) unnecessary burden on cost, logistics and industry capacity can have a negative effect on the industry's capability to deliver.

Ofgem's proposal for verification will add an additional site visit in every single case which we do not believe is proportionate to the scale of non-compliance and will create the following issues which adversely affect delivery:

- **Timescale and capacity issues:** most 'appropriately skilled' workers for HTTCs are employed by the installer. Mandating them to be supply chain-independent removes their ability to assess their own work despite the fact that they are appropriately skilled to do so. Delivering the workforce of independent appropriately skilled assessors in the short-term would prove a setback for an industry just beginning to find momentum under the ECO, despite numerous other unanticipated legislative and regulatory changes under the Green Deal and ECO framework. The effects would prove particularly adverse for SMEs involved in the supply chain and ultimately would lead to installation volumes dropping.
- **Household disruption and drop-out:** two surveys are currently required prior to narrow HTTC insulation – the EPC and a technical survey to verify the narrow cavity. Unless carried out during the installation process, the proposed changes will mean a third home visit before installation, risking an increase in household drop-out rates. To organise the verification survey to coincide with installation is possible but challenging to implement at scale, and increases the costs resulting from householders missing or delaying appointments as more parties are involved.
- **Cost implications:** administrative costs under the ECO, as Ofgem is aware, are currently too high. We are pleased that Ofgem and DECC are engaging with the industry to reduce this. However, this proposal runs completely counter to this drive, whilst delivering no benefits to the consumer and increasing the already untenably high proportion of expenditure devoted to ECO compliance which takes away from investment in actual energy efficiency measures. Given that DECC's own figures find the majority of unfilled cavities hard to treat, we do not see Ofgem's proposal as necessary, let alone proportionate. We believe that the proportionate, cheaper and simpler approach to ensuring ECO compliance is to remain within the boundaries of the Green Deal and ECO framework's existing control, monitoring and enforcement mechanisms, considered by all stakeholders to be extremely robust.

2 Increased requirements on HTTC measures that require a chartered surveyor's report

We find the first part of this proposal acceptable – namely that the chartered surveyor's report must be dated before the installation of the measure and prepared using Ofgem's template. However, we have serious reservations about the requirement for the chartered surveyor to 'personally assess the site on which s/he is reporting'. We also do not agree with the requirement for the surveyor to be independent of the supply chain.

Existing guidance already stipulates that a chartered surveyor's report is required, and we believe this to be adequate for verifying HTTC. Moreover, chartered surveyors – not least taking into account their high level of qualifications, reputation and RICS accreditation – are already independent irrespective of the source of the source of instruction. Their reputations are at stake each time they issue a report, and we cannot see any reason to place so little trust in their reports. Requiring them to be 'independent of

the supply chain' would add burdens even more disproportionate and unnecessary than the proposal discussed in section 1 above would.

The industry has already invested considerable time and effort in ensuring chartered surveyors' reports are completed in a compliant way. Requiring surveyors to personally assess the sites on which they report has serious adverse effects:

- **Capacity, availability and logistics to meet demand:** we believe it is Ofgem's responsibility to ensure proportionate balance between robust compliance and enabling the market to operate smoothly to meet challenging ECO obligations in the HTTC sector. We believe the effect of the personal site assessment requirement would be catastrophic the volume of HTTC insulation delivered just as the industry is bedding down new working processes. The effects of additional complexity and cost implications can be seen in the slow start the Green Deal has had so far. At present, the capacity and skill levels to deliver this proposal do not exist. This could be built up over a long period of time, but would add disproportionate additional costs to HTTC works. In addition, the extra site visit required would add further costs (and other issues such as higher drop-out rates) similar to (but, given the higher skill level, higher than) those already described in section 1 relating to the additional logistical burden.
- **Additional and disproportionate costs:** we have heard from some of our members' chartered surveyors partners that the personal site visit requirement would lead them to reconsider their involvement in ECO work and apply their expertise in other sectors. Adding this to the limited capacity to deliver personal site visits in the first place, highlights how the cost of contracting chartered surveyors for HTTC work is likely to rise considerably under Ofgem's proposals, pushing verification costs well beyond the realm of remedial costs, with the attendant adverse effects on value for bill-payers' money under the ECO.
- **Timescales of proposal:** given our concerns above, it should be by now apparent that implementing Ofgem's proposal by October 1 is simply unachievable. Whilst our unequivocally overriding view is that Ofgem should reconsider its proposals in general terms based on the points made in this section so far, should Ofgem decide to proceed anyway we urge it to at the very least review and extend the timescale attached to this proposal, including to share with us any discussions that may have taken place with RICS to establish the viability of the proposed timescale. For the time being, given the lead time of cavity wall insulation jobs, the proposed timescale has already led some of our members to scale back their HTTC activity in September out of concern about the possibility of such works being un-submittable. Moreover, given that final guidance on technical monitoring was only issued as recently as July, and that little or no CERO activity has been subject to technical monitoring thus far, we consider it far too early to make an informed decision about the adequacy of current arrangements for dealing with non-compliance. We strongly recommend that time be allowed before such decisions are taken, to ensure that they are known to be proportionate, and that they are made for the right reasons.

3 Increased technical monitoring

We believe this proposal to be acceptable, but only for organisations who have not been implementing existing guidance correctly. Implementing increased technical monitoring on a blanket basis seems to indicate a default position of distrust in the industry and a belief that non-compliant HTTC measures are being widely submitted. We do not believe this to be the case and again urge this decision to be

made on a more informed basis, as well as for it to take into account the fact that post-inspections for narrow cavities are still possible.