

Will Broad
Head of ECO
Ofgem
9 Millbank
London
SW1P 3GE

Sent via e-mail: eco.consultation@ofgem.gov.uk

24th September 2013

Re: Energy Companies Obligation (ECO): Consultation on requirements for demonstrating characteristics of hard-to-treat cavities

Dear Will,

British Gas welcomes the opportunity to respond to this consultation. We are committed to delivering our Energy Companies Obligation in a way that is cost-effective, efficient, and has maximum benefit for energy consumers who are funding it. Additionally, as an insulation installer, we are also mindful of the practicalities of delivering measures in accordance with the legislation and Ofgem's Guidance.

We see hard-to-treat cavity wall insulation (HTTC) measures as an important way for Suppliers to meet our ECO obligations. Furthermore it allows householders who were not able to benefit from having their homes insulated under previous energy efficiency obligations to get their homes treated under ECO, and therefore benefit from a warmer home and lower energy bills.

We appreciate and share the concerns raised by Ofgem that a significant number of HTTC measures notified to Ofgem so far do not meet the statutory definition of a 'hard to treat cavity'. We agree that there must be additional assurance and certainty in the measures installed and the carbon savings claimed. As ECO is a new scheme, additional guidance to the supply chain will clarify Ofgem's requirements and ensure measures are installed correctly, removing uncertainty, and allowing a consistent interpretation and way of working across the entire industry. However any new approach must be proportionate, with additional administrative burden added using a risk based approach rather than applied across the whole industry on every single measure installed.

We believe that we must be able to trust the checks and controls already inherent in the system introduced for ECO. This includes an accredited Green Deal Assessor or Chartered Surveyor recommending the measure, or identifying a property as hard to treat. Installer companies have already invested heavily in accreditation and training of Assessors, with a sample of these surveys being audited by the accreditation body. This is followed by accredited installers installing the measure to BBA standards being backed up by a guarantee that the system designer is happy with. As further protection, there are technical monitoring processes whereby 5% of jobs are independently monitored.

We have investigated the feasibility of your proposed requirements, and discussed in detail with our operations experts, our ECO compliance and reporting team, and our insulation installer partners delivering carbon savings for us. We have a number of concerns regarding your proposals. The

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biggest concern is the feedback from key partners that they are considering suspending HTTC installations for the foreseeable future in light of this consultation, putting in jeopardy our ability to meet our ECO obligations through HTTC.

Date of implementation

We believe it is unreasonable to implement any new procedures for measures being installed from 1st October 2013. Given the average time elapsed between a technical survey and an install is several weeks, the proposed date of implementation would result in a retrospective change. Given that the consultation deadline is the 24th September, Ofgem will require some time to understand responses across the industry before publishing any revised proposals.

100% verification of narrow HTTC measures

We consider the proposal of an additional independent validation of 100% of the depth of narrow cavities as unworkable, costly, and severely detrimental to the experience of customers.

There are insufficient 'appropriately skilled and experienced' persons to be able to carry out these checks, with most being employed directly by insulation installers. They are unlikely to be independent of the supply chain as Ofgem envisage.

Furthermore, the first a Supplier hears about a measure is once we have been notified of the completed measure. The introduction of an additional pre notification step between the technical survey and the install to the Supplier to arrange a verification visit would add an additional administrative burden.

This additional visit would also lead to a poorer customer journey, since the householder would need to be present. We expect this to lead to a higher cancellation rate, with missed appointments further adding to overall costs of delivery.

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

We would support the additional guidance that this clarification and production of a suitable template provides. We believe there must be clear and precise guidance to avoid different chartered surveyors applying a different interpretation of a hard to treat property. However, we consider the proposal that the chartered surveyor must personally assess the site as unworkable.

There is insufficient market capacity of surveyors with the requisite skill level to ensure that a chartered surveyor visits each site. Furthermore, the cost to send such a highly qualified individual to every site would be prohibitive.

Additionally, we do not agree that this person must be independent of the supply chain. The Chartered Surveyor's report is commissioned for and paid for by the installer, not the Supplier.

Increased technical monitoring

Due to the increased complexity of Technical Monitoring (TM) under ECO, CERT TM processes applied for the first half of the year with the new approach for HTTC not applying until after July. As a result, very few jobs have so far been independently monitored under the new regime and we have not yet had the opportunity to see the existing safeguards working.

It is therefore too early to decide whether the established processes of TM are effective or not. We believe these will in time flag up and deal with any instances of non compliance. Adding an additional requirement and level of cost before waiting to see the full results across the whole supply chain is therefore disproportionate. The current TM arrangements already include the mechanism of increasing monitoring levels where an installer has high failure rates.

Our proposed alternative model:

We are therefore proposing an alternative model which we feel is proportionate to the risks faced, and should provide Ofgem with the required level of assurance:

Verification of narrow HTTC measures

1. 100% pre-installation declarations, as proposed by Ofgem. We propose that this can be carried out by an employee of the installer or other appropriate person.
2. Suppliers perform a desk based assessment of a random 10% sample of measures from each installer. This would include a review of the documentation and supporting evidence provided by the installer. We would work with Ofgem and installers to agree a sufficient level of supporting evidence to review.
3. Additional 5% Technical Monitoring rates to be performed post install. If the failure rate per installer is below sufficient levels for 2 quarters, then TM rates can return to previous levels.

Verification of requirements on HTTC measures requiring a chartered surveyor's report

1. Ofgem and industry agree a check list of documentation and evidence required by a Chartered Surveyor to make a HTTC recommendation.
2. Chartered surveyor completes a check list of documentation and evidence that has been provided by a suitably qualified agent on site, but does not have to visit the site personally. The Chartered Surveyor does not have to be independent of the supply chain, ie the Chartered Surveyor's report can be commissioned and paid for by the installer.
3. Technical Monitoring to be carried out as currently – no additional TM rates required over the current guidance levels.

Date of implementation

1. Ofgem to agree required level of documentation and evidence with Suppliers and installers over the month of October.
2. Ofgem publish list of required documentation by 1st November.
3. New requirements implemented for installs from 1st January 2014 – this allows 4-6 weeks for the supply chain to plan and implement the new requirements.

We trust that these proposed arrangements give the additional comfort and assurance that you require for HTTC. This additional guidance will signal what is required to the industry, and we believe that the current arrangements of robust accreditation of surveyors and installers coupled with technical monitoring should minimise any future issues. We are keen to work with Ofgem to develop pragmatic and workable requirements which allow the hard to treat cavity wall insulation industry to thrive.

Yours sincerely,



Chetan Lad

Head of Policy, British Gas New Energy