



Will Broad
OFGEM
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Dear Will

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

E.ON's response.

Set out below is E.ON's response to Ofgem's consultation on the requirements for demonstrating the characteristics of hard to treat cavities (HTTC).

E.ON believes that the proposals as set out by Ofgem in this consultation are unrealistic in terms of the practical outcomes which would result, and the additional visits to the property will add to what is already a challenging customer journey.

E.ON broadly supports and agrees with the alternative solution proposed by Energy UK in its response to this same consultation, i.e. a robust, risk-based approach to the verification of these measures with the flexibility to be able to increase or reduce the level of TM activity based on previous results on an individual contractor basis. This will mean that verification effort can be focussed where empirical evidence shows it is needed most, and will enable suppliers to control their costs associated with additional verification of the measures, ensuring that poor performing installers receive the most scrutiny.

In particular, E.ON fully supports Energy UK's proposal for Ofgem to publish a list of documentation that a chartered surveyor will be required to complete prior to signing off a measure. E.ON would be happy to implement such a process at the earliest opportunity.

Each of Ofgem's proposals is discussed in detail below.

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1. 100% verification of narrow HTTC measures

E.ON welcomes Ofgem's proposal to introduce a narrow HTTC pre-installation declaration which must be completed for 100% of cavities identified as narrow at survey stage. However, the requirement for the person completing the declaration to personally visit each property is unrealistic both in terms of the cost associated with a requirement to visit each property, and the availability of resource needed to carry out these visits.

Instead, E.ON supports the alternative model proposed by Energy UK whereby, in addition to the pre-installation narrow cavity declaration completed by the installer, suppliers will carry out a desk based assessment of the documentation of narrow cavities. If this proposal is accepted, E.ON intends to adopt a statistically robust approach using 95% confidence limits, with both the process and the results being made available to Ofgem.

E.ON also proposes that suppliers should appoint a third party who is independent of the installer to perform pre-installation checks on 5% of properties. We believe that an on site presence will drive the right behaviour in the supply chain.

2. Increased requirements on HTTC measures that require a chartered surveyors report

E.ON agrees with Ofgem's proposal that the chartered surveyor's report for these measures should be dated before the installation of the measures, and that it should be prepared using the revised report template (or an approved equivalent).

E.ON does not support the need for the chartered surveyor to personally visit each site before work is signed off. However it does support a requirement for Ofgem to publish a complete list of documentation that the chartered surveyor will be required to personally check prior to signing off a measure. In addition, the chartered surveyor should visit a random sample of 5% of the properties involved, as per Energy UK's alternative proposal.

E.ON also propose that suppliers should appoint an independent third party to perform 5% on-site pre-installation checks by visiting the property for remedial and non-standard hard to treat cavity measures.

3. Increased technical monitoring

E.ON does not agree with Ofgem's proposal to increase technical monitoring across the board. The adjustment of the additional 5% to perform mid-installation checks for all relevant HTTC measures will not, in E.ON's opinion,

achieve the desired results or drive the correct behaviour.

E.ON broadly supports the principle of increased TM as outlined in Energy UK's response whereby suppliers will increase their TM activity to 10% for the relevant HTTC measures with the flexibility to reduce this to 5% following three consecutive months of achieving the 95% pass rate as per the Supplier Guidance, on an individual installer basis. If that installer falls below 95% pass rate for technical monitoring, the percentage technical monitoring would again increase on a sliding scale up to 10%. The key here is that tightening or loosening of technical monitoring regimes should be performed on an individual installer basis, using a risk-based approach rather than a broad brush approach applied to all installers, irrespective of whether there is any evidence that they have not determined the HTT category correctly. The extra costs associated with increased TM should be passed back to the installer, subject to the terms of contracts between suppliers and installers.

Implementation Date


E.ON agrees with Energy UK that Ofgem's proposed implementation dates are unworkable, and agrees with the revised implementation dates proposed by Energy UK. However it is essential that, should a supplier be in a position to implement the proposed new regime early (i.e. before 1 January 2014), Ofgem should recognise this by ensuring that HTTC measures notified under this new regime are not treated as at present, and that they are seen as being valid measures that can be assessed for approval. Suppliers should confirm to Ofgem as soon as they have implemented this regime in order to provide Ofgem with a date whereby the differing approach to these measures can be identified.

Methodology to determine a narrow cavity post installation

In addition to the points set out above, E.ON believes that Ofgem should work with the relevant technical bodies to ensure that there is consistency in the methodology to assess the width of a cavity, including agreeing what is an acceptable tolerance. Only once this methodology is agreed and understood by the industry will there be certainty between what is and is not a narrow cavity. The site audits carried out by BRE on behalf of Ofgem have set a standard in the collective mind of the industry that an average of 60mm would be acceptable as a narrow cavity. This position is at variance to Ofgem's requirements at this time. It is essential that Ofgem document and publish on its website an audit methodology for site verification of narrow HTTC wall insulation to ensure that there is no room for debate around what constitutes a qualifying measure. Narrow cavity wall measures that have been notified before Ofgem publish a definitive methodology should be assessed and approved in accordance with the standard set by the BRE in their audit of these measures earlier this year.

In addition, a swift resolution to those measures currently “on hold” should be a priority for Ofgem once this consultation is complete to enable suppliers to sensibly plan for the remainder of ECO.

Yours Sincerely



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