



Heating, Insulation & Renewable Energy

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Will Broad
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Ofgem
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12th September 2013

Dear Mr Broad

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

Having installed over 100,000 measures over the life of previous schemes (e.g. EESoP, EEC and CERT), KNW welcomed the opportunity to act as a partner to obligated energy companies, helping them to deliver their respective ECO obligations. Whilst the evidence-based activities for ECO, as determined by Ofgem, have required energy efficiency installation companies and energy providers to adapt their systems, processes and thinking, we believe that, for the large part, the rigour required to ensure value for money was justified and an accepted requirement within our industry.

Based on the guidance from Ofgem, we have worked tirelessly with our energy company partners to create robust processes that meet the needs of the Order, ensuring that the activity carried out by suppliers will achieve their obligations whilst providing the evidence that is required to support such activity, including the delivery of HTTC measures.

We note the "Proposed requirements for demonstrating cavity characteristics: to apply for measures installed from 1 October 2013", and we welcome the opportunity to comment on the proposals below:

1. 100% verification of narrow HTTC measures

We employ a multi-skilled and trained workforce of technical surveyors and insulation installers with many years of experience in assessing the fabric of domestic properties. We contend that the proposed requirement for narrow HTTC surveyors to be either 'an employee of the supplier' or 'independent of the supply chain' would be a disproportionate response to problems noted by Ofgem regarding purported HTTC measures installed since the launch of ECO.

Our people have the skill set and experience to accurately determine narrow HTTCs and, by removing installers' ability to self-assess customer properties, we believe that the pace of CERO would falter as our industry lacks the capacity to provide sufficient independent verification. Additionally, it is clear that implementation of the proposed requirement would not support a smooth and efficient customer journey, with an additional survey visit required (independent of the EPC and technical survey visits currently included in the ECO process for customers), and the potential for delays to the process. Significantly, independent verification of narrow HTTCs would

also increase cost pressures on installation organisations, with an associated knock-on effect on final price to service the obligation.

2. Increased requirements on HTTC measures that require a Chartered Surveyor's Report

Based on the changes proposed on 27 August 2013, we accept that the Chartered Surveyor's Report:

- Should be dated before installation of the measure
- Must be prepared using the revised Ofgem Chartered Surveyor's Report template
- Must be prepared by either a Chartered Building Surveyor or a Chartered Surveyor who has qualified through the residential survey or valuation pathway, and is independent of the supply chain

Indeed, we are delivering HTTC measures to our energy supplier partners based on these requirements, working with independent, fully-qualified Chartered Surveyors who are verifying HTTC at hundreds of properties on behalf of the supplier and ourselves, based on visiting a proportionate (and RICS-endorsed) sample of identical archetypes, and we are providing an auditable and fully-compliant pack of evidence for each and every property in scope.

Under the proposed changes, we are concerned that the Chartered Surveyor would have to "personally assess the site on which s/he is reporting", as this requirement would have far-reaching consequences for ECO – in terms of the cost to deliver CERO and the pace at which the obligation could be delivered. The cost of a Chartered Surveyor providing an individual assessment for every property where an HTTC measure is required would be extremely prohibitive (based on direct conversations with our partners, the cost of delivery could rise fivefold from current rates), and would cause logistical issues for customers, installers and energy suppliers alike as the process would require additional visits and increased administration time to serve each property.

3. Increased technical monitoring

We believe that the original Order requirement for audit and technical monitoring is sufficient for the purposes of ECO.

In Conclusion

Whilst we accept Ofgem's need for a robust and compliant process to ensure that HTTC measures are correctly delivered into CERO, we believe that the changes proposed would represent a disproportionate response to the failings noted from an element of the measures submitted to date. We contend that, as the industry has developed since ECO's inception, we are providing compliant and verifiable HTTC measures that will meet the submission requirements previously set by Ofgem.

We believe that the original guidance is adequate for this purpose, and that the industry at large should be supported and trusted to operate within the control mechanism already laid down. The additional rigour proposed on 27 August 2013 would stifle the delivery of CERO measures and prevent energy suppliers from meeting their targets, whilst increasing costs for insulation installers (an industry just now coming out of an extremely challenging period), and consequently the costs of delivering the ECO scheme.



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We are concerned that the timescales indicated within this consultation are extremely tight and that the changes proposed would have serious consequences for the insulation industry. We would ask that Ofgem reconsider its position on these matters, and also address the timing of any changes that would be implemented.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Armstrong'. The signature is fluid and cursive, with a long horizontal line extending to the right from the end of the name.

Ross Armstrong
Managing Director

On behalf of KNW Partnership Limited