



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

Mark Group Response

Summary

Mark Group welcomes the opportunity to comment on this consultation. We do not believe that the proposed requirements are practical or proportional to the perceived problems and if unmodified will have major consequences to the cost to consumers of ECO as costs will rise by an estimated £150 to £400 per HTT job and to the success of ECO itself as it makes hitting the targets much harder.

This will be the 3rd amendment to Ofgem's guidance in less than a year and follows only days after the implementation date of the last amendment. The proposal that only Energy Suppliers can contract with Independent Verifiers will result in delays due to Energy Supplier procurement processes. On past experience this could take 6 months which loses a winter and all the potential jobs which could have been completed and all marketing costs already expended. Existing pipelines of work will have to be halted and customers who have signed up will not be insulated before this winter.

The second part of the proposal that 1) Chartered Surveyors and 2) Narrow cavity verifiers need to visit 100% of jobs is again not viable. We do not believe that there are enough chartered surveyors, qualified and willing to take on this work to provide even national coverage.

We have in our detailed responses below given our suggestions to resolve your concerns while minimising, cost and disruption to customers and the Industry.

Who We Are

The Mark Group is a nationwide company, with over 2,000 employees, dedicated to delivering a 'whole house' solution to energy efficiency.

We help make over 6,000 homes more energy efficient every week from our 15 regional locations and are the largest deliverer of ECO measures. Our portfolio has expanded in recent years to include an increasingly popular and proven range of

energy saving products. Our services are tailored for individual homeowners as well as builders, architects, local authorities and government bodies.

We have invested heavily in the last few years and as an active supporter and promoter of all the recent initiatives such as Green Deal, RHI and FIT. We are a Green Deal Provider, Green Deal Assessor – with one of the largest teams of approved Assessors and a Green Deal Installer for a wide variety of measures including Solid Wall Insulation, HTT CWI Insulation, standard CWI Insulation, Loft Insulation, Gas Heating systems, Solar Thermal systems, Solar PV systems and Heat Pumps. We also provide these services to non-domestic customers along with our in-house Low Energy Lighting systems and Controls.

Response to specific proposals

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

We agree with the proposal that

- a) The proposed chartered surveyor's report should be dated before installation of the measure.
- b) Prepared using the revised Ofgem chartered surveyor's report template or equivalent
- c) The chartered surveyor who writes the report be either a chartered building surveyor or a chartered surveyor who has qualified through the residential survey or valuation pathway.

We do not believe that the chartered surveyor needs or can be independent of the supply chain without the whole process grinding to a complete stop. If Energy Suppliers were to directly fund these 3rd party chartered surveyor companies or individuals they would have to go through their formal procurement processes. From experience this could take at least 6 months and in some cases never happen before the end of the current ECO obligation. It could easily lead to significant areas of the country having little or only periodic coverage.

The disruption to existing work identified and arranged would lead to a large number of jobs being cancelled or postponed. In the worst case this could mean the loss of the entire winter workload of up to 100,000 HTT CWI jobs.

Chartered Surveyors are regulated by RICS whose professional code of conduct cover, conflicts of interest and RICS members who have participated in the "ECO Assessor" programme have also received specific training in HTTC.

Consequently, we believe that where a Chartered Surveyor who is preparing a report of verifying a HTTC is a member of the RICS ECO Assessor scheme, or equivalent and subject to Regulatory oversight they already have the necessary professional independence.

Therefore subject to a requirement that remuneration is not subject to the results of an assessment we believe Installers should be able to work directly with Chartered Surveyors.

We do not agree that the Chartered Surveyor needs to visit each site but should be able to rely on evidence, including completed HTT Property Assessment Form, photographs which could be date and location (GPS) stamped. There are even GPS enabled boroscopes which can show the inside of the cavity.

The Chartered Surveyor should decide on the evidence produced for them the number of sites he needs to visit. An alternative would be to require say a 5% minimum site visit by the chartered surveyor.

100% verification of narrow HTTC measures

Introducing a new requirement for mandatory independent 100% physical verification of Narrow Cavities seems to be disproportionate.

We are aware that currently this category is not subject to any independent oversight though it can be checked after installation without invalidating the CIGA guarantee.

At the Mark Group we have set up a system, since 1st May 2013 that all HTT CWI jobs are subject to a second inspection by our specialised team of verifiers who complete a second detailed survey prior to the job being programmed.

Similar to HTT Chartered Surveyors proposals above we do not believe that Energy Suppliers should be the only groups who can contract with an independent agent.

We propose that narrow cavities be treated the same as the other HTTC which require a Chartered Surveyor Report and the same process that we have proposed above.

For Narrow Cavities we require Ofgem to give a definitive definition of what qualifies and how it should be measured, including tolerances. This is required as so far Ofgem guidance has already been amended twice-see below. We are happy to take part in any Industry collaboration prior to Ofgem issuing the definitive definitions.

The SI only states that a Narrow Cavity has to be < 50 mm
Ofgem's initial guidance - Consultation on ECO Guidance dated 23rd November 2012.
5.15 All cavities which are less than 50 mm wide are hard-to-treat

In Guidance published 13th March 2013 effective from 1st May 2013.
5.14i A wall that has a section of cavity which is less than 50 mm wide is a hard to treat cavity wall. Each wall of a property should be treated separately.

In revised Guidance 1.1 published 17th July 2013, effective from 1st August –

5. 14i. A wall that has a section of cavity which is less than 50mm wide is a hard-to-treat cavity wall. The width of the cavity should be measured from the outer face of the inner leaf to the inner face of the outer leaf. The measurements should not be taken between mortar snots to determine that the cavity is less than 50mm.

5.4iiv Where a section of cavity has been measured and found to be less than 50 mm wide a record must be retained to identify the location of this measured section.

Timescale for adoption of above measures

While we understand Ofgem will need to carry out additional validation until it has its new processes in place the proposed implementation date cannot be put in place by 1st October. We would suggest that Installers can voluntarily start using the new system from as early as they can put systems in place and the mandatory start date be 1st December 2013.