



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

Consultation Response

1. Background & Issue

The introduction of ECO and inclusion of “Hard to Treat Cavities” (HTTC) as a primary measure under CERO has created the need to assess and classify properties according to complex guidance¹. This guidance was initially consulted on in November 2012 and finally published in March 2013, and included details of the evidence that Suppliers were required to make available to Ofgem on request.

In the case of HTTC this was specified as the Chartered Surveyors report (where required) and evidence of application for an appropriate Guarantee. Since this time the Guidance has been further revised and augmented and, in the case of narrow cavities, the July 2013 revision introduced a requirement to record the location of the section of sub 50mm wall and clarified that the measurement should be made face to face. As a consequence it is clear that there has been considerable uncertainty over the evidential requirements and classification of HTTC.

Against this background we understand that Ofgem carried out a desktop study looking at the eligibility of HTTC measures notified up to June 2013. This highlighted a significant degree of doubt over the accuracy of HTTC notifications, predominantly with regards to the HTTC classification, and resulted in the need for Ofgem to carry out further documentation and eligibility checks prior to attributing savings to a measure. This has created a hiatus in installations and contributed to a backlog of 28,000² notified measures, up slightly from July.

Whilst investigation of filled cavities is technically possible and does not necessarily invalidate any Guarantee³ in order to address these concerns Ofgem published a consultation document considering additional evidence required to demonstrate the characteristics of a HTTC; including increased verification based on mandatory site visits by verifiers who are independent of the supply chain and an increased rate of technical monitoring.

In responding to this consultation we have therefore taken account of these background concerns, whilst also recognising the need for proportionality and impacts on the customer journey, capacity and delivery costs.

¹ Energy Companies Obligation (ECO): Guidance for Suppliers

² Energy Company Obligation (ECO) Compliance Update August 2013, predominantly HTTC

³ CIGA Technical Bulletin, Investigation of Filled Cavities v1, March 2013

2. Specific Proposals

2.1. Notified Measures

We welcome the intent to introduce requirements covering HTTC that provide clarity to participants and allow for standard procedures for processing notified measures. However, we also believe that any proposals should include firm timelines for decisions in relation to notified measures that are subject to additional checks, and would suggest that these be completed by end October 2013.

2.2. Documentation

We welcome the intent of improving the consistency and quality of documentation to support HTTC and in this regards note that RICS have recently launched the “ECO Assessor” initiative and register which includes terms of certification incorporating the RICS Rules of Conduct together with standard terms of engagement. These specify the contractual arrangements and documentation to be provided to certified ECO Assessor Chartered Surveyors whether appointed by a contractor or other participant and including:

- A Hard to Treat Property Assessment form recording all pertinent details and substantially of the form of the CIGA HTT assessment template and including details of the BBA Registered HTT Assessor who completed the property Assessment.
- Photographic evidence to support the classification as HTT.
- Confirmation of the Cavity Wall System it is proposed be installed, the installation technique and reference to the relevant technical Approvals.

We feel that this introduces a welcome degree of oversight and standardisation that will make it easier for all participants to ensure that appropriate documentation is available to support claims.

2.3. Independence

The proposed amendments introduce a new requirement that the Chartered Surveyor or narrow cavity verifier is independent of, and not remunerated by, the supply chain. This is a concern because circa 75% of cavity wall measures are actually delivered by contractors and this would involve a significant review of contractual arrangements.

Furthermore, our understanding is that Chartered Surveyors are regulated by RICS, whose rules of conduct cover, for example, conflicts of interest. Additionally, RICS members who have participated in the “ECO Assessor” programme have also received specific training in HTTC and operate under a standard form of engagement.

Consequently, we believe that where a Chartered Surveyor who is preparing a report of verifying a HTTC is a Certified member of the RICS ECO Assessor scheme 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 do not believe it is necessary to restrict the opportunity to work with suppliers, contractors or other members of the supply chain.

2.4. Individual Assessment by Chartered Surveyor

It is proposed that a new obligation to visit and personally assess each property be introduced. This raises a number of concerns, including:

- The customer journey and impact of a further visit.
- Additional delivery costs, which we estimate at £200 per property visited.
- Delivery capacity and availability of sufficient appropriately qualified assessors.

We believe that this is not necessary if appropriate evidence is available, is augmented by local knowledge and the Chartered Surveyor has received training in HTTC. Therefore we would propose that this requirement does not apply where a RICS member has received specific training in HTTC and is registered under the RICS “ECO Assessor” programme (or equivalent).

This would ensure that where the Chartered Surveyor has the demonstrable expertise to make an assessment based on the standardised documentation then a visit would not be necessary unless the documentation was insufficient to allow them to make an assessment.

2.5. Narrow HTTC Verification

It is clear that Narrow cavities have been subject to the greatest uncertainty regarding measurement and classification. We also understand the need to ensure that notified measures are eligible and that the correct documentation is available.

However, in considering this we note that as highlighted by the desktop study the concerns largely relate to the classification of narrow cavities on the basis of the available documentation rather than eligibility as a HTTC measure. Therefore introducing a new requirement for mandatory 100% physical verification of Narrow cavities seems to be both disproportionate and ineffective in addressing the main concerns identified.

However, we also note that currently this category is not subject to any independent oversight and would therefore propose the following alternative routes:

- I. Review of documentation and verification of classification by a Chartered Surveyor such that:
 - The Contractor provides standard documentation as defined in the RICS ECO Assessor standard terms of engagement.
 - A Chartered Surveyor who is a member of the RICS ECO Assessors programme independently reviews and verifies the classification against the documentation.
 - A Visit by the Chartered Surveyor would only be necessary in the event that the available evidence, coupled with local knowledge, was insufficient to substantiate the claim.
 - Consideration of additional risk based and targeted requirements where a particular Installer, Assessor or Chartered Surveyor is associated with a high level of eligibility non compliances in monitoring.
- II. Measurement of Cavity Width to be carried out by a certified Green Deal Assessor, who may be an employee of the Contractor and assess the building for suitability for installation of CWI at the same time so minimising consumer inconvenience.

2.6. Timescale

We share Ofgem's desire to ensure that arrangements are put in place quickly to allow for continuity of work, particularly in the lead up to the key Autumn demand generation window. However, we believe that the proposals as published would require significant changes to current contractual arrangements, which would take some considerable time to implement.

Conversely, we believe that the approaches outlined above would allow existing delivery models to be developed and strengthened, allowing a much faster implementation. Therefore we would suggest that the proposals could be introduced on a voluntary basis from 1st October, with mandatory adoption from 1st November 2014.

NM – 24/9/2013