



**Solarwall**  
Clean, green energy for life

**12<sup>TH</sup> September 2013**

## **OUR RESPONSE TO THE OFGEM CONSULTATION ON REQUIREMENTS FOR DEMONSTRATING CHARACTERISTICS OF HARD-TO-TREAT CAVITIES**

### **OUR HISTORY**

Solarwall have been trading for over 36 years supplying cavity wall and loft insulation as a core service of our company to the householder in Yorkshire, Teesside and Humberside. Our turnover has been in excess of £5m with a workforce of over 80 staff.

We have gone through all the changes of the original “Cashback” grants system to HEES, EEC and CERT and we embraced the changes from the move into ECO and Green Deal.

The company suffered severe cashflow problems in the earlier part of the year and we made over 30% of our employees redundant due to the delay in the start up of ECO. Cashflow was such an issue that we had to sell a development property at a considerable loss to ensure the survival of the company in such trying times as we received very little help from the bank.

Our turnover is now only forecasted at £2.5m with 40 staff it is our intention to be supportive of ECO & Green Deal to ensure the company can grow again but the proposals being put forward in this consultation casts doubt on our ability to survive once again with such immediate proposals putting financial strain and pressure on the company.

We have always been one to embrace change so as soon as the funding under ECO was made available we ensured that we had tight procedures and processes in place to ensure that the eco guidance notes were followed.

We attended various workshops with InstaGroup, the NIA I personally sit on the NIA traditional measures council to ensure that we fully understood the implications of the ECO guidance and what was required by the utilities to ensure that the carbon we were claiming was accepted and within the legislation.

We believe that ECO & Green Deal can deliver considerable energy efficiency improvements to the householders in the UK over the next 10 years

## **THE PROPOSALS**

We believe that these proposals may have a drastic affect on the insulation industry and it will certainly have an affect on our business. We have ensured in our own business that our staff are well briefed on the complex procedures of ECO and that they follow the guidance as published by Ofgem. We have ensured that our own technical monitoring team understand the implications of not abiding by the guidance notes and have set up quality procedures to ensure that all staff can follow the procedures correctly and not to manipulate the system.

As we are part of the InstaGroup we have our own installations quality checked and monitored and we consider that Ofgem should focus on the companies that manipulate the rules to their own means and that any extra compliance and monitoring should apply to these companies. Ofgem reported that the physical audits of narrow HTTC found that the majority of the measures did not meet the statutory definition of a HTTC, but we have no information on the sample size or whether it was a few installers or many.

The proposals come without warning and without representation from CIGA or the NIA. Taking into consideration the magnitude of the proposal and the effect they will have on an industry which is just about the turn the corner this may have a further effect of shrinking the industry once again.

### **100% verification of narrow HTTC**

We have within our company very forceful procedures to ensure that the surveyors and the GDA's assess whether a cavity is deemed narrow or not, this is doubly checked by the installation teams and all these procedures are monitored by our own Technical Team and that of Instagroup.

The proposal suggests a person of "appropriate skill and experience" but what is this-it is unclear as to the exact requirements and as such this will create more confusion within the industry.

If the "appropriate skills & experience" person has to be removed from the supply chain then how will we access these people? The current infrastructure and ability to deliver this in the short term through independent assessors does not exist and the industry will stall once again as we wait for the necessary sector to train up. Increasing costs will force the company to consider whether it is a viable marketplace and if other insulation companies have the same view this would have an impact on the governments targets to reduce CO2 emissions.

We are already using trained GDA's to confirm the narrow cavities once it has been verified by a senior surveyor and these GDA's are obviously monitored already by their certification body and cannot afford to make mistakes as it is their livelihood.

The effect of these immediate proposals would be as follows:

- This change would result in our own work stopping in mid flow as we would need to set up new contracts with Chartered Surveyors, new procedures for our surveyors and GDA's and just when the company is slowly getting back on its feet.
- It would incur additional costs with increased fees of the Chartered Surveyors having to be paid as I cant see this being swallowed by the utilities.
- Logistics would be extremely difficult in liaising with a third party to be in attendance on the installation not to mention the customer perception of all the excess monitoring of the Company. It will create a poor client relations and an increase in the cancellation rate of the orders. Our existing process is two survey visits before installation, however if a third visit is necessary or during installation this will be difficult to organise with a third party and will cause disruption to the householder and again increase in costs if the third party misses or delays their appointments.

### **Increased requirements on HTTC measures that require a chartered surveyors report**

Proposal that the CSR

- Must be dated before the installation of the measure
- Prepared using the Ofgem CSR template

We are in agreement with these proposals above

### **Proposal that the CSR must personally assess the site on which she/he is reporting.**

Again this will have an impact of slowing down not just our company but the whole the industry just when we had established robust working procedures, generating enquiries and established good customer relations that have enabled the company to start trading again.

The impact of CERT stopping and being unable to trade caused upset within our local marketplace and clients enquiring about insulation had to be put on hold until ECO was up and running. This has caused bad publicity and poor client recognition on insulation within our area as ourselves and our competitors were unable to service genuine enquiries on insulation. We have slowly built up client confidence in the insulation systems

Our comments are as above in that it would increase costs, create further logistical problems and create customer dissatisfaction with possible missed appointments and delays in installation

There are insufficient skills and capability within the CS industry to provide the necessary labour force to implement this immediately. This would cause delays in approving work, delays in installation, unnecessary client delays just when insulation is imperative in the winter months. Delay means no work for our installing crews which in turn slows the company growth just when we were beginning to trade.

The proposal to implement this from the 1<sup>st</sup> October causes us serious concerns as to whether we can trade past this date.

### **Increased Technical Monitoring**

This proposal should be introduced on companies who have failed to meet the required standards and compliance levels as detailed in the Ofgem guidance. Ofgem obviously has the responsibility to ensure compliance and action should be taken against companies not meeting those standards but not where companies have been working to and executed the compliance correctly.

We firmly believe that companies who “abuse” the system to should be penalised

It appears that there is a certain amount of industry mistrust and Ofgem have assumed that all companies working within ECO are “working the system” to their own financial gain which is not the case.

### **Conclusion**

We fully understand the need for strict compliance but we believe these proposals would have a devastating affect on not just our business but the whole insulation industry. We are supportive of further corrective and monitoring action but only where evidence suggest such an company has failed to comply with the existing ECO guidance