

The Department of Energy and
Climate Change
3 Whitehall Place
London
SW1A 2AW

Email: eco@ofgem.gov.uk

Date: 11 March 2014

Dear Sir/Madam

Response to *The Future of the Energy Company Obligation: Consultation Document* (published on 5 March 2014)

- 1.1. We wish to provide a response on specific aspects of your consultation¹ in our capacity as the Administrator of the Energy Companies Obligation (ECO). This response looks solely at the changes to the ECO Order² that are proposed to have effect by reference to 1 April 2014 and are listed in Annex A of the consultation.
- 1.2. This response sets out our understanding of these changes based on the information you have provided in this document. Where possible we explain how we expect to administer ECO if a proposed change becomes law in the form it is described in the consultation.
- 1.3. We may provide a further response on other aspects of the consultation at a later date.
- 1.4. *In this consultation response, where we refer to sections of the ECO Guidance for Suppliers (version 1.1) ('the ECO Guidance') we are referring to the current version, published 17 July 2013³. Please note we will soon publish a revised version of the ECO Guidance updated to take account of amendments to the ECO Order (known as 'ECO 1.1') currently before Parliament.*

Installing measures in expectation of a proposed change becoming law

The consultation states that:

- As indicated above, we propose that certain changes should have effect by reference to 1 April 2014. However, if these changes are made, the amending legislation will not be in place until later in 2014. Ofgem will continue to administer ECO in accordance with the current ECO Order, until the amendments are made. *[page 9, consultation]*
- For the purposes of clarity, Annex A details the proposals which relate to 1 April 2014. The Government will decide whether to proceed with the proposals described in this

¹ *The Future of the Energy Company Obligation: Consultation Document*, available at: <https://www.gov.uk/government/consultations/the-future-of-the-energy-company-obligation>.

² The Electricity and Gas (Energy Companies Obligation) Order 2012.

³ Available at: <https://www.ofgem.gov.uk/ofgem-publications/75775/energycompaniesobligationecoguidanceforsuppliers-version11.pdf>.

consultation document, including the proposals listed in Annex A, after the consultation has closed and responses have been considered. The Government cannot take any responsibility for activity undertaken in reliance on these proposals in advance of final decisions being taken and the implementing legislation being made and brought into force. [page 9, consultation]

- 1.5. The consultation notes at page 9, that the Government will decide whether to proceed with the proposals described, including the proposals at Annex A, after the consultation has closed and responses have been considered. It is therefore possible that the proposed changes that we discuss in this response will not become law. This response should not be understood as an assurance that a proposed change will become law.
- 1.6. Assuming a proposed change does become law, it is possible that the new law will not precisely reflect the change as it is described in the consultation. This response should not be understood as an assurance that any new law giving effect to a proposed change will precisely reflect that change as it is described in the consultation.
- 1.7. We cannot promise to administer ECO in the way described in this response, because we do not know how any proposed change will be expressed in law. This response only explains how we expect to administer ECO were the proposals in the consultation to become law – and is not intended to operate as guidance. It is possible that we will administer ECO differently to better reflect our statutory function under any new law. If the ECO Order is amended we will provide guidance on the changes (including any changes relating to measures installed from 1 April 2014) and we will engage with stakeholders on the development of that guidance.**
- 1.8. A supplier or installer that installs an energy efficiency measure in expectation of a proposed change becoming law should take account of the possibilities described above.**

Changes proposed to have effect by reference to 1 April 2014

- 1.9. Annex A of the consultation lists the changes proposed to have effect by reference to 1 April 2014. These being:
 1. Levelisation mechanism under the carbon emissions reduction obligation (CERO)
 2. Loft insulation as a primary measure under CERO
 3. Easy-to-treat cavity wall insulation as a primary measure under CERO
 4. District heating as a primary measure under CERO
 5. Eligibility for the carbon saving community obligation (CSCO)
 6. Eligibility for the rural sub-target of CSCO.
- 1.10. We will discuss each of these proposed changes separately below. After discussing the proposed changes, we will comment on:
 - Notification of interim measures
 - Technical monitoring of interim measures.

1.11. Under each heading, we extract the relevant statements from the consultation. These statements are highlighted in the grey boxes below.

1. Levelisation mechanism under CERO

To enable energy suppliers who by the end of March 2014 have delivered primary measures which account to more than 35 percent of Phase 1 and 2 of their current CERO obligation to have an uplift of 1.75 applied to the primary measures above that 35 percent threshold. Activity carried forward from CERT / CESP would be excluded from this uplift. In the case of SWI, [the Government proposes] to calculate for each energy supplier, the delivery profile required to meet the SWI minimum threshold by 2017, and consequently the 'expected delivery profile' required to meet the threshold up to 31 March 2014. Then only delivery above this level would be permitted to count towards the 35 per cent levelisation threshold. This uplift would only apply to primary measures under CERO and not to CSCO or Affordable Warmth. [Extract from page 64, Annex A, consultation.]

The consultation states that:

- Companies who by the end of March 2014 have delivered primary measures which account to more than 35 per cent of Phase 1 and 2 of their current CERO obligation would have an uplift of 1.75 applied to the primary measures above that 35 percent threshold which are installed by the end of March 2014. [page 34, consultation]
- The Government's proposal is therefore to establish a cut-off for installations completed by 31 March 2014. [page 34, consultation]

The Government has stated that it will consider alternative ways of achieving the effect of this proposal (see page 36 of the consultation). The following paragraphs seek only to clarify two phrases that are used in the description of this proposal: 'primary measures under CERO', and 'installations completed by 31 March 2014'.

1.12. The Government proposes that the uplift will apply to primary measures under CERO. These measures are explained at paragraph 5.7 of the ECO Guidance. In summary, primary measures under CERO are:

- a. Insulation of a hard-to-treat cavity;
- b. Solid wall insulation (including the insulation of park homes).

1.13. Government proposes that the uplift will only apply to installations completed by 31 March 2014. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.

1.14. For the purposes of notification suppliers can use the date of handover as the date of completion⁴. However, where the installer finishes work on a CERO primary measure by 31 March 2014, the supplier can choose to use the date the installer finishes work on the measure as the date of completion (rather than the date of handover). In these instances, the notification deadline is the end of April 2014.

1.15. For these measures to be considered as having been completed by 31 March 2014 the supplier should take the following steps:

⁴ As explained in paragraph 9.6 of the ECO Guidance.

- ensure that the installer completes a *Declaration of Completed Installation*⁵ and records the date they finished work on the measure. This document must be made available on request (for example for the purposes of audit); and
- when notifying the measure, ensure that the date the installer finished work on the measure (and not the date of handover) is recorded in the field 'Date of Completed Installation' in the *ECO Notification Template (version 1.2)*⁶.

1.16. The supplier will need to notify these measures by the end of April 2014 regardless of whether 'handover' to the consumer has occurred before notification.

2. Loft insulation as a primary measure under CERO

To allow loft insulation installed from 1 April 2014 to be included as an allowable primary measure under CERO with the expectation that a high standard of checks for lofts will be maintained. [Extract from page 64, Annex A, consultation]

The consultation states that:

- Loft insulation (including both virgin and top-up loft insulation) and standard cavity wall insulation measures installed from April 2014 should be eligible as primary measures under CERO. *[page 17, consultation]*
- All references to measures "installed" after 1 April 2014 means where the relevant installation is completed after this date. *[page 9, consultation]*
- The eligibility rules, as set out under the current legislation, on measures under CERO would continue to apply to the new primary measures. So to qualify under CERO loft insulation will have to:
 - a. be a recommended measure;
 - b. improve the insulation properties of the premises; and
 - c. comply with PAS 2030.*[page 18, consultation]*
- For loft insulation as a new primary measure Government recognise that a de-minimis level for the depth and area of the insulation is appropriate to ensure optimal treatment prior to triggering secondary measures. We therefore propose that to support the 'secondary measure' status of another measure loft insulation must be:
 - a. installed in lofts which currently have less than or equal to 150mm of insulation (to a level of at least 250mm of insulation); and
 - b. installed to at least 50 per cent of the total area of the loft.*[page 18, consultation]*
- Secondary measures will be required to be installed within six months of loft insulation treatment to be eligible. *[page 18, consultation]*

⁵ Available at: <https://www.ofgem.gov.uk/ofgem-publications/59023/energy-companies-obligation-eco-example-declaration-completed-installation.pdf>.

⁶ Available at: <https://www.ofgem.gov.uk/publications-and-updates/eco-notification-template-v1.2>.

The following paragraphs assume that the above proposals become law and reflect our proposed approach in those circumstances:

- 1.17. Loft insulation includes (1) insulation to an un-insulated loft, and (2) top up insulation to an insulated loft.
- 1.18. To be eligible as a primary measure under CERO, loft insulation installations must be completed on or after 1 April 2014. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.
- 1.19. Loft insulation must be a recommended measure. Currently there are two ways a measure can be recommended – either in a Green Deal Advice Report (GDAR) or in a report by a chartered surveyor. Further information about recommended measures can be found in Chapter 4 of the ECO Guidance.
- 1.20. Loft insulation must be carried out in accordance with:
 - a. the provisions of PAS 2030; and
 - b. the Building Regulations and any other regulations that relate to the installation of loft insulation.
- 1.21. Further information about standards relating to installation of a measure can be found in Chapter 4 of the ECO Guidance.
- 1.22. Any secondary measure connected to a loft insulation measure must be installed at the same property, by the same supplier and within six months of the loft insulation.
- 1.23. Loft insulation installed as a primary measure under CERO will only support the 'secondary measure' status of another measure if the loft insulation is:
 - a. installed in lofts which currently have less than or equal to 150mm of insulation (to a level of at least 250mm of insulation); and
 - b. installed to at least 50 per cent of the total area of the loft.
- 1.24. We anticipate that we will require suppliers, when notifying us of loft insulation primary measures under CERO, to state that these de minimis rules have been met. We therefore recommend that suppliers retain information relating to the matters described at paragraph 1.22 a and b above.
- 1.25. Loft insulation that is (1) installed in a loft which has more than 150mm of insulation present, or (2) less than 250mm in depth (and where Building Regulations allow), may still be a primary measure under CERO. However, in this case, the loft insulation will not be sufficient to support the 'secondary measure' status of another measure.
- 1.26. See paragraphs 5.8 and 5.9 of the ECO Guidance for more information about secondary measures under CERO.
- 1.27. As for all measures, suppliers must install 100 percent of a loft insulation measure at a premises unless there are reasonable grounds for not doing so. Further information about the proportion of installation that must be completed can be found in Chapter 5 of the ECO Guidance.

3. Easy-to-treat cavity wall insulation as a primary measure under CERO

To allow insulation of easy to treat cavity walls installed from April 2014 to be included as an allowable primary measure under CERO. [Extract from page 64, Annex A of consultation.]

The consultation states that:

- Standard cavity wall insulation installed from April 2014 should be eligible as a primary measure under CERO. Therefore, the current differentiation between hard-to-treat and standard cavities would be removed, with all forms of cavity wall potentially eligible for treatment under CERO. *[page 17, consultation]*
- All references to measures “installed” after 1 April 2014 means where the relevant installation is completed after this date. *[page 9, consultation]*
- The eligibility rules, as set out under the current legislation, on measures under CERO would continue to apply to the new primary measures. So to qualify under CERO cavity wall insulation will have to:
 - a. be a recommended measure;
 - b. improve the insulation properties of the premises; and
 - c. comply with PAS 2030.*[page 18, consultation]*
- For cavity wall insulation as a new primary measure we propose that a de-minimis level for the area of the insulation is appropriate prior to triggering secondary measures. We therefore propose that to support the ‘secondary measure’ status of another measure cavity wall insulation must be installed to at least 50 per cent of the total exterior-facing walls of the premises. *[page 18, consultation]*
- Secondary measures will be required to be installed within six months of loft or cavity wall insulation treatment to be eligible. *[page 18, consultation]*

The following paragraphs assume that the above proposals become law and reflect our proposed approach in those circumstances:

- 1.28. We understand that this proposed change will remove the distinction between hard-to-treat and standard cavities, and thus allow all cavity wall insulation to be eligible as a primary measure under CERO.
- 1.29. To be eligible as a primary measure under CERO, cavity wall insulation installations must be completed on or after 1 April 2014. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.
- 1.30. Cavity wall insulation must be a recommended measure. Currently there are two ways a measure can be recommended – either in a GDAR or in a report by a chartered surveyor. Further information about recommended measures can be found in Chapter 4 of the ECO Guidance.
- 1.31. Cavity wall insulation must be carried out in accordance with:
 - a. the provisions of PAS 2030; and

- b. the Building Regulations and any other regulations that relate to the installation of cavity wall insulation.
- 1.32. Further information about standards relating to installation of a measure can be found in Chapter 4 of the ECO Guidance.
- 1.33. Any secondary measure connected to a cavity wall insulation measure must be installed at the same property, by the same supplier and within six months of the cavity wall insulation.
- 1.34. Cavity wall insulation installed as a primary measure under CERO will only support the 'secondary measure' status of another measure if the cavity wall insulation is installed to at least 50 percent of the total exterior-facing walls of the premises.
- 1.35. Cavity wall insulation, installed to less than 50 percent of the exterior-facing walls may still be a primary measure under CERO. However, in this case, the cavity wall insulation will not be sufficient to support the 'secondary measure' status of another measure.
- 1.36. See paragraphs 5.8 and 5.9 of the ECO Guidance for more information about secondary measures under CERO.
- 1.37. As for all measures, suppliers must install 100 percent of a cavity wall insulation measure at a premises unless there are reasonable grounds for not doing so. Further information about the proportion of installation that must be completed can be found in Chapter 4 of the ECO Guidance.
- 1.38. We anticipate that we will require suppliers, when notifying us of a cavity wall insulation measure as a primary measure under CERO, to state that these de minimis rules have been met. We therefore recommend that suppliers retain information relating to the de minimis levels at each installation.
- 1.39. Insulation of a hard-to-treat cavity is already a primary measure under CERO and as such suppliers can continue to deliver and notify such measures ahead of this proposed change becoming law. All current requirements for insulation of a hard-to-treat cavity would continue to apply for those measures installed under the current legislation. Further information can be found in Chapter 5 of the ECO Guidance and in the ECO Supplementary Guidance on Hard-to-Treat Cavity Wall Insulation published on the Ofgem website⁷.

4. District heating as a primary measure under CERO

To allow district heating connections made from 1 April 2014 to be included as an allowable primary measure under CERO. [Extract from page 64, Annex A, consultation.]

The Consultation Document directly states that:

- Currently under CERO, connections to a heat network (i.e. a District Heating System as defined under the ECO Order) only qualify as a secondary measure, meaning that, to be eligible, one of the primary ECO measures must be installed as well as a connection to a networked heating scheme. [page 19, consultation]

⁷ Available at: <https://www.ofgem.gov.uk/ofgem-publications/84197/ecosupplementaryguidanceonhard-treatcavitywallinsulation.pdf>.

- The Government therefore proposes that allowing connections to heat networks installed from 1 April 2014 qualify as a primary measure under CERO. *[page 19, consultation]*
- All references to measures “installed” after 1 April 2014 means where the relevant installation is completed after this date. *[page 9, consultation]*
- Where a heat network scheme is installed as a primary measures under CERO it does not need to be a recommended measure. This is consistent with current requirements for District Heating System measures in ECO. *[page 20, consultation]*
- In line with the current rules of CSCO, which are designed to ensure that the benefits of such schemes are maximised by ensuring that homes to which they are delivered have a certain minimum level of insulation, we propose to provide that a connection to a heat network, under the CERO obligation, can only be made to premises which have loft or wall insulation. *[page 20, consultation]*
- We do not propose to set a deminimis level for district heating connections to support secondary measures. Furthermore, secondary measures installed with a district heating connection can be installed at any point during the obligation period. *[page 20, consultation]*

The following paragraphs assume that the above proposals become law and reflect our proposed approach in those circumstances:

- 1.40. To be eligible as a primary measure under CERO, district heating system (DHS) connections must be completed on or after 1 April 2014. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.
- 1.41. DHS connections installed for the purposes of ECO do not require recommendation, ie they do not have to be recommended in a GDAR or a chartered surveyor’s report.
- 1.42. DHS connections are not referred to in PAS 2030 and as such these measures do not need to be installed in accordance with PAS. The installation must be carried out in accordance with Building Regulations and any other regulations that relate to the installation of the measure. Further information about standards relating to installation of a measure can be found in Chapter 4 of the ECO Guidance.
- 1.43. Under CSCO, a DHS connection may only be installed at premises where either the loft or walls have been insulated. Our approach to this under the current Order is explained at paragraph 6.9 of the ECO Guidance. For a DHS connection to be eligible as a primary measure under CERO the same legislative requirement will apply. We do not know whether any new legislative requirement will be drafted in such a way to exclude the broad definition of ‘loft insulation’ that we adopted for the purpose of a DHS connection under CSCO. (That broad definition is set out at paragraph 6.9.1 subparagraphs a., b. and c. of the ECO Guidance).
- 1.44. See paragraphs 5.8 and 5.9 of the ECO Guidance for information about secondary measures under CERO. Any secondary measure related to a DHS connection must be installed at the same property and by the same supplier. However there will be no requirement for the secondary measure and DHS connection to be installed within 6 months of each other – it is sufficient that each be installed before the end of the obligation period.

- 1.45. No de minimis rule applies for district heating connections to support the 'secondary measure' status of another measure.

5. Eligibility for CSCO

To extend the CSCO element of ECO from the bottom 15 percent to the 25 percent lowest areas on the Index of Multiple Deprivation. These changes are proposed to apply for measures installed from 1 April 2014. [Extract from page 64, Annex A, consultation.]

The consultation states that:

- The Government proposes to increase the number of areas that qualify for CSCO (referred to as "areas of low income" in the ECO Order) from the lowest 15 percent to the lowest 25 percent of low income areas. [page 21, consultation]
- The methodology adopted to identify small geographical areas remains the same, with adjustments made to extend the most deprived areas from 15 percent to 25 percent of settlements (both urban and rural). [page 69, Annex C, consultation]
- The Government proposes that this change should apply in respect of measures installed from 1 April 2014 to March 2017. [page 21, consultation]
- All references to measures "installed" after 1 April 2014 means where the relevant installation is completed after this date. [page 9, consultation]
- [The approach would] continue to be applied, to all households in an eligible area, regardless of tenure in England, Wales, and Scotland. [page 21, consultation]
- The policy on adjoining areas will not change, i.e. measures can be installed in specified adjoining areas that adjoin areas of low income. This would include the proposed extended areas of low income. [page 22, consultation]

The following paragraphs assume that the above proposals become law and reflect our proposed approach in those circumstances:

- 1.46. In this part we use the term 'existing area of low income' to refer to the areas that are eligible for CSCO measures under the existing ECO Order. We use the term 'new area of low income' to refer to the additional areas that the Government proposes will be eligible for CSCO measures from 1 April 2014.
- 1.47. An extended list of CSCO areas of low income is published in *The Future of the Energy Company Obligation: Small Area Geographies*⁸ on DECC's website alongside the consultation. This list includes both existing and new areas of low income.
- 1.48. To be eligible under CSCO, a measure in a new area of low income must have its installation completed on or after 1 April 2014. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.
- 1.49. See Chapter 6 of the ECO Guidance for information about adjoining installations. Adjoining installations may be installed in areas adjoining the new areas of low income. To be eligible as an adjoining installation under CSCO, a measure in a 'new adjoining area' (ie an area that adjoins a new area of low income) must have its installation completed on or after 1 April 2014. As above, the installation of a

⁸ Available at: <https://www.gov.uk/government/consultations/the-future-of-the-energy-company-obligation>.

measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.

1.50. Chapter 6 of the ECO Guidance, specifically paragraphs 6.6 to 6.9, discusses the requirements for measures to be eligible as CSCO measures.

6. Eligibility for the rural sub-target of CSCO

To extend and simplify eligibility requirements for the CSCO rural sub target for measures installed from 1 April 2014. The qualifying criteria for the CSCO rural sub obligation would be simplified by allowing suppliers to deliver against this sub-target to any domestic property located in the poorest quarter of rural areas, as well as to people living in rural areas who are members of the Affordable Warmth Group. [Extract from page 64, Annex A, consultation.]

The consultation states that:

- [DECC] proposes to extend and simplify eligibility requirements for the CSCO rural sub target by allowing suppliers to deliver against this sub-target to any domestic property located in the poorest 25% of rural areas, as well as to households living in rural areas that are in the Affordable Warmth Group. *[pages 21-22, consultation]*
- The methodology used to identify the CSCO eligible *rural* areas within each nation, includes:
 - a. extracting all small areas identified as rural as per above criteria;
 - b. ranking the rural areas from least deprived to most deprived;
 - c. taking the most deprived 25% of small areas as being CSCO eligible.*[page 70, Annex C, consultation]*
- These changes are proposed to apply in respect of measures installed from 1 April 2014. *[page 70, Annex C, consultation]*
- All references to measures "installed" after 1 April 2014 means where the relevant installation is completed after this date. *[page 22, consultation]*

The following paragraphs assume that the above proposals become law and reflect our proposed approach in those circumstances:

1.51. The existing means of achieving the rural sub-obligation will continue to be available to suppliers – see paragraphs 6.10 to 6.12 of the ECO Guidance for information about delivering CSCO measures to members of the Affordable Warmth Group living in a rural area. For this purpose, a 'rural area' is defined in the way described at paragraph 6.12 of the ECO Guidance.

1.52. The Government proposes that suppliers may also use an alternative means for achieving the rural sub-obligation. A supplier may achieve the sub-obligation by installing measures in areas that the Government identifies as being in the poorest 25 percent of rural areas. Measures installed using this alternative means do not need to be delivered to members of the Affordable Warmth Group. A list of these

areas is published in *The Future of the Energy Company Obligation: Small Area Geographies*⁹ on DECC's website alongside the consultation.

- 1.53. To be eligible under the CSCO rural sub-obligation, a measure installed according to this new means of achieving the rural sub-obligation must have its installation completed on or after 1 April 2014¹⁰. The installation of a measure is deemed to be complete on the date that it is capable of delivering savings at, or around, a level that is to be expected for that measure. This will normally be the date on which the installer finishes work on the measure.
- 1.54. Chapter 6 of the ECO Guidance, specifically paragraphs 6.6 to 6.9, discusses the requirements for measures to be eligible as CSCO measures.

Notification of interim measures

The consultation states that:

- [DECC proposes] that certain changes should have effect by reference to 1 April 2014. However, if these changes are made, the amending legislation will not be in place until later in 2014. [page 9, consultation]
- [DECC] proposes that, if these proposed changes are made, measures installed (for the purposes of this document installed in this context means installation completed) from 1 April 2014 onwards should be able to be reported to Ofgem within one month of the change in legislation coming into effect; [DECC state they] will include provisions within the amended legislation in order to facilitate this. [page 9, consultation]

The following paragraphs assume that the above proposals relating to the eligibility of measures under CERO and CSCO become law and reflect Ofgem's proposed approach in those circumstances:

- 1.55. In this part and the next we use the term 'interim measure' to refer to a measure:
- a. falling within the scope of the proposed changes to eligibility under CERO and CSCO; and
 - b. completed before those proposed changes become law.
- 1.56. The ECO Order currently requires a supplier to notify us of a completed measure by the end of the calendar month after the month in which the installation of the measure was completed. Where a supplier installs an interim measure, the supplier will not be able to notify the measure in the normal way (i.e. in the month following installation). Government proposes to amend the ECO Order to allow suppliers to notify interim measures within one month of amending legislation coming into force.
- 1.57. Suppliers should not use the ECO Register to submit interim measures until the proposed changes have become law. Interim measures submitted before this time are, in legal terms, being notified under the existing legislation and we would be required to assess the interim measures against the existing legislation.
- 1.58. We will work with suppliers to identify the information that will need to be submitted with notifications of interim measures.

⁹ Available at: <https://www.gov.uk/government/consultations/the-future-of-the-energy-company-obligation>.

¹⁰ If not delivered to a member of the Affordable Warmth Group.

Technical monitoring of interim measures

1.59. Suppliers are currently required to conduct technical monitoring on measures notified under ECO – see Chapter 13 of the ECO Guidance for information about this requirement. We require technical monitoring of each category of measure.

The following paragraphs assume that the above proposals relating to the eligibility of measures under CERO and CSCO become law and reflect our proposed approach in those circumstances:

1.60. The Government has proposed that a supplier will be able to notify an interim measure within one month of amending legislation coming into force. Our current requirement for technical monitoring will apply to the interim measures notified at this time – and will apply in the following way.

1.61. We will require technical monitoring of 5 percent of all interim measures falling within each category of measures.

1.62. We will require the report of technical monitoring of interim measures to be submitted approximately two months following the statutory deadline for notification of interim measures.

1.63. We will require technical monitoring to be completed using our technical monitoring questions. Suppliers should use the technical monitoring questions in force at the time monitoring is undertaken. We recommend that monitoring is conducted to the ratios listed in the 'Summary table of monitoring required' in the ECO technical monitoring questions.

1.64. Existing technical monitoring requirements remain in place for measures notified under the existing ECO Order, as described in Chapter 13 of the ECO Guidance. For the purpose of reporting on technical monitoring of ECO measures completed during the quarters running from 1 April to 30 June 2014, 1 July to 30 September 2014 and 1 October to 31 December 2014 suppliers should not combine reports on:

- a. interim measures completed during these quarters; and
- b. ordinary measures (i.e. measures eligible under existing legislation) completed during these quarters.

1.65. We will respond to the results of technical monitoring of interim measures in the same way we respond to the results of ordinary measures (described in paragraph 13.40 of the ECO Guidance).

Concluding comments

1.66. Until the new legislation comes into force, we will continue to administer the scheme in accordance with current legislation. Measures completed in line with current legislation should continue to be notified to us as per the current requirements set out in the ECO Guidance.

1.67. We will publish this response on our website.

Yours sincerely

Christopher Poulton
Deputy Managing Director, E-Serve