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Dear Stakeholder

## **Supplement to Ofgem's request for further information on hard-to-treat cavity measures installed before 1 January 2014.**

This supplement provides further information about the review that obligated energy companies must undertake to satisfy Ofgem of the accuracy of hard-to-treat cavity (HTTC) measures installed before 1 January 2014. The requirements for the review are described in the letter sent to suppliers on 31 October 2013<sup>1</sup>.

We expect the review of HTTCs installed in 2013 to be carried out thoroughly so the results accurately reflect the nature of the HTTCs reviewed. This includes using all available and appropriate information, whether held by installers or the energy company, to determine whether each HTTC is an eligible HTTC measure.

To date we have not made a determination on the outcome of this process for any obligated energy company. This supplement provides further information about the review being conducted by energy companies. In the future we will provide further information about how we will use the results of the review to decide whether to attribute savings to each of the HTTC measures installed in 2013.

### **1. Timing of decisions**

The process described in the letter of 31 October 2013 did not have a deadline associated with it as energy companies had different volumes of HTTCs to review and we took into account that it would take a significant amount of time for documentation to be delivered from the supply chain.

We intend for the HTTC review of measures installed in 2013 to be completed by **31 October 2014**. It is important that we receive full results by 31 October 2014 in order to finalise our savings decisions in sufficient time for energy companies to (i) transfer or re-elect measures before 30 April 2015 and (ii) ensure delivery of their obligations, taking the impact of the review into account.

By 31 October 2014 we expect to have full results from all energy companies. We note that this allows energy companies twelve months to complete the review. Before this date we will accept results from suppliers where they are satisfied that a full review has been conducted. Once we receive the full review from a supplier we will be able to process the

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<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/88232/energycompaniesobligationecoahard-treatcavitymeasuresinstalledbefore1january2014lettertosuppliers180614.pdf>

results and make our determination of the measures that have passed and failed the review.

As stated in the letter of 31 October 2013 we may commission an audit of the documentation or technical audits at any time. If our review shows that the results are unreliable, we may decide that we have not been provided with the required information for the purpose of attributing savings to the measures.

## **2. Documents considered in the documentation review**

The documentation review is conducted by reviewing relevant documentation relating to the measure and completing a standard template issued by Ofgem. Training for auditors was also carried out for this process to ensure consistency of review. Once results are submitted to us we check the template has been completed correctly.

The documents that can be reviewed for each measure type are listed below.

### **Narrow cavities:**

The review required the width of the cavity to be determined by reviewing any relevant documentation where the cavity width would be stated. This included:

- pre-installation survey; and/or
- any other relevant documents such as a chartered surveyor report or initial property assessment form (the type of document must be specified in the template).

### **Cavities requiring non-standard materials or techniques or remedial works:**

These sub-categories of HTTC require a chartered surveyor report to meet the statutory definition. This was the subject of the review. A template containing the minimum requirements for this report was published on 8 March 2013<sup>2</sup>. These requirements were also specified in the open letter, *'ECO: documents and data to be made available to Ofgem on request; general information about some legislative provisions of ECO'*<sup>3</sup> published 13 November 2012.

Under the documentation review the chartered surveyor report associated with a measure was assessed against these minimum requirements. Where the report confirms the original HTTC category notified (ie that the cavity wall is not suitable to insulate (i) with standard materials or techniques or (ii) without substantial remedial works to the building) but does not contain all of the minimum requirements for a chartered surveyor report then the result is a 'conditional pass'. See section 3 for further information.

## **3. Conditional passes**

Where some of the minimum supporting information required in the ECO Guidance was missing or incorrect, this triggered a condition attached to the pass result in the spreadsheet used for the documentation review. This means the pass result would stand subject to further information being made available to address the issue identified.

We would like to take this opportunity to clarify our position on 'conditional passes'. Where a chartered surveyor report accompanies the measure and it contains all of the following information then it will be considered as a pass:

Measures notified as cavities requiring non-standard materials and techniques:

- the report confirms that the measure is not suitable to insulate with standard materials or techniques;
- a reason is provided (the auditor is not expected to evaluate the particular reason); and

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<sup>2</sup> <https://www.ofgem.gov.uk/publications-and-updates/chartered-surveyor-report-hard-treat-cavity-wall-insulation>

<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/88472/superseded-energycompaniesobligationeco-evidence.pdf>

- a material or technique is recommended (the auditor is not expected to evaluate this material or technique).

Measures notified as cavities requiring remedial works:

- the report confirms that the measure is not suitable to insulate without substantial remedial works;
- details of the remedial works are provided (the auditor is not expected to evaluate the reasons); and
- the report confirms that an additional four work hours are required.

#### **4. Narrow cavities that are less than 40mm wide**

The purpose of the documentation review is to assess whether HTTC measures meet the statutory definition of HTTC set out in the ECO Order. The width of the cavity was identified through reviewing documentation associated with the measure. The documentation review spreadsheet is designed to flag insulation measures installed to cavities less than 40mm wide as a fail requiring further investigation. This is because we were aware that these measures can be difficult to insulate in accordance with relevant standards.

We confirm that for the purpose of the documentation review and site audits these measures will be considered as a pass and therefore meet the statutory definition of a narrow cavity which is less than 50mm wide.

#### **5. Site audits where 'partial passes' are discovered**

'Partial passes' are measures where some walls of a property are found at site audit to meet the definition of a narrow cavity (less than 50mm) and where some walls do not meet the definition.

In our guidance document (v1.1)<sup>4</sup> which took effect from 1 August 2013 it was clarified that each wall of a property must be considered separately and therefore for the full property to be claimed as a narrow HTTC measure there must be a section on every wall where the cavity width is less than 50mm. For measures installed before 1 August 2013, we expect that a minimum of one narrow measurement on a property was provided as evidence that the property was a narrow HTTC.

When conducting the site audit component of the review, auditors record cavity measurements for each wall of a property.

We confirm that for the purpose of the documentation review and site audits a measure will be taken to meet the statutory definition for narrow cavity, where at least one wall is narrow. In such cases:

- the measure retains 100% of its savings; and
- any associated secondary measures remain eligible under ECO.

#### **6. Notifying a supplier of a decision to refuse or revoke approval**

Following the outcome of the review we will approve the measure or either refuse or revoke approval. However, there is also the opportunity for measures to be reclassified as a different sub-category of HTTC than the original notification. Any measures that are suitable for reclassification will be identified through the documentation review spreadsheet.

Measures that are identified as failed HTTCs can be considered for re-election to CSCO or HHCRO if they satisfy the relevant eligibility criteria.

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<sup>4</sup> <https://www.ofgem.gov.uk/ofgem-publications/88469/energycompaniesobligationecoquidanceforsuppliersversion1.1a.pdf>

Where we decide to refuse or revoke approval of a measure we will notify the supplier in writing of our decision. Our notice of decision will include the following information for each measure:

- measure reference number;
- measure type;
- date of installation;
- reason for rejection; and
- part of the postcode for the premises at which the measure was installed\*.

\*Where a supplier uses a notice of decision to demonstrate to an installer that Ofgem refused or revoked approval of a measure, the supplier may wish to confirm to the installer that the measure referred to in the notice is the measure installed at a particular address. Information about this process is available on our website at <https://www.ofgem.gov.uk/publications-and-updates/notifying-supplier-decision-refuse-or-revoke-approval-measure>

## **7. Secondary measures**

Where a primary HTTC measure fails the review we will either refuse to approve the measure or revoke approval. This will mean that any associated secondary measures are no longer eligible. Approval of these measures will be refused or revoked at the same time as the primary measure.

Please contact Cassie Sutherland (Senior Manager, ECO Technical Team) if you have any questions.

Yours sincerely,

**Chris Poulton**  
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Ofgem E-Serve