

The Department of Energy  
and Climate Change  
3 Whitehall Place  
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Email: WHD@ofgem.gov.uk

Date: 30 September 2014

Dear Sir/Madam

### **Response to the Call for Evidence on Energy Issues affecting Park Homes**

We wish to respond to your 'Call for Evidence on Energy Issues affecting Park Homes' in our capacity as administrator of some of the schemes and social programmes the Government has introduced. These are schemes and programmes designed to help consumers: improve the efficiency of their homes; mitigate the impact of fuel poverty; and take advantage of low carbon electricity and heat from renewables.

As highlighted in your introduction, park home residents are often older and likely to be vulnerable to adverse weather conditions, live in rural locations and be on lower incomes. The park home itself is also likely to be thermally inefficient and rely on more expensive forms of heating.

This letter sets out our response to the request for information on the levels of uptake of the schemes by park home residents and lists some of the challenges that park home residents may face when accessing the schemes. In particular the focus of our response is on questions 25 and 26.

### **Response to: Evidence on the levels of take up of Government's policies by Park Homes**

The data that Ofgem holds which might provide information on take up differs for each of the schemes, and falls into 2 main categories:

- Information which can be interrogated to provide an understanding of uptake by park home residents: Energy Companies Obligation (ECO) and Non-Domestic Renewable Heat Incentive (Non-Domestic RHI)
- Address and postcode data (held by Ofgem) which could be analysed in conjunction with postcode data on park sites (not held by Ofgem) to provide

information on uptake by park home residents: Feed-in Tariff (FIT) and Domestic Renewable Heat Incentive (Domestic RHI).

For **WHD** and **GER**<sup>1</sup> we are unable to provide information on uptake by park home residents. The information on beneficiaries is held by suppliers and third parties. The information on rebates is only held by suppliers for the current scheme year.

We are able to confirm that, to date, **ECO** has delivered 262 measures to park home residents, comprising of 219 park homes with external wall insulation (delivered through ECO's carbon saving obligations ), 36 boiler installations and 7 central heating controls (delivered through the Affordable Warmth Group). The predecessors to the ECO scheme<sup>2</sup> recorded 140 external wall installations.

The government's 'Call for Evidence on Energy Issues affecting Park Homes' does not make reference to Non-Domestic Renewable Heat Incentive, however we feel that there may be opportunities where this scheme could assist park home residents either through a proposal led by a collective of residents or by a site owner. However, For **Non-Domestic RHI**, to date there has been no direct uptake for park homes. There has for shower and facility blocks supporting holiday and leisure park use.

The information we hold under **FITs** and **Domestic RHI** requires further manipulation and analysis. This could be carried out by extracting postcode data from our files and matching this to post code data for park home sites. However, this site data is not held by Ofgem. This could identify uptake and could also be supplemented with additional information eg which technologies were installed. We have not carried out any further analysis on these schemes.

*Annex 1 provides more detail on take up by scheme.*

## **Response to: Challenges faced by park home residents in accessing the schemes**

Working with subject matter experts in each scheme, we have identified some of the challenges faced by park home residents in accessing the schemes. These fall into three broad groups of barriers or perceived barriers:- relating specifically to park homes, to more vulnerable park home residents, or due to the way park homes receive their energy.

### **Specific barriers relating to park homes:**

- Park home specific measures can have a more limited lifetime, making the overall payback less, eg under ECO Wall insulation measures have a carbon saving that is a sixth less than might be expected in an equivalent traditional property.
- Some of the measures can be complex, more expensive and their fitting disruptive. As such this may discourage park home residents from installing. For example park homes require solid wall insulation, which needs to be applied to walls, ceilings and under floors.

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<sup>1</sup> The Government Electricity Rebate commences 3 October 2014

<sup>2</sup> The Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP)

- Energy Performance Certificates<sup>3</sup>, or EPC input data, are now required as supporting evidence in the application for FITs (photovoltaic only), ECO and Domestic RHI. Additionally the need for EPCs and other evidence add steps before installations can take place. However, historically these were unavailable for park homes and this was a barrier that has now been removed.

### **Potential barriers for more vulnerable park home residents**

- Where there is an initial capital outlay to purchase and fit measures, there can be a barrier to those who do not have or have limited savings.
- Where residents are not intending to remain in their dwelling for a long period it may be difficult to justify any outlay as a payback may not be realised.
- Where scheme support is needed for a measure to be installed there is a potential that residents are reluctant to self identify that they are in receipt of benefits or provide the information which is required under the regulations.
- Digital access speeds the process for many applicants to the schemes, however this can also be seen as a perceived barrier where applicants do not have internet access or are not practised or comfortable in providing information electronically.

### **Scheme specific barriers:**

- Under WHD and GER a consumer has to be an account holder of an obligated domestic electricity supplier, and typically park home residents receive their electricity via private arrangement with the park owners and as such could be unable to receive this support.

The barriers outlined above could be reduced by implementing changes to policy or enhancing the understanding of the benefits that the schemes can bring to park homes and their residents.

To supplement these changes audience tailored user guides, in addition to technical supplier guides, could be provided by schemes. This is something that is in line with the practice we have already adopted for Domestic RHI.

Annex 2 provides more detail about the barriers and possible mitigating actions on a scheme by scheme basis.

### **The role of energy advice and cross scheme work:**

We commissioned research on “Warm Home Discount – Energy Advice: Consumer Experiences”. This has identified the added value customers receive from one-to-one advice services. Many fuel poor or vulnerable customers find, the complexity and technical aspects of, energy efficiency and energy markets confusing and

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<sup>3</sup> The costs of an EPC should be mitigated by the energy advice provided as part of the assessment.

daunting. The one to one service provided a bespoke service, walking people through the improvements that could be made and assisting residents to apply for measures.

This type of service not only delivered the immediate benefits of the energy advice but also empowered customers to continue managing their energy costs.

Each of the policies and associated schemes has been developed to tackle a specific issue:

- WHD and GER: to mitigate individuals' energy costs through their electricity bills
- ECO: to reduce carbon emissions by improving insulation standards and reduce heating costs in domestic properties
- RHI and FITs: to encourage renewable generation at a smaller or domestic level

From a consumer's perspective assistance to manage their energy could benefit from adopting a comprehensive approach. Using the information gathered from our research we believe it would be helpful to:

- Develop information that would form the basis of assisting and encouraging uptake of schemes from/by park home residents
- Amend policies and schemes where barriers to entry exist for park home residents
- Inform a more focussed approach or research for example on residents on low income or on particular park home types

We would welcome the opportunity to work with DECC to look at the potential for linkages and cross working between the schemes to deliver improved take up by park home residents.

We will publish this response on our website.

Yours sincerely

Christopher Poulton  
Deputy Managing Director

## **Annex 1**

### **E-Serve scheme data on park home uptake**

#### **Energy Companies Obligation (ECO)**

##### Information available from Ofgem

The ECO scheme came into operation in January 2013. To date ECO has delivered 262 measures to park home residents, comprising 219 park homes with external wall insulation; and 36 boiler installations and 7 central heating controls (delivered through Affordable Warmth).

The predecessor scheme, CERT/CESP recorded 140 external wall installations. These were installed at the latter end of the scheme following a demonstration project carried out by SSE.

#### **Warm Home Discount (WHD)**

##### No information available from Ofgem

Information on rebates is collected and held by obligated suppliers as part of the application process for Broader Group rebates and instruction received from the Secretary of State for Core Group rebates. The information held on the beneficiaries of Industry Initiatives is often held by third parties and is not easily accessible to Ofgem.

The information that we request of suppliers as part of their end of year report does not ask for detailed breakdown or profiles of the customers receiving WHD rebates.

However it would be possible to identify uptake by park home residents by matching post codes of park home sites to supplier records of WHD rebatees' addresses/postcodes. The data on WHD rebatees is held by the obligated supplier for the current year of operation.

#### **Government Electricity Rebate (GER)**

##### No information is available from Ofgem

The processes that are being put in place to support the provision of the GER are based on the principal of business as usual and therefore we are not asking suppliers to provide information beyond the number of rebates provided by payment type. Since all domestic electricity account holders will benefit from the GER rebate it would be a considerable exercise to interrogate suppliers' customer data.

#### **Feed in Tariff scheme (FITs)**

##### Information held by Ofgem would require further analysis

The data that Ofgem has on FITs installations is collected on the Central FITs Register (CFR). The register does not hold information on residency type and therefore we are unable to identify if and how many park home residents have benefitted from a FITs installation. However each installation has an address including post code and therefore it would be possible to match park home site post codes with those extracted from the central register. DECC receive regular information from the central register. In relation to any personal data, our data sharing protocol governs the information that we are able to provide.

#### **Non-Domestic Renewable Heat Incentive (RHI)**

##### Information available from Ofgem

The information that is collected from applicants includes data that can identify park homes. There has been no uptake for district heating for domestic park home premises,

although there has been for shower and facility blocks supporting holiday and leisure park use. In relation to any personal data, our data sharing protocol governs the information that we are able to provide.

## **Domestic Renewable Heat Incentive (RHI)**

### Information held by Ofgem would require further analysis

The data collected includes the information held on an EPC (used to confirm both domestic residence and energy efficiency standards have been met). The EPC holds information on type of dwelling (bungalow, semidetached, terraced or flat); a park home is classed as a bungalow. We are able to extract the number of bungalows that have been accredited. Each application contains address and postcode data and therefore it would be possible to match/analyse bungalow data to park home site postcodes. In relation to any personal data, our data sharing protocol governs the information that we are able to provide.

## **Annex 2**

### **Challenges faced by park home residents in accessing the schemes**

#### **Warm Home Discount**

Access to WHD is currently prevented by the regulations. There may be an opportunity in the forthcoming consultation on extending WHD to 2015/16 to review how this matter could be addressed. Paying eligible Park Home residents Core and Broader Group rebates could be included within Industry Initiatives. It may be that obligated suppliers would develop a joint initiative to facilitate the application and payment process.

For Core Group rebates this process could be simplified by adopting some of the processes already in place for the exchange of data with suppliers. For example DWP using park home post code data could match this to the pension credit client details (on the qualifying date) and provide the administrator of the joint initiative with 'instruction' to provide these consumers with a WHD rebate.

The main issue associated with this proposal is whether the current data sharing regulations would cover the exchange of information between DWP and the joint supplier initiative.

#### **Government Electricity Rebate**

The GER rebate in the first year of operation will not be paid to park home residents however there is the expectation that in the second year of operation a mechanism is found for delivering GER to park home residents.

It may be possible to adapt the proposal for enabling park home residents to access WHD rebates to GER by establishing a 'fund' for all park home residents to receive GER rebate. This would require calculating an estimate of the size of annual fund required. A supplier's contribution could be calculated by using market share. As with WHD establishing a central administration organisation to administer payment to Park Home residents of GER on production of evidence (of park home ownership/tenancy and confirmation of electricity use), would simplify the process. The cost of administering could be included in the fund.

#### **Energy Companies Obligation**

Changes to ECO that allow the installation of cavity wall (CWI) and loft insulation as a primary measure has made installing measures in park home less economically attractive. This is because park homes require a solid wall solution that is more expensive than standard CWI or loft insulation.

Park homes have to combine solid wall insulation with roof and under floor insulation. This can be a complex process to coordinate as well as increasing the costs of the insulation package.

This could be mitigated with specific targets on Park home insulation or additional support that could be combined with Supplier support to reduce the price differential.

### **Feed in Tariff scheme**

Given that almost half of park home residents are elderly the initial capital outlay, the elongated 'payback' period and opportunity cost may act as disincentives.

Another barrier to entry, in particular for those who are fuel poor, may be the upfront cost of installation.

Consideration could be given to reviewing whether, for particular groups eg park home residents, it would be possible to restructure the financial support provided. To facilitate uptake for those who are on low incomes and/or have no or low savings it would be helpful if the financial incentive were either:

- provided as a lump sum that would cover the costs of the installation complimented by a reduced tariff, or
- a proportion of the capital outlay met upfront with a reduced payback period.

Access may be restricted by the particular site rules or the pitch agreement of park home residents, which prevents a park home resident from installing a measure.

### **Non- Domestic Renewable Heat Incentive**

The main barrier to accessing this scheme is the initial capital outlay, which ranges from £8,000 for a single small premises installation to £80,000 for a multi dwelling district heating system.

As a community group park home residents could seek complimentary funding or assistance toward the initial capital costs (although this would be discounted as part of their tariff calculation).

The technical requirements for both the installation and its fitting are complex; this alongside the need to provide detailed information on the installation could act as a deterrent.

It may be possible to produce consumer friendly guides to assist community groups in understanding the scheme and some of the relevant technologies. It may also be possible to provide links to projects that have been assisted through the non-domestic RHI community scheme.

### **Domestic Renewable Heat Incentive**

The Domestic RHI has developed its processes to minimise administrative and technical obstacles. It is primarily digital access, but offers service centre approach for completion of applications.

The number of technologies and installation methods are limited and therefore tend to be easier to understand and install. Ofgem have produced a suite of simple guides and help sheets targeted at domestic consumers and more detailed technical guides for installers.

Analysis of the first 1000 applications shows that the overwhelming majority of applications were made by consumers over 50 with a significant proportion of these being over 65. The most popular technologies are:

- Biomass boilers, because there are minimal costs and disruption to the consumer when replacing oil fired heating, ie boiler replacement only;
- Air source heat pumps because they vary in size and are relatively low cost and easy to install;
- The initial costs of installation are also an issue for this scheme.

Given that there is both a good service and information provision in place, this could be actively promoted to park home residents or to organisations that support park home residents.