

Consultation Response

Cofely response to the Energy Companies Obligation (ECO): changes to the Guidance for Suppliers consultation.

About Cofely

Cofely UK is a wholly owned subsidiary of GDF SUEZ with expertise in integrated facilities management, renewable energy and energy efficiency. Cofely UK has a turnover of over £1bn and has a solid track record in the delivery of financially viable large scale capital intense projects within the United Kingdom, including 30 years of design and operational experience. Cofely always takes measures to reduce the impact of its business operations on the environment, including setting minimum environmental and quality standards for its approved suppliers and sub-contractors. Cofely is also the UK's leading district energy company. We design, build, finance and operate district heating schemes on long term concession agreements. Cofely's high profile district heating schemes include; the Queen Elizabeth II Olympic Park and Stratford City District heating scheme, Whitehall District Heating scheme, Leicester District Heating Scheme and Birmingham District Heating Scheme.

Outline of Cofely's response

Cofely welcomes the opportunity to respond to this consultation on proposals to administer ECO in line with the recent legislative changes to the ECO Order, currently before Parliament.

While we acknowledge the need and importance of setting minimum insulation levels for the building envelope prior to connection onto a district heating network, concern remains around the consultation's:

- o lack of clarity on the treatment of non-standard properties, particularly listed buildings and how the proposed district heating pre- conditions will apply to such buildings,
- o the exclusion of a cost-effectiveness test in assessing whether or not to install an insulation measure at a premises. Rather than discounting the possibility of cost making it financially burdensome to insulate all or portions of particular premises, it may be worth considering cost as a likely reason for choosing not to insulate a property,
- o lack of clarity on the threshold required for citing 'lack of access to a roof- space area' as a possible reason preventing the insulation of a premises. Other than citing a few examples, the current proposals do not set any specific thresholds as well as the burden of proof required to deem a roof-space area inaccessible for the purposes of installing an insulation measure.

Responses to consultation questions

Question 1

Cofely has no comment.

Question 2: Pre-conditions for connecting to a district heating system

Question 2a: Do you agree with the reasons we are proposing for judging why any of the roof-space or exterior-facing wall area cannot be insulated?

Response: We broadly agree with the reasons for judging why any of the roof- space or exterior- facing wall area cannot be insulated. However we have some concern around:

- o how these reasons can be applied to non- standard properties, particularly listed buildings. The new proposals lack sufficient clarity on how the proposed district heating pre-conditions could be applied to listed buildings wishing to connect to a district heating network. We suggest that ECO gives consideration to adopting an approach similar to that of the RHI which does not stipulate specific insulation levels as a pre-condition for connecting premises to a renewable heat source.

- the threshold required for citing 'lack of access to a roof- space area' as a possible reason preventing the insulation of a premises. The consultation proposals in their current state do not set thresholds or prescribe the burden of proof required to deem a roof-space area inaccessible. Ofgem may therefore need to consider drawing up more stringent criteria for deeming a roof-space inaccessible. A continued lack of clarity around this pre-condition could discourage those considering district heating as a potential solution in heating their premises.
- the exclusion of a cost-effectiveness test in assessing whether or not to install an insulation measure at a premises. Rather than discounting the possibility of cost making it financially burdensome to insulate all or portions of particular premises, it may be worth considering cost as a likely reason for choosing not to insulate a property. This could be particularly significant in cases where it is not cost effective to insulate premises up to the required minimum level prior to a district heating connection. It may therefore be important for the ECO administrator (in this case Ofgem) to set the required threshold and burden of proof required.

Question 2b: Are there any other scenarios where the exterior-facing wall area of a premises being connected to a DHS cannot be insulated?

Response: There are none that we are currently aware of.

Question 2d: Are there any other scenarios where the roof-space area of a premises being connected to a DHS cannot be insulated?

Response: As previously outlined in our answer to question 2a, other possible scenarios where the roof-space area of a premises being connected to a DHS cannot be insulated include:

- where there is lack of access to the roof- space area of the premises,
- where questions are raised around the legality of installing the insulation measures, for instance in relation to listed buildings and where the spaces to be insulated are occupied by a protected species,
- where the cost of installing the insulation measure may be disproportionately high and not cost effective as well as being unduly burdensome,
- cases where a roof is made of glass.

Question 2f: Are there any additional factors that can affect the decision on whether or not to insulate a premises?

Response: There are none that we are currently aware of.

Questions 2g & h, for premises, not including those within a multi-storey building which is not located on the top floor.

Question 2g: Do you agree that, where the roof-space area or total exterior-facing wall area of the premises are insulated to less than 100% but more than a specified minimum level, a DHS connection should be eligible where the remaining area *cannot be insulated*?

Response: We agree that, where the roof- space area or total exterior- facing wall area of the premises are insulated to less than 100% but more than a specified minimum level, a DHS connection should be eligible where the remaining area cannot be insulated.

Question 2h: Do you agree that this minimum level should be set at 50%?

Response: Whilst a minimum level of 50% might seem reasonable, we believe that (on a case by case basis), consideration should also be given to thresholds below 50% in circumstances where it is:

- technically not feasible,
- legally prohibited or,
- financially not cost effective,

to attain that 50% minima.

Question 3

Question 3a: Do you agree with our proposal to require evidence that the installation of a measure complies with Building Regulations? Please give reasons for your answer.

Response: While we agree with the intended purpose of introducing a requirement for evidence that the installation of a measure complies with Building Regulations, we believe that this may:

- result in additional costs for ECO suppliers,
- have very little impact given that by the time the amending Order comes into force there will be less than 6 months remaining in the current ECO obligation period. Therefore the new requirement would result in the additional burden of collecting evidence for an obligation period about to end. We therefore believe that if this requirement was adopted, it would be best implemented in the next ECO phase (ECO 2).

Question 3b: If this requirement was introduced, how could compliance be demonstrated?

Response: If the requirement was introduced, we think compliance could best be demonstrated through one of the following as outlined in the consultation proposal document:

- an approval certificate by a building control body,
- an approval certificate by Approved Inspectors,
- a building regulations compliance certificate issued by a competent person scheme.

Question 3c: Are you aware of any other means of evidencing compliance with building regulations other than those listed (for either the installation or the product and system, or both)? If so, please provide details.

Response: No.

Question 3d: Do you think we should introduce this requirement from the date version 1.2 of the guidance takes effect or for the next ECO obligation period (2015-2017)? Please give reasons for your answer.

Response: As outlined in our response to question 3a, we believe that introducing this requirement during the current ECO obligation period (1.2) would have very little impact given that by the time the amending Order comes into force there will be less than 6 months remaining in the current ECO obligation period. Therefore the new requirement would only result in the additional burden of collecting evidence for an obligation period about to come to an end. We believe that if this requirement was adopted, it would be best implemented in the next ECO phase.

Question 4: Please provide any further comments on the changes to our DRAFT guidance document (version 1.2).

Response: Cofely has no further comment to make.

ENDS

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