

ECO Consultation
Ofgem
9 Millbank
London
SW1P 3GE

22th September 2014

Dear Sir/Madam

Please find below our response to your recent **Energy Companies Obligation (ECO): changes to the Guidance for Suppliers** consultation.

Question Responses:

**1. New CERO primary measures: Minimum insulation level to support a secondary measure
Cavity wall insulation**

1a) Do you agree that insulation of a cavity wall must be installed to at least 50% of the total exterior facing wall area of the premises in order to support a secondary measure? **Yes.**

1b) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold). **Given this is in line with the existing framework, this would be the most straight-forward method of managing the new measures.**

Roof-space insulation

1c) Do you agree that roof-space insulation must be installed to at least 50% of the total roof-space area of the premises in order to support a secondary measure? **Yes.**

1d) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold). **Given this is in line with the existing framework, this would be the most straight-forward method of managing the new measures.**

2. Connections to a district heating system: Pre-conditions for the premises under CERO and CSCO

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? **We are not intending to undertake any DHS projects so have no comment.**

2b) Are there any other scenarios where the exterior-facing wall area of a premises being connected to a DHS cannot be insulated? **See above.**

2c) How can suppliers demonstrate for compliance purposes that the exterior-facing wall area cannot be insulated? **See above.**

2d) Are there any other scenarios where the roof-space area of a premises being connected to a DHS cannot be insulated? **See above.**

2e) How can suppliers demonstrate for compliance purposes that the roof-space area cannot be insulated? **See above.**

2f) Are there any additional factors that can effect the decision on whether or not to insulate a premises? **See above.**

For premises, not including those within a multi-storey building which is not located on the top floor

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*? **See above.**

2h) Do you agree that this minimum level should be set at 50%? **See above.**

3. Compliance with Building Regulations: Installation of a measure

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.

No.

Whilst we of course would like the same assurances as Ofgem that all installations are installed up to standard, we do have concerns over an additional level of evidencing. Due to the inclusion of PAS in the existing evidencing, and this requirement being stipulated in the legislation, we are of the opinion that this already gives assurances under BR. The extension of the Guidance to include further evidence requirements arguably falls outside of the remit of Ofgem as the scheme administrator, who should be working to the legislation (i.e. PAS).

If there is concern over the quality of installations this is an issue with an industry other than the Energy Suppliers, and should be addressed as such. We are working to the level of PAS, and if this does not give assurance this is a conversation that should be had between DECC/Ofgem and the Insulation industry, rather than heaping further compliance burden on Suppliers. If installers are able to operate within this (and indeed the Green Deal Installer framework) and these bodies are not able to police their own industry this is not the responsibility of Energy Suppliers.

In addition to this wider industry point, for First Utility specifically further requirements again add additional burden to us as a small supplier. Unlike larger suppliers who have in-house installers, compliance specialists, and wider H&S teams who could take on such a burden, this potentially adds disproportionate costs to us as an additional out-sourcing cost or in-house role that does not presently exist. This could of course potentially have impact on the cost of the scheme and the impact on customer bills, materially impacting our ability as a small supplier to compete due to not having a larger parent company that employs installers ourselves.

Further to this, the only even slightly viable option of the three presented is the Competent Person Scheme (as the other two would be considerably more disruptive both to the supply chain, customer journey, and cost of measures). Even here there is a disconnect between the suggestion to use CPS and continued ECO delivery, given there is no such scheme in Scotland. Indeed Building Regulations themselves differ in Scotland.

To summarise - adding additional layers is obviously a concern if a) it drives up the cost of measures and b) this creates the expectation that we as energy suppliers are being expected to effectively police another industry that has its own accreditation frameworks in place c) this effects the customer journey with additional visits / people on site. Coupled with the potential disproportionate cost to us as a small supplier, we would disagree with this proposal in the strongest terms.

3b) If this requirement was introduced, how could compliance be demonstrated? **As noted above and in the consultation, compliance certificates by competent person schemes is the most effective 'light touch' approach that will both provide assurance and not impact the supply chain and cost to a disproportionate degree.**

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. **Not aware of others.**

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. **In order to educate**

the supply chain (and potentially build any requirement into the Simplification & Standardisation process) ECO 2 would seem to be the most suitable point.

4. General comments on our guidance (version 1.2)

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

As per the EUK response – The additional Boiler Replacement Warranty specification should be included in the next version of the Supplier Guidance in order to ensure we are aware of the requirements for surplus actions.

If you have any questions or queries with our response, please do not hesitate to contact me.

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