



## **Energy Companies Obligation (ECO): Consultation on the changes to the Guidance for Suppliers**

### **Mark Group Response**

#### **Summary**

Mark Group welcomes the opportunity to comment on this consultation. We do not believe that the Section 3 proposed requirements are proportional to the perceived problems and if unmodified will have major consequences as the cost to consumers of ECO will rise.

If Ofgem have evidence of poor quality measure installations they should report them to the relevant PAS2030 authorities as it is PAS2030 that defines quality installations not Building Regulations.

We would dispute the Ofgem statement in paragraph 3.2 that an UKAS accredited body approval does not cover compliance of the installation as for CWI and SWI systems accredited by BBA the training and regulation of minimum numbers of approved installers in the installation team is laid out in the Agreement Approval. Each installer is also required to have been approved and awarded an Agreement Certificate for each system it installs. E.G for CWI installation Mark Group holds the following Agreement Certificate Numbers 88/2033, 96/3228, 11/4857.06/4300, 13/4969, 89/2316, 04/4167.

As not all measures are covered by your options A & C as explained in more detail below and would not result in any further inspections of the work even for those covered than already carried out.

Option A for CWI would result in additional costs – up to £200 per job from Building Control and only where covered.

Option B would also cost similar amounts. Both of these would be disruptive and could extend the timeline for reporting.

We have in our detailed responses below given our suggestions to resolve your concerns while minimising, cost and disruption to customers and the Industry.

## Who We Are

The Mark Group is a nationwide company, with over 2,000 employees, dedicated to delivering a 'whole house' solution to energy efficiency.

We help make over 6,000 homes more energy efficient every week from our 15 regional locations and are the largest deliverer of ECO measures. Our portfolio has expanded in recent years to include an increasingly popular and proven range of energy saving products. Our services are tailored for individual homeowners as well as builders, architects, local authorities and government bodies.

We have invested heavily in the last few years and as an active supporter and promoter of all the recent initiatives such as Green Deal, RHI and FIT. We are a Green Deal Provider, Green Deal Assessor – with one of the largest teams of approved Assessors and a Green Deal Installer for a wide variety of measures including Solid Wall Insulation, HTT CWI Insulation, standard CWI Insulation, Loft Insulation, Gas Heating systems, Solar Thermal systems, Solar PV systems and Heat Pumps. We also provide these services to non-domestic customers along with our in-house Low Energy Lighting systems and Controls.

## Response to specific proposals

### **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?

*We believe that conforming to the minima to the existing level applied to HTTC and SWI is a sensible approach.*

1b) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold).

*Typically the reasons for not insulating entire wall are related to existing elements such as; solid wall areas and access related issues.*

*The incremental cost versus Carbon benefit from maximising the area treated would mean that if 50% was mandated then in practice all practicable areas would be treated whilst allowing some flexibility where access issues etc. precluded installation.*

#### **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?

We believe that a 50% minima is a reasonable and practicable proposal.

1d) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold).

*The principle reason for not insulating all roof areas is related to access problems.*

*The incremental cost versus Carbon benefit from maximising the area treated would mean that if 50% was mandated then in practice all practicable areas would be treated whilst allowing some flexibility where access issues etc. precluded installation.*

## **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 believe that these are generally sensible but per para 2.11 of the consultation it should be clarified that cost, including access costs, are not a legitimate reason why a wall area cannot be insulated. We would also have concerns about how refusal of landlords consent could be evidenced, and the broad basis on which it is suggested this might be legitimately withheld, such as relocation of white goods.*

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

*Other reasons might include:-*

- i) Unsuitable construction for which no products had been approved or no Guarantees were available.*
- ii) Pre-existing defects that it was not possible to rectify.*

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

*Building on established Ofgem admin procedures we would suggest a Chartered Surveyors or Structural Engineers report.*

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

*A Chartered Surveyors/Structural Engineers Report should be the mechanism to identify why an area can't be insulated.*

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

*A Chartered Surveyors/Structural Engineers Report should be the mechanism to identify why an area can't be insulated.*

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

*A Chartered Surveyors/Structural Engineers Report should be the mechanism to identify why an area can't be insulated.*

**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*?

*Yes, as with the criteria for existing measures we believe that it is sensible for these rules to be the same as that applicable to the eligibility of primary measures.*

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

*We feel that 50% provides the necessary flexibility and as with primary measure eligibility cost benefit considerations will ensure that the maximum practicable area is insulated.*

### **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.

We do not believe that there needs to be an additional requirement to prove compliance with Building regulations.

Compliance with Building Regulations is deemed as adherence to legislated insulation levels, heat loss values or thermal properties. This does not in any way address quality of any individual installation.

Currently the requirement is to install to PAS2030 standards and to use where appropriate an approved system. If Ofgem has evidence of poor installation practice they should take it up with the authorities who govern the PAS 2030 system and allow them to take action against these installers. The evidence from the independent QA could be provided to these bodies.

It is the use of approved e.g. BBA Certification of CWI and SWI together with the BBA approval of Installers for each system that allows the product to meet Building Regulations.

Provided Installers are registered for the System they have installed and also PAS2030 accredited for that measure no further evidence should be required.

Building Regulations differ between measures with some measures not requiring notification and also within the 3 Nations with for instance Scotland not requiring Building Regulation Notification for CWI.

If Ofgem however require further evidence it *should be proportionate to the risk, and reflect differences in regulatory requirements in the devolved administrations.*

**3b) If this requirement was introduced, how could compliance be demonstrated?**

*The proposal to require property specific evidence could add significantly to the complexity and costs of demonstrating compliance.*

*If in the unfortunate event this was introduced we would suggest the following:-*

*For England and Wales we would favour approach based on evidence that work was undertaken by a member of a competent persons schemes, such as CWISC in the case of CWI.*

*In Scotland, where fitment of CWI is not notifiable, or for measures where a competent persons scheme is not available, then evidence that the System used was technically approved for that construction, such as a BBA Agreement certificate, and that the installation was completed according to the technical approvals and PAS 2030 would provide the necessary evidence.*

**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.**

*As under version 1.1a we would favour an approach that could be based on evidence that work was undertaken by a contractor who was a member of a relevant competent persons scheme (CPS), such as CWISC in the case of CWI, or approved by BBA as part of the System Certification. We believe that the independent assessment of CPS schemes by UKAS would provide a higher level of assurance than the alternatives and would be analogous to, but also duplicate the controls on the requirement for contractors to operate to PAS2030.*

*We consider that the controls necessary to address quality issues already exist via PAS2030.*

**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.**

*We believe that it important that the revision of the guidance is used as an opportunity to simplify administration rather than complicate and add costs. Therefore we would suggest that these proposals are:-*

*1) Not introduced at all*

2) Introduce at a later point, no earlier than April 2015 and only once the proposed alternative of basing compliance on evidence that the contractor was covered under a competent persons scheme can be evaluated.

*The additional cost, if the option for an independent Approved Inspector is chosen, should be borne by the Energy Company not the installer as it is part of the ECO regulatory regime not a requirement for Industry working in this field. PAS2030 and BBA Agreement scheme covers industry qualification.*

*Early introduction would be final blow to an already fragile market and would cause widespread problems unless there was plenty of advance notice on Ofgem's final decision on methodology. Great thought would be required on who could carry out an inspection route, qualifications and the cost of this work. Delays to the processing of the work would almost certainly require an extension to the current 1 month submission deadlines and the cost would be significant and not allowed or in DECC's Impact Assessment.*

#### **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).

- Generally we welcome confirmation that suppliers do not need to hold all evidence but can procure that Installers hold this.

- Under 4.63 covering eligibility of district heating it is not clear how the existence of wall insulation can be demonstrated without a disruptive investigation potentially causing disturbance and invalidating any Guarantees. Therefore one alternative would be to require confirmation that a CIGA or alternative/relevant Guarantee exists for the property.

- Whilst HTT and Standard cavities are now classified as a single primary measure, it needs to be recognised that where a HTT cavity is treated additional safeguards and technical requirements may apply. However, the version 1.1a requirement for a Chartered Surveyors report for HTT cavities was intended to ensure that they were correctly classified, and will not provide this assurance. Therefore it is not clear why in Annexe 1 a CS report is still specified for HTT measures, although HTT cavities should continue to be covered by an appropriate Guarantee for that category which would ensure that that necessary checks have been carried out and that a product technically approved for the application was installed.