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Dear colleague

Energy Companies Obligation (ECO) 2015 – 2017: Consultation on specific HHCRO requirements

Thank you for providing us with the opportunity to comment on Ofgem's consultation on the specific requirements for HHCRO under the new ECO Order 2014 (ECO2). We think it is important that all guidance is clear and concise so that there is no scope for misinterpretation or error, and Ofgem's expectations as the administrator of the Scheme are met from day one.

We consider that there are a few areas of the proposed guidance document which require further information and we have included detailed comments in response to the consultation questions, attached in the below annex, to reflect this. We hope our comments and suggestions will help Ofgem form more detailed guidance which addresses the issues we understand the ECO supply chain will face when trying to implement the new requirements under HHCRO.

We are keen to ensure that there is clear guidance for both licensees and the ECO supply chain to follow and would be happy to discuss the details of our response with Ofgem in order to help form the necessary changes to the guidance.

Please contact me if you have any questions.

Yours sincerely

Lois Wares
Regulation

Annex – Consultation questions

Question 1

1.a. Do you agree with our proposed test to identify the main space heating system of a premises? If not, can you suggest any alternative ways of identifying the main space heating system?

We believe Ofgem should refrain from introducing anything new in this respect and instead align this test with current processes.

We propose that rewording both paragraph 1.5(a) and (b) to state that, the primary heating source, as defined in RdSAP, should be considered as the main heating system, would be much clearer and won't open the definition up to further interpretation.

Paragraph 1.5(b) currently implies that only where the only heating source in the premises is fixed room heaters, will these be considered to be the main heating system. This 'test' does not take into consideration premises with open fireplaces. In a room with an open fire and a fixed room heater, the fixed room heater would still be considered to be the main heating system for the premises, not the open fire.

1.b. Can you suggest any alternative ways that suppliers can demonstrate the fuel type of the main space heating system of a premises?

We believe fuel type should always be determined from an EPC or EPR, even for non-qualifying or qualifying boiler repairs or replacements. This ensures that an independent party is determining the primary heating source.

1.c. Do you agree that an accredited OCDEA/DEA should conduct the assessment of the fuel type of the main space heating system of the premises where a SAP or RdSAP calculation is used to demonstrate this?

Agree.

1.d. Are there any other aspects relating to non-gas fuelled premises in ECO2 that you think we should consider?

No further comments.

Question 2

2.a. Do you agree with our proposal to use the boiler definition from Appendix 2 of the ECO Guidance? If not, can you suggest an alternative definition?

We agree, however, paragraph 2.9(g) of the draft guidance should clarify that “programmer/timer” means one which is integral to the boiler not a separate programmer.

2.b. Do you agree with our definition of a heating system and the components a heating system comprises? If not, can you suggest an alternative definition?

Agree.

2.c. Do you think that there are alternative ways to demonstrate that a qualifying warranty has been provided to the occupier?

We agree with the proposal that the customer should sign a declaration stating that they were not charged a fee for the warranty. We do not agree that this declaration needs to be part of the warranty. Current industry practise means warranties are not always provided to the customer on the day of handover, for example they may be sent to the customer following installation, making it difficult for an installer to obtain a signed declaration if it were part of the actual warranty unless they re-visit the property. We think the declaration process should be built into existing customer facing stages of ECO, for example the declaration could be introduced into the Declaration of Conformity.

We agree with the proposal that in order to demonstrate that a qualifying warranty has been provided to the customer, a copy of the declaration and the warranty should be obtained by licensees, to be provided to Ofgem upon request.

2.d. Are there any other aspects relating to qualifying warranties for replacement boilers in ECO2 that you think we should consider?

Warranties should only cover those parts of the system which the installation manual clearly indicates should be checked prior to and following installation. Other parts of the system, not necessary to check according to the manufacturer’s instructions, should be out of scope and this point should be made clear in the guidance. The guidance should be updated to specify that the warranty should cover all the manufacturer’s instructions and the requirements under section 4 of PAS regarding design of the system. The current drafting requires a warranty to cover the rectification of any problem which might affect the functioning of the replacement boiler or heating system, regardless of whether the problem has arisen from a component of the heating system which at the time of install was required to be replaced or repaired as part of the design work. Some pre-installation works may be recommended by an installer but aren’t required according to the manufacturer’s instructions or section 4 of PAS. We think the guidance should be clear that the warranty needs only to provide for the rectification of problems caused by pre-installation works required according to the manufacturer’s instructions or section 4 of PAS. If the supply chain chooses to include additional cover on their warranties then this should be at their discretion and not impact on how warranties are evaluated under ECO.

This will also make things clearer for technical monitoring under ECO 2.

Paragraph 2.5(c) of the guidance defines the operative who carried out the design work to be the same operative who carried out the installation which will not always be the case. The guidance should be reworded to clarify that the warranty must cover both design work and installation work regardless of whether they were carried out by the same operative. This can be done by requiring the warranty to cover work carried out by the installation company rather than work carried out by an individual, otherwise in certain cases you would need two separate warranties, one to cover the design work carried out by one operative and another to cover the installation work carried out by a separate operative of the same company.

The industry needs to have a clear method of establishing whether any form of a warranty will be accepted by Ofgem as meeting the requirements of the legislation and the guidance. This can be achieved in two ways:

- a standard form of warranty can be stipulated (in the same way as Ofgem stipulates the form of customer notices regarding data protection issues); or
- suppliers must be able to obtain advance clarification that the form of warranty used by an installer will not be rejected at a later date by Ofgem as being in a non-compliant form.

We believe that it would be unfair to require the industry to commit to substantial costs of installation which would be at risk because there is no clear indication that a warranty is in a compliant form.

Question 3

3.a. Do you agree that the warranty should be for the functioning of the entire electric storage heater installed and that this can be demonstrated by a manufacturer's warranty?

We do not believe that the manufacturer's warranty will cover a common issue of under/over sizing the electric storage heater for the premises. We therefore do not feel that the manufacturer's warranty alone can demonstrate appropriate functioning and would suggest Ofgem introduce a similar process to that for boilers where an 'installation warranty' is required. Our comments in response to question 2(d) regarding pre-installation checks should also be applied here.

3.b. If more than one electric storage heater is installed in the premises, do you agree that one warranty covering all of the replacement electric storage heaters is sufficient?

We agree with the principle that where more than one electric storage heater has been replaced, one warranty should be sufficient to cover all heaters, as long as it includes the unique serial numbers for all of the heaters it intends to cover. As per our comments in response to question 3(a) above, we do not agree that the manufacturer's warranty alone is sufficient.

3.c. Are there any other aspects relating to warranties for replacement electric storage heaters in ECO2 that you think we should consider?

We note in the draft guidance that there is an inconsistency between Ofgem's proposals for obtaining evidence of a warranty between boilers and electric storage heaters. For gas boilers, paragraph 2.14 states that we are required to obtain a declaration from the customer confirming they did not pay a fee for the warranty, whereas for electric storage heaters, paragraph 3.5 states that we must obtain a declaration from the customer confirming that they received a warranty. Due to reasons outlined in our response to question 2(c), we do not think that a declaration stating that the customer has received a warranty is appropriate as there will be cases where the customer doesn't receive the warranty on the day of handover. The declaration requirements for electric storage heaters should be aligned with that for boilers, whereby the declaration should only require the customer to state that they have not been charged a fee for the provision of a warranty.

Further guidance is required to support the methodology under Article 22 of the draft Order, for determining the cost score for a qualifying electric storage heater repair and replacement. Consideration needs to be given to how licensees will be expected to evidence the number of electric storage heaters already in the premises so they can determine the part of the premises which is being heated by the repaired/replaced heater ("PP"), how to evidence whether certain rooms in the premises are not heated and how this will affect the "PP" element of the calculation, and how they should evidence how many heaters were repaired or replaced in order to inform the post-installation "PP" calculation. RdSAP doesn't currently account for this, therefore Ofgem needs to be clear and explicit on how these calculations should be carried out.