

ECO Consultation
Ofgem
9 Millbank
London
SW1P 3GE

20th January 2015

Dear Sir/Madam

Please find below our response to your recent **Energy Company Obligation 2015-2017 (ECO2): ECO2.2 Consultation**.

Question Responses:

QUESTION 1

a) Do you agree with our proposed requirements for pre-existing roof insulation? Please provide reasons for your answer.

Yes we agree, as long as Ofgem is mindful of the evidencing burden. We agree that a check at the assessment stage should be enough.

b) Do you have any further comments or suggestions relating to this policy area?

We do not have any further comments.

QUESTION 2

a) Do you agree with our proposal that a wall with a section of cavity narrower than 40mm cannot be insulated? Please provide reasons for your answer.

We agree. Where a cavity is narrower than 40mm there is a risk of mortar bridging the cavity, which may cause damp issues in those properties. The narrow width of these cavities also makes them difficult to fill evenly and any voids left between insulated areas within the cavity could also result in damp problems.

b) Do you agree with our proposal that a wall which adjoins a wall which cannot be insulated also 'cannot be insulated'? Please provide reasons for your answer.

We agree. We do not have a technical response to this question. However, we would support the position that if a chartered surveyor or structural engineer's report states that a cavity cannot be insulated, this should be sufficient.

c) Are there any other scenarios where a cavity wall cannot be insulated? Please provide reasons for your answer.

Due to the number of potential scenarios e.g. 3 story, that could be relevant here, we believe that the process used for Hard-to-Treat Cavities under ECO 1 and ECO 1.2 could be used; effectively a chartered surveyor report on the cavities stating the reasons why they cannot be insulated.

d) For compliance purposes, how can suppliers demonstrate that a cavity wall cannot be insulated?

The process used for Hard-to-Treat Cavities under ECO 1 and ECO 1.2 could be used; a chartered surveyor or structural engineer should report that a cavity cannot be insulated.

e) Do you have any further comments or suggestions relating to this policy area?

We do not have any further comments.

QUESTION 3:

a) Do you agree with our preferred approach (Option 1) for calculating the lifetime for multi-fuel DHS upgrades? Please provide reasons for your answer.

b) If you do not agree with Option 1, do you agree with any of the other proposed options for calculating the lifetime for multi-fuel upgrades? If not, can you propose an alternative approach for calculating the lifetime for multi-fuel DHS upgrades?

We do not agree with Ofgem. We believe that Option 1 is a lot more complicated than Option 2 since it requires a SAP assessment. Option 3 clearly disadvantages some technologies and so we feel is the least favourable. Option 4 provides a lot of flexibility, since it allows awarding lifetimes on a case by case basis, but this is far too onerous and time consuming.

Option 2 is preferred, due to lower administration complexity.

c) Do you have any further comments or suggestions relating to this policy area?

We do not have any further comments.

QUESTION 4:

a) Do you agree with our proposed definition of a 'broken down' ESH? Please give reasons for your answer.

We agree that the proposed definition is a simple solution.

We do not agree however that the check for an ESH being broken down requires connection to an electric supply – since that might not be possible in some cases. We would propose the wording below instead:

'An ESH is broken down if, when using appropriate electrical equipment, it does not deliver any heat'

b) Do you agree with our proposal for judging that an ESH cannot be economically repaired? Please give reasons for your answer.

We would agree, provided the instructions on proving the age of the ESH are clear and transparent. We would also like Ofgem to clarify how DEAs would be able to check responsiveness ratings, to ensure that there is uniformity of approach.

c) Do you agree with the thresholds given in the ESH Economic Repair Cost Comparison Table? Please give reasons for your answer.

We do not disagree with the thresholds given but are not certain how it would be possible to know how old an ESH is going to be. We would welcome Ofgem's advice on this issue.

d) Do you have any further comments or suggestions relating to this policy area?

We are concerned that there will be occasions when they will only replace one ESH in a property and that will only represent part of the property's heating. RdSAP is not capable of carrying out part calculations, so we would ask Ofgem to work with BRE on a potential solution.

QUESTION 5:

a) Do you agree that 'boiler and system sludge' and 'unstable firing' alone are insufficient reasons for a boiler to be replaced? Are there any other faults which on their own are insufficient reasons for a boiler to be replaced? Please give reasons for your answers.

b) Do you agree that 'no boiler ignition' and 'unstable firing' should be considered separately? Please give reasons for your answers.

We agree that 'no boiler ignition' and 'unstable firing' alone are insufficient reasons for a boiler to be replaced. We would like to stress that 'unstable firing' and 'boiler ignition fault' are not faults but rather symptoms of a fault. As such, we would invite Ofgem to replace these with 'mechanical or electrical fault' in the boiler checklist – which is what could cause 'unstable firing' and/or 'boiler ignition fault'. We recommend that this be achieved through the Simplification and Standardised Working Group where the boiler checklist can be reviewed and updated in its entirety.

Similarly, even though 'boiler and system sludge' can be the cause of a fault, it can also be the result of a fault.

c) Do you agree that the boiler fault list is suitable to identify faults with non-gas fuelled boilers? Please give reasons for your answers.

We agree that this is acceptable for boilers – providing our answer to 5.a and 5.b is taken into account. We would also note that the reference to ‘electric supply’ in the fault list should be deleted as electricity does not vary.

d) Do you have any further comments or suggestions relating to this policy area?

Suppliers would like to have the option to exhibit a fault according to the instructions of a boiler’s manufacturer. E.g. some boilers may have certain features which could fail but are not part of the boiler checklist. We would ask Ofgem to accept those faults, if they can be clearly evidenced with the use of a manufacturer’s instruction leaflet.

QUESTION 6:

a) Do you think the proposed changes to our requirements will be effective in reducing false claims of virgin loft insulation? Please provide reasons for your answer in relation to each change.

b) Do you see any difficulties in implementing these changes? Please provide reasons for your answer.

c) Do you have any suggestions for other controls or requirements we could introduce to reduce or prevent such false claims? Please provide reasons for your answer.

We believe that the current scoring of virgin loft insulation gives an incentive for potential fraud and we would invite Ofgem to consider how the incentive can be removed, lowered or neutralised.

With regards to Ofgem’s proposals, we would like to stress that the nature of loft installations is such that pre- and mid-installation checks are impractical and disproportionately expensive.

A customer check during the assessment stage would be an acceptable way for the customer to verify that there is not pre-existing loft insulation. The wording of the customer declaration should be picked up through the Simplification and Standardised Working Group to ensure consistency in documentation.

Our strong preference is to protect the Technical Monitoring (TM) process as a process checking the technical quality of the installation rather than introduce unrelated customer questions at that stage. Therefore, an acceptable question during the TM stage would be for the TM agent to check if the loft has pre-existing insulation underneath the new insulation.

d) Where existing insulation is removed because it is posing health and safety risks and new insulation installed, should the measure be claimed as virgin or top-up loft insulation? Can you provide examples of health and safety risks that would require insulation to be removed and how a supplier could demonstrate these risks?

We believe that the current Ofgem policy of claiming this as top-up loft insulation is sufficient.

QUESTION 7:

a) Do you agree it is more appropriate to assess quality of installation and the accuracy of scores separately?

We agree that the quality of installation and the accuracy of scoring should be split out in terms of reporting. However, we strongly disagree with separating the two when it comes to assessing quality and scoring. To split the processes will not only add a significant cost to the obligation – effectively doubling the cost of inspection as it could involve using two different parties – but it will also inconvenience customers significantly by introducing an additional visit.

For a smaller supplier such as us there is already a logistical burden on checking measure types and regions without adding a further layer of separate visits.

b) Do you agree with the proposed reactive monitoring process described in paragraphs 1.45 to 1.56 of Appendix 1? Do you think the monitoring rates are appropriate?

We agree with Ofgem's monitoring rates. However, we believe that the changes in monitoring levels should occur by installer and not by supplier. The energy efficiency market should continue developing strong processes and accreditation for all market players. As a result, we would like to see Ofgem incentivise better performing installers. By adjusting levels according to suppliers, even better performing installers are penalised. It would be preferable for only the worse performing installers to have adjusted monitoring rates.

With regards to timelines, suppliers would request that the current regime of implementing a change a quarter later to remain in place. The proposal by Ofgem for the increased or reduced TM rate taking effect from the quarter following the submission deadline would only provide suppliers with a couple of weeks to analyse and assess the TM results and potentially renegotiate contracts according to the adjusted monitoring rates.

We believe that Ofgem should continue publishing performance by supplier, but this should be adjusted to control for any potential higher failure rates by specific installers, rather than using the average.

Finally, it would be welcomed if Ofgem added clarity in the public domain on what is a fail and how the rates are calculated – to give more information to stakeholders and customers.

c) Do you agree that technical monitoring agents should have certain qualifications as explained in paragraph 1.15 of Appendix 1? Can you suggest which qualifications are most appropriate for different categories of measure?

d) Are the qualifications listed in paragraph 1.16 of Appendix 1 appropriate for score monitoring agents? Are there any other qualifications that you would suggest?

One of the challenges met most frequently by suppliers is that TM agents check the scoring calculations and disagree with the DEA who is independently accredited. We would like Ofgem to require TM agents to be DEA qualified. This will ensure that both TM agents and DEAs follow the same rules when scoring and checking the scoring of a property. This would help decrease potential rescore issues.

e) Do you agree with the proposed timescales for remedial works and re-scoring to be conducted outlined in paragraphs 1.58 and 1.59 of Appendix 1?

We agree with the proposed timescales; however there will be occasions when remedial works will be delayed through no fault of the obligated party or the installer. In those cases, we would like Ofgem to provide a route for reporting and extension.

f) Do you have any further comments or suggestions relating to this policy area?

None.

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

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