



hies

Home Insulation & Energy Systems
Quality Assured Contractors Scheme

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ECO Consultation
OFGEM
9 Millbank
LONDON
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Dear Sir,

Proposals for the Energy Company Obligation 2015 – 2017 (ECO2)

Thank you for providing us with an opportunity to comment on proposals for the implementation of ECO2. Please find below our responses to the consultation questions.

This response is not considered to be confidential and we intend to publish our response on our website www.hiesscheme.org.uk, so we would not consider this restricted under the Freedom of Information Act 2000. In addition, we would ask that any quotes taken from our response are used in the context in which they are intended and we would be happy to advise if the context is not clear.

About Us

The Home Insulation and Energy Systems Quality Assured Contractors Scheme (HIES) is the most comprehensive consumer protection organisation in the industry. We are totally dedicated to ensuring consumers are protected and have peace of mind. HIES ensures the best consumer protection comes as standard and all our services are completely free of charge to consumer.

We operate a comprehensive consumer code of practice that has recently received endorsement from the Trading Standards Institute at stage one of the Consumer Codes Approval Scheme (see www.tradingstandards.gov.uk/consumer_codes).

Nick Ross, former BBC Watchdog & Crimewatch Presenter and our ambassador said: "With HIES you get accredited installers, independently backed guarantees even if the firm refuses to help you or goes out of business, free access to industry inspectors, professional mediators and – if you're still unsatisfied – a highly regarded Ombudsman who can settle your dispute with the power of the law behind him."



Overview

We broadly welcome the proposals in the ECO2.2 consultation paper. We have a number of observations on the specific proposals.

We are concerned that the often best intentions of the government to raise the protection for consumers in the ECO programme are sometimes undermined by pressure to dilute requirements for protection from mandatory to discretionary. In our experience consumer protection cannot be discretionary, it must be mandatory.

In this industry, the consumer is at a very significant disadvantage. These are technically complex transactions that, broadly speaking, consumers do not understand well. This means that, if interested, consumers tend to take the assurance of the company salespeople relying on the integrity of the company brand to 'protect' them from mis-selling. That is inherently risky, particularly as the complexity of the market place means that, whilst your salesperson may be outwardly representing a particular household name, the firm that you end up contracting with maybe someone very different.

For these reasons, we believe that it is essential for ECO2 to be successful that the consumer protection flaws of ECO1 are addressed. This must include for mandatory requirements that:

- Installers are fully independently vetted
- Consumers have access to free, independent advice
- Deposits are fully protected by insurance
- Consumers receive a comprehensive insurance backed guarantee with every installation
- Consumers have access to independent inspectors, mediators and specialists at technical complaint resolution
- Consumers have free access to an independent Ombudsman who can resolve disputes
- The Ombudsman scheme should be underwritten by a Compensation Fund

In our view, the above features should be the cornerstone of effective consumer protection in this industry.

Q1 Proposed requirements for pre-existing roof insulation.

We agree that the band G values set out in the Standard Assessment Procedure for Energy Rating of Dwellings (2012) (RdSAP) provide the appropriate benchmark for the rating of pre-existing roof insulation.

We agree that in order to yield the benefits of district heating systems, the pre-insulation requirements are an important aspect and welcome this additional guidance.

Q2 Cavity wall insulation

(a) Cavity less than 40mm

We do not agree that a cavity narrower than 40mm **cannot** be insulated, but we accept that the manufacturers and installers that are capable of doing this properly and professionally are few and far between. We therefore agree that this exemption is appropriate, but we would suggest that it is worded to avoid the conclusion that it is not possible to do. We understand that with specialist

equipment and skill, both Isothane Technitherm and BASF Walltite can be installed in cavities less than 40mm without causing the damp problems highlighted in the consultation paper.

(b) Adjoining Walls

We do not agree that it necessarily follows that if one wall cannot be insulated, that means that other adjoining walls cannot be insulated. In our view, this may be used as a 'get out' clause for gaining district heating scheme funding. It would, in our view have a knock on effect that would effectively mean that if one wall in a multi-story building was incapable of insulation, it would effectively render the whole building incapable of insulation thus removing a significant hurdle for accessing the DHS funding and significantly undermining the environmental gains from district heating schemes.

(c) Other scenarios where cavity wall insulation cannot be installed.

Whilst we do not believe there are other scenarios where cavity wall insulation **cannot** be installed, there are scenarios where certain types of CWI might be more problematic, this is particularly in high rise multi-story buildings where wind-driven rain is a critical factor. In our view, some materials might not be the most appropriate, particularly the cheaper blown mineral fibre or wools. If, for instance, these are on westerly exposed fascia, this may lead to excess moisture running through the cavity and causing damp spots or dropping down the cavity to the lower floor.

(d) Compliance purposes

In our view, the fact that a cavity wall cannot be insulated ought to be certified by a chartered surveyor.

Q3. Lifetime for multi-fuel upgrades

We agree that option 1 is the preferred option for calculating the lifetime multifuel DHS upgrades.

Q4. Electric storage heaters

(a) Broken electric storage heater

Whilst we agree with the definition of a broken electric storage heater, we are concerned that a responsiveness rating of just 0.2 against the SAP is a significantly inefficient heater. We would recommend that the cut off should be 0.4 thus enabling the replacement of more inefficient heaters.

(b) Economic repair

We agree with the proposed terms of beyond economic repair.

(c) Cost Calculation

We agree with the proposed costs, but in a rapidly evolving industry, we feel that they ought not be expressed in absolute terms. As costs change, inflation impacts and equipment improves, we feel that the table ought to be expressed as a percentage against a fixed factor.

Q5. Qualifying Boilers

(a) Boiler and system sludge and unstable firing

We agree that 'Boiler and System Sludge' and 'Unstable Firing' are appropriate to add to the list of recognised boiler faults. However, we feel that this is a matter of degree. In the case of Boiler sludge, we feel that it may be to a point where a replacement boiler is appropriate, although we accept that it is likely that a combination of factors will have occurred in this scenario.

(b) No boiler ignition and unstable firing

We agree that these are separate faults, but are usually interlinked. By considering them separately, they will result in being considered as a combination of faults thus leading to more boiler replacements than when they are considered together. This is welcome.

(c) Non-gas fuelled boilers

We agree that the list of faults is applicable (mostly) to non-gas fuelled boilers.

Q6. Virgin loft insulation

(a) False claims of virgin loft insulation

This is a difficult problem to solve as it relies on identifying the pre-installation condition of a property which is obviously difficult to do retrospectively.

In our view, some allowance ought to be retained as otherwise even minimal insulation in a loft space may be considered outside of the scope of the scheme. In some cases, the central part of a loft has some minimal insulation (perhaps under boards put in by the householder) but the area out over the eaves has no insulation – that ought to be considered as a virgin loft insulation.

Having no allowance, might mean that fewer properties are insulated as a result, which would diminish the effectiveness of the scheme.

However, we recognise that fraudulent claims of virgin loft insulation are possible. We would recommend that the proposal at paragraph 6.1 ought to be amended to include that:

“A supplier is able to demonstrate, **by date-stamped photographic evidence**, that the person recommending the loft insulation and/or the person scoring the measure was able to gain access to the loft **and record the presence of pre-existing loft insulation (or absence of it)** during their assessment of the property.”

In addition, we recommend that where there is **no insulation present or any insulation present is less than 60mm in depth and covering less than 40% of the roof space**, then that ought to be considered as virgin loft insulation.

(b) Difficulties in implementing these changes

We do not envisage any significant difficulties in implementing these changes. It is best practice in any event to take photographs, pre-, mid- and post-installation. In our view, these changes will assist the vast majority of honest installers to comply.

Notwithstanding this, we cannot see any way that the government can address the situation where a 'savvy' householder recognises the benefits of being assessed as having virgin loft space and therefore decides to remove the pre-existing insulation themselves. To address this, the government ought to align the virgin loft insulation and top-up insulation regimes as closely as possible to avoid these unintended consequences.

(c) Other controls

As stated above, we believe that there should be dated-stamped photographic evidence taken and retained.

(d) Health and safety risks

The principal health and safety risk that we would identify is any kind of infestation within the insulation material itself.

The other main risk is contamination or spillage from flammable materials kept in the loft. For instance, it can be common to find paint stripper or white spirits in loft spaces. If these have leaked and soaked the loft insulation, it would be recommended to remove the insulation and replace it.

In these circumstances, it is likely that any insulation that is there is providing limited effectiveness in any event and so therefore it should be considered to be a new installation and not a top-up installation. Again, we would suggest that the affected area ought to be more than 60% of the loft space (as per our suggestion above) in order to qualify.

Q7. Technical monitoring

(a) Separation of monitoring

We agree that it is more appropriate to assess quality of installation and the accuracy of scores separately.

(b) Technical and score monitoring rates

We agree that the rates should be increased where the failure rates increase, however, we feel that the bar has been set too high.

In our view, paragraph 1.49 of the technical guidance (Appendix A) ought to read:

"The required technical monitoring rate will remain at the baseline rate of 5% until either of the following occurs:

- a. A supplier achieves an average failure rate for the overall monitoring sample of between 10% and 20% for two consecutive quarters; or**
- b. A supplier achieves an average failure rate for the overall monitoring sample of more than 20% for any one quarter.**

If either of the above occurs, the required technical monitoring rate will increase to 10%. The new increased technical monitoring rate will take effect from the quarter following the submission deadline.

Paragraph 1.50 should remain as stated.

Similarly, paragraph 1.55 ought to be amended to follow suit with the above suggestion, but with paragraph a being to reflect a rate between 10% and 25% and paragraph b to reflect a rate in excess of 25%.

(c) Training for technical monitors

We agree that the technical monitors must have suitable training. In our view, the level, standard and accreditation of delivery of this training ought to be undertaken by the Royal Institution of Chartered Surveyors or equivalent. However, we do not necessarily believe that the technical monitors need to be fully qualified chartered surveyors.

(d) Training for score assessors

We agree that the identified qualifications for score assessors are appropriate.

(e) Timescales for remedial works

The timescales proposed could cause us difficulties when aligned with the requirement that consumers have a right to be notified of their right to take their complaint to our Ombudsman where 56 days has elapsed since they raised their complaint with the supplier (this 56 day rule also applies to the Energy Ombudsman and the Green Deal Ombudsman). Whilst it remains for the consumer to elect to exercise their right, if remedies remain outstanding for long periods of time, this can cause consumers to attempt to force resolution through the Ombudsman scheme.

In our view, the first timescale (in paragraph 1.58) ought to be 56 days from the date the fail was discovered (not the end of the month).

In exceptional circumstances, it might be appropriate to have a longer period for remedy and we therefore think that the six month cut-off in paragraph 1.59 is appropriate.

That concludes our submission. We would be happy to answer any further questions and to participate further in the future development of the ECO scheme.

Yours sincerely,



Tony Allen
Consumer & Government Affairs Consultant