Llewellyn Smith Limited

Energy Companies Obligation 2015-2017 (ECO2): ECO2.2 Consultation

Publication dated 4 December 2014, response deadline 21 January 2015

Consultation Response.

Question/ clause	Text from the Guidance	Llewellyn Smith Comments
Q6a	**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.**	We believe that to reduce the number of false claims we support your proposal for 6.5.1 to be the first requirement. However, we see 6.5.2 and 3 to be less robust in their effect than 6.5.4. Under 6.5.4 we would suggest that all inspections are at pre-installation stage and are carried out by a technical monitoring agent. Mid-inspections are very difficult to arrange as contractors are on site for a very short period, and planned installations are always liable to alter. Alternatively, these pre inspections could be completed by a RICS registered ECO Assessor. The TMA pre inspections could work in a similar way to 'hard to treat' verification of narrow cavities which required pre-authorisation prior to install. We believe that the requirement for a TMA to visit every virgin loft measure at pre-installation stage would act as a severe deterrent to contractors putting through false claims.
Q6b	**Do you see any difficulties in implementing these changes? Please provide reasons for your answer.**	If Ofgem were to adopt the above option, then we see fewer difficulties than a mid-installation inspection, as this does provide the most robust option.
Q6c	**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 do not have any other suggestions as we believe the option for 100% TMA pre-installation visits would offer the most robust method to reduce false claims.

Q6d	**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?**	Where existing insulation is removed because it is posing a health and safety risk then there is good reason for this to be claimed as a virgin loft; to make the measure economically viable. We would suggest that a Chartered Surveyor's report is required as part of the compliance process. This report would confirm the health and safety risk and the reasons. In addition we would suggest that the customer or owner signs a declaration confirming the existence of the relevant health and safety risk. Examples of such health and safety risks are rodent (rat) droppings as these have a direct link to Weil's disease. One significant risk is one of asbestos contamination of the insulation from associated items of construction, such as roof sheeting, or pipe insulation or flues. Other areas of health and safety risks include droppings from pigeons which transmit diseases Psittacosis and Histoplasmosis. The supplier could demonstrate these risks through the Chartered Surveyor's report and the declaration signed by the householder.
Q7a	**Do you agree it is more appropriate to assess quality of installation and the accuracy of scores separately?**	We believe that to keep the quality of installation and the scoring technical monitoring requirements separate is appropriate as both areas provide very different types of feedback.
Q7b	**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 believe that the roles of technical monitoring are of greater importance within ECO and previous schemes, than is given credence by suggesting lower inspection rates than the nominal 5%. It has been shown by Ofgem's Technical Monitoring reports issues 1 and 2, the last of which is dated October 2014, that the level of failure for quality of installation was at 10.7%. Coupled with this is the current level of failure rate for insulation measures of 15%. These figures illustrate that there is much work to be done by the industry to move the quality of installation to acceptable levels, such as the 5% mentioned in 1.46.

		As we have suggested previously, an independent study into the effectiveness of ECO in terms of "delivery the required outcomes", especially surrounding technical monitoring, would add considerable value to this thought process. On an operational level, to allow suppliers to vary their TM rates per quarter from 5% to 1%, would have a significant effect on TMA's. The ability of the TMA's to react to differing levels of technical monitoring say from 5% to 1% would, for many, necessitate large scale downsizing of inspector numbers. This is at a time when the failure rates are 10-15% and have been so across ECO and CERT beforehand. For a supplier in the very next quarter to ask for a return to 5%, would mean that the TMA's are recruiting inspectors, a process which can take months. This could then jeopardise the whole process of independent inspections as required by Ofgem. We believe that Ofgem should be maintaining the minimum 5% level of TM inspections, irrespective of low failure rates. The clauses which relate to increased levels of monitoring 1.49, 1.50, 1.55 and 1.56 should be maintained to act as a driver for improved levels of quality for the suppliers. Maintaining the minimum level of TM inspections at 5% would communicate to the energy suppliers and the industry, that the level of failure rates are currently unacceptable. This would also offer the TMA's the stability to invest for the long term in training and qualifications. As we understand there is a commitment to independent inspections as laid down by the EU Directive 2012/27/EU of 25/10/2012 through to 2020. The proposed development of the Association for Technical Monitoring Agents (ATMA) requires such a commitment from Ofgem, to enable a successful Association to develop training and qualifications which would underpin the drive towards higher standards of installation within ECO and the subsequent schemes through to 2020.

Q7c	**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?**	We do believe that technical monitoring inspectors rather than the agent company, should be trained and be competent. We believe that for the measures listed in table 1.15 there should be bespoke training courses and qualifications that reflect the level of competency as determined by the Ofgem TM question set. For each of the measures which has a question set, then a training course should be developed. This means that for wall insulation as stated in the table 1.15, training is given to cavity wall insulation, external wall insulation and internal wall insulation separately. A course for boilers and heating controls would reflect the question set, rather than the over prescribed Gas Safe course which is designed for installation engineers. As has been mentioned in our response to 7b, we believe that Ofgem should state that "Technical Monitoring inspectors should have completed or at least registered/started the Technical Monitoring Inspector qualifications as offered by the Association for Technical Monitoring Agents, or similar and approved". Considering the will to develop ATMA and these courses, they should be available by quarter 3 2015. In the interim, the TM inspectors should be able to demonstrate that they are "suitably qualified" which would include in house training courses which are "approved" by energy suppliers. This is the case for Llewellyn Smith with our bespoke training course. This coupled with grandfather rights of 5 years' experience in the energy efficiency industry or with formal building surveyor qualifications demonstrates a level of competency. Currently, the energy suppliers do carry out their own checks and balances to ensure that the technical monitoring agent is suitably qualified. This is a robust process and until the ATMA courses are adopted is fit for purpose.
Q7d	**Are the qualifications listed in paragraph 1.16 of Appendix 1**	We agree with the suggested qualifications in paragraphed 1.16, but as a point of

	appropriate for score monitoring agents? Are there any other qualifications that you would suggest?	clarification would suggest that a Green Deal Assessor qualification is also acceptable. The base for this is a Domestic Energy Assessor with an additional level of training to become a GDA.

Q7e	**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 would suggest that the 3 month timeline referred to in paragraph 1.58 should start from the date that the supplier received the fail notification from the technical monitoring agent. Similarly, this trigger point would alter 1.59. With regard to paragraph 1.60 the "causes us to have concerns" element, can this be measured?
Q7f	**Do you have any further comments or suggestions relating to this policy area?**	Paragraph 1.16 Can you please list the Approved Organisations for Scotland? Paragraph 1.18 This should include pre-inspections as this is being offered in paragraph 6.5.4 for compliance for virgin lofts. Paragraph 1.26 Can Ofgem also refer to the 5 stage process for re-inspections that has been developed, as mentioned in clause 1.31?