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19th January 2015

Re: Energy Company Obligation 2015-2017: ECO 2.2 Consultation

Dear Andrew,

RWE npower welcomes the opportunity to comment on the above consultation. RWE npower is a leading UK energy company and is part of the RWE Group, one of Europe's leading electricity and gas companies. We serve around 5.8 million residential and business customers with electricity, gas and energy. Through RWE Generation, we operate and manage a flexible portfolio of coal, oil, biomass and gas-fired power stations, producing more than 10% of the electricity used in Great Britain.

Please find attached our response to the Energy Company Obligation 2.2 consultation. We are broadly supportive of Ofgem's proposals and we urge that these changes are implemented with some urgency, especially in respect of the heating checklist, as installations for the 2015-2017 period are already underway.

If you have any queries regarding our response, please contact me.

Yours sincerely,

Bob Jackson
RWE npower

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ECO 2015-2017: ECO 2.2 consultation

Question 1:

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

Yes, we agree that a check at time of the assessment is sufficient. However, if the assessor is unable to access the loft then the loft should not be a recommended measure.

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

No.

Question 2:

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.

Yes, we agree that cavities narrower than 40mm are difficult to fill evenly and uninsulated voids can result in damp problems. We therefore support the proposal.

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.

Yes, we support the proposal.

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

No.

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

We would suggest adopting the Hard to Treat cavity process from previous compliance rules – i.e. a report from a Chartered Surveyor or structural engineer stating that the cavity cannot be insulated.

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

We have no further comment.

Question 3:

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

Yes.

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?

n/a

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

We have no further comment.

Question 4:

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

Yes.

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

Yes.

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

Yes.

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

Yes, the individual conducting a qualifying electric storage heater test must be a qualified electrician and not a gas engineer i.e. irrelevant of the 2030 part 'b' qualification. Consideration must also be given to the templates and heating checklist to ensure these are fit for purpose, this should be progressed through the Standardisation and Simplification working group.

Question 5:

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

Yes, we agree that sludge and unstable fire are insufficient reasons for a boiler to be replaced. These are not faults, these are symptoms of a fault. We support replacing these terms with "mechanical or electrical fault" on the boiler checklist. We would welcome further discussion of this point at the Simplification and Standardised Working Group.

There are no other faults which on their own are insufficient reasons for a boiler to be replaced.

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

Yes, these are separate faults. No boiler ignition can be caused by a number of issues: faulty PCB, damaged electrode etc., whereas unstable firing occurs only after the ignition process has completed. The issue can be caused by a number of issues, e.g. poor flame rectification, blocked burner. We disagree with the statement from the consultation document, "Unstable firing alone is a fault which should result in the boiler being repaired rather than requiring replacement" as this is a symptom of a fault, not a fault in and of itself.

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

Yes. Inherently, boiler faults are boiler faults. The engineer assessing the boiler is the subject matter expert and should make the professional judgement on the boiler faults list irrespective of fuel source.

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

The new Heating Checklist is high priority and must be amended to capture these revised requirements. Progress on this is a priority.

Question 6:

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 are not convinced that the proposals will be effective in reducing false claims of virgin loft insulation. False claims are examples of fraud and we would like to see positive steps to address this issue. We do not believe that the proposals, which rely on advice given to consumers and additional form filling as a means of reducing fraud, will have the desired effect of dissuading criminal activity.

However, if the intent is to make clearer who is responsible for any fraudulent claim, then this may be successful as declarations and evidence will be made by specific parties. Nevertheless there is a risk that householders may sign documentation that has not been fully explained or they may be may be coerced into making a false declaration as a pre-condition of receiving support. The potential for abuse therefore remains.

For suppliers' compliance processes evidence and appropriate documentation will be checked retrospectively. Pre and mid-inspections, as proposed, are fine in principle but impractical in practice and prohibitively expensive.

We therefore believe that as a minimum photographs from the assessor, accompanying site notes and lodged EPCs are the minimum requirements for all virgin lofts.

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

Yes. The additional process, paper work and extra verification are required. See above for more detail.

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.

Yes, we support action of photographing and measurements for EPC, DEA photographs, accompanying site notes, lodged EPCs for all virgin lofts

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 exists we accept that there is not a case for the measure to be claimed as a virgin loft because the pre-existing insulation will deliver heat savings and, as this is the primary policy objective for HHCRO, this must be accounted for in the calculations.

However, the policy objectives of improvement in health and wellbeing would suggest that where health and safety is an issue, the replacement of all insulation is desirable – it is therefore regrettable that the limitation of the policy design does not recognise this.

Examples of issues we may be likely to encounter include: water saturation to product / trap moisture causing mould on celling / render product ineffective. Vermin infestation may also require product removal.

Finally, instances of no-access will need to be carefully evidenced. No access to lofts can be common where the property is pre-1900.

Question 7:

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

Yes

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 would like to see Ofgem impose any additional monitoring then it should be applied on a per contractor basis, so that poor performing contractors are penalised.

We would like clarification from Ofgem as to whether a supplier's required score monitoring rate will be reduced to 1% if, from the previous monitoring regime, the same supplier achieved an average failure rate for the overall monitoring sample of below 5%?

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?

Yes we agree with the proposed approach to require technical monitoring agents to have certain appropriate qualifications, which may have been achieved via attendance and completion/certification of recognised industry courses for the relevant insulation products. We are unable to suggest specifically which qualifications are likely to be the most appropriate for different categories of measure at this stage. We look forward to receiving Ofgem's suggestions and may have further views when in receipt of the proposed TM Question set.

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?

Yes. Other appropriate qualifications may include: BREEAM UK Domestic Refurbishment.

BREEAM UK Domestic Refurbishment

Launched on 11th June 2012, the BREEAM Domestic Refurbishment scheme provides a methodology, software tool and certification for those responsible for delivering sustainable domestic refurbishment projects. It is designed to help building owners and occupiers save operating costs, reduce the environmental impacts of refurbishments and to increase the sustainability of existing building stock. Further information on the scheme can be found here: www.breeam.org/domrefurb

Delivered through a mixture of pre-course learning, presentations, workshops and exercises, you will be taken on a journey through the BREEAM Domestic Refurbishment assessment process gradually building up your knowledge and confidence towards becoming an assessor.

BREEAM Domestic Refurbishment provides a design and assessment method for sustainable domestic refurbishment projects, helping to improve the sustainability and environmental performance of existing dwellings in a robust and cost effective way.

The scheme allows developers, designers and Green Deal advisors to demonstrate their environmental credentials promote better design and give confidence to their customers. It also helps planners, regulators and asset managers (e.g. Registered Social Landlords) to set standards for refurbishment, and provides a market-focused label for more sustainable and higher quality refurbishments.

Providing a rating of Pass to Outstanding, BREEAM Domestic Refurbishment evaluates the environmental credentials of refurbishment projects based upon BREEAM's UKAS accredited certification standards already applied to over 200,000 buildings around the world.

How does BREEAM Domestic Refurbishment assess energy? BREEAM Domestic Refurbishment measures energy in line with the EPC scale using either Full or RdSAP. The dwelling is assessed before and after refurbishment to assess the improvements to be made by the proposed design. As well as the improvement to be made it also assesses the predicted energy use post refurbishment with assessment issues titled as follows:

Further information on BREEAM UK Domestic Refurbishment - http://www.breeam.org/page.jsp?id=228

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?

Yes, but instances of no access should be considered. If we cannot get access then either the timescale does not apply or at the customer's request the work is not remediated.

We agree with Ofgem that we should carry out remedial work within a prescribed timetable

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

Technical Monitoring ™ has an important role to play in monitoring the accuracy of carbon or cost savings attributed to ECO measures and in detecting fraud. To be capable of identifying any fraudulent activity effectively, we believe that TM should predominantly focus on the factors that make a material difference to carbon or cost savings, and on detecting whether carbon or cost savings are fraudulently inflated.

We believe another way of making the TM regime more relevant in helping to improve standards in the short-term would be to revise the TM questions further. There is considerable overlap between existing forms of evidencing and demonstrating installation quality and TM questions. We believe that where possible, existing certification schemes and standards should be relied upon to demonstrate compliance with Building Regulations e.g. Competent Person Schemes, PAS 2030.

Those schemes operate under existing frameworks, with accreditation bodies and their own auditing regimes. They have been developed to protect consumers and safeguard against poor workmanship, and some of them, like PAS 2030, set the quality benchmark under ECO. We believe that if there is concern that such schemes are not fit for purpose, and there is evidence of that, the Government should be addressing this with accreditation bodies and drive improvements. These schemes are used more broadly than for ECO, and any shortcomings should be addressed for the benefit of all householders, not just those benefiting from ECO funding.

For technical monitoring to be a cost-effective auditing tool under ECO, it should complement these arrangements by filling in any gaps in evidence collation, rather than duplicating efforts. Therefore, we believe where there are existing forms of evidencing installation quality through existing certification schemes and standards, technical monitoring should not be required unless there is a good reason to monitor a specific aspect of the installation. The installation of solid wall insulation on high rise blocks of flats is a very good example of where technical monitoring is unlikely to add any value. This is because in addition to a building control inspection at the end, which assesses the quality of installation and compliance with standards, there are weekly design inspections during the installation process by product manufacturers. These inspections are designed to ensure that the measure is installed as specified in accordance with the project plan and to the manufacturer’s specification.