

All obligated parties

Email: ecocompliance@ofgem.gov.uk

Date: 19/06/2015

Dear Supplier

Update on Ofgem's¹ approach during closedown of Electricity and Gas (Energy Companies Obligation) Order 2012 (ECO1)

Further to the letter² we published on 13 March 2015 regarding our approach during closedown of ECO1, we believe it would be useful to provide a reminder of the key approaches and timelines detailed in that letter. We also want to explain where these may have changed, and where there are exceptions to the approach previously outlined.

Appendix one of this letter provides a summary of the key compliance issues, including clarification of our existing guidance where appropriate. It also restates the deadlines (noting any changes in red) and the approach to be taken for each issue by Ofgem and obligated parties as applicable. The areas where information has changed or been updated since our previous letter are highlighted.

Appendix two provides an updated timetable of key milestones and dates for the closedown of ECO1.

We would also like to highlight the following points:

- Any savings decision will be based on the individual circumstances of the measure(s).
- We will issue a 'minded to' refuse or revoke savings notice for all measures we consider to not meet the eligibility requirements for the scheme. Further information on this process can be found on our website.³ Please note this will not apply to measures subject to the adjoining area or boiler repair percentage determinations as these are statutory determinations.
- As part of our assessment of information provided relating to a measure, and in response to any representations made to a 'minded to' notice, suppliers may be required to make amendments to a measure notification before it can be processed. We will generally expect measure amendments to be conducted and the measure re-notified within three working days.
- We strongly encourage suppliers to ensure that the quality of data submitted to Ofgem is of the required standard and in line with our guidance, and that it is

¹ Ofgem is the office of the Gas and Electricity Markets Authority (GEMA) and the terms "Ofgem" and "GEMA" are used interchangeably in this document

² <https://www.ofgem.gov.uk/ofgem-publications/93883/ecocomplianceletterannex-pdf>

³ <https://www.ofgem.gov.uk/publications-and-updates/eco1-notice-minded-decisions-refuse-or-revoke>

submitted in a timely manner. Poor quality data significantly impacts our ability to make savings decisions in a timely way.

Should any of the information contained within this letter change, we will communicate these changes to suppliers as quickly as possible.

Please contact ecocompliance@ofgem.gov.uk should you have any further questions.

Yours sincerely,

David Fletcher

Interim Associate Director
Energy Efficiency and Social Programmes

Appendix 1 – Ofgem guidance on our approach to the closedown of ECO1

| | Issue | Standard approach |
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| 1. | De-duplication – duplicate measures still exist on 30 June 2015 | <p>If intra supplier (or within a group of suppliers) – refuse/revoke savings for measure notified second.</p> <p>If inter supplier (and not part of a group of suppliers) – refuse savings for both suppliers.</p> <p>'Minded to' notices to be issued for duplicate measures on an ongoing basis. 'Minded to' notices for all outstanding duplicates where we intend to refuse/revoke their savings will be issued w/c 29 June.</p> |
| 2. | Score verification – scores not verified for measures by 23 June 2015 | To refuse/revoke savings for measures where the score has not been verified. |
| | To reflect the timing of installation and in light of the time required to provide information, in certain circumstances there are exceptions to this deadline which have been communicated separately | |
| 3. | ESAS verification – ESAS number not verified and other AWG evidence not provided for measures by 23 June 2015 | To refuse savings for measures where the ESAS number has not been verified and alternative evidence not provided. <i>Please see Supplier Guidance section 7.47 – 7.52 for further details on ESAS verification.</i> |
| 4. | Residual addresses – addresses not verified by 23 June 2015 | To refuse savings for measures where address has not been verified. |
| 5. | Measure amendments – amendment not approved (outstanding queries with request) or still 'with supplier' (measure not resubmitted) by 23 June 2015 | If amendment request relates to eligibility criteria and a supplier has not satisfied us that these are met, to refuse/revoke savings for the measure. If amendment request does not relate to eligibility criteria, to attribute savings for the measure. |
| | Amendments resulting from the resolution of measures from other processes will continue past 23 June 2015. | |
| 6. | Secondary measures – secondary measures notified and the corresponding primary has not been notified by 23 June 2015 | To refuse savings for secondary measures where there is no approved primary measure, applying the six month rule where applicable. <i>Please see Supplier Guidance section 5.12 – 5.15 for further details on secondary measure eligibility.</i> |
| 7. | Wall Insulation Guarantees – wall insulation measures do not have an appropriate guarantee in place by 23 June 2015 | To adjust lifetime for wall insulation measures where appropriate guarantee not in place. It is likely measure savings will be changed as a result. <i>Please see Supplier Guidance section 8.22 – 8.24 for further details on guarantees.</i> |

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| 8. | Technical Monitoring (remedials) – failed measure not remediated by 23 June 2015 | To be treated case-by-case. If fail is deemed material, to refuse/ revoke savings for the measure. Further guidance on the approach suppliers should take for measures which have been remediated by 23 June but not re-inspected will be communicated to suppliers separately. <i>Please see Supplier Guidance section 15.20 – 15.41 and Ofgem’s letter to suppliers on 12 November 2014 for further details on technical monitoring</i> |
| 9. | Technical Monitoring (scoring) – measures that failed TM scoring checks not rescored by 23 June 2015 | To be treated case-by-case. If fail affects the score awarded, to refuse/ revoke savings for the measure. <i>Please see Supplier Guidance section 15.20 – 15.41 and Ofgem’s letter to suppliers on 12 November 2014 for further details on technical monitoring.</i> |
| 10. | Re-election requests – outstanding re-election requests at 30 April 2015 | To approve these requests for approved measures, subject to satisfaction that the obligation from which the measure is re-elected will be met. <i>Please see Supplier Guidance section 14.16 – 14.33 for further details on re-elections.</i> |
| 11. | Transfer requests – outstanding transfer requests at 30 April 2015 | To approve these requests for approved measures, subject to satisfaction that the obligation from which the measure is transferred will be met. <i>Please see Supplier Guidance section 12 for further details on transfers.</i> |
| 12. | Extension requests – insufficient information to make decision on extension requests by 31 May 2015 | Approve request if sufficient evidence provided by 31/05/2015; Refuse request if insufficient evidence provided by 31/05/2015. <i>Please see Supplier Guidance section 9.25 – 9.37 for further details on extension requests.</i> |
| 13. | Boiler repairs – the percentage of savings in HHCRO for boiler repairs exceeds 5% | We will refuse or revoke savings on relevant measures, working backwards from the most recently installed, until the percentage of savings for boiler repairs is equal to, or less than, 5%. <i>Please see Supplier Guidance paragraph 7.12.</i> |
| 14. | Adjoining areas - volume of carbon installed in adjoining areas exceeds permitted percentage at time of final adjoining area determination. The timing for this determination has changed - please see the updated table in appendix 2. | We will revoke savings for measures that exceed the limit, with suppliers to select measures. If suppliers do not provide their selection, measures will be removed in order of date installed, working backwards from the most recent. <i>Please see Supplier Guidance section 6.10 – 6.24 for further details on adjoining areas and our determination.</i> |
| 15. | Levelisation – suppliers do not submit measures for levelisation by requested | Ofgem will make measure selection for levelisation in installation date order, working backwards from the most recent. |

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| | deadline. This deadline has changed – please see the updated table in appendix 2. | <i>Please see Supplier Guidance section 13.19 – 13.25 for further details on the levelisation process.</i> |
| 16. | Incomplete installations – installations incomplete at 31 March 2015 | If measures are not complete, suppliers should consider their eligibility for ECO2 and notify them in accordance with that legislation. <i>Please see our Supplier Guidance (sections 9.6 – 9.13) for information on when we consider measures are complete. Eligible measures under ECO2 are referenced in the ECO2 Order⁴.</i> |
| 17. | Installers/3rd parties go into administration – suppliers unable to evidence that measures comply with ECO requirements | To be treated case-by-case: Allow suppliers opportunity to provide whatever alternative evidence they can and judge on this basis; if unable to produce relevant documentation then refuse/revoke savings. |

⁴ http://www.legislation.gov.uk/uksi/2014/3219/pdfs/uksi_20143219_en.pdf

Appendix 2 – Key milestones (correct as at the date of this letter)

| Date | Event | Action by |
|-------------------------|--|------------------|
| 30/06/2015 | Duplicates resolved | Suppliers |
| 23/06/2015 | Last date for suppliers to upload measure correction/submit evidence/verify scores (except in specific cases where we have communicated different deadlines) | Suppliers |
| 24/06/2015 – 09/07/2015 | 'Minded to' notices issued for all unresolved measures | Ofgem |
| 08/07/2015 – 23/07/2015 | Responses to 'minded to' notices submitted | Suppliers |
| 24/07/2015 | Provisional final decision to approve/reject measures | Ofgem |
| 31/07/2015 | Issue levelisation letters | Ofgem |
| 31/07/2015 | Issue adjoining area letters | Ofgem |
| 31/07/2015 | Boiler repair percentage determination | Ofgem |
| 07/08/2015 | Adjoining area nominations submitted | Suppliers |
| 21/08/2015 | Levelisation nominations submitted | Suppliers |
| 30/09/2015 | Final determination on ECO1 | Ofgem |
| 30/09/2015 | Final report on ECO1 | Ofgem |