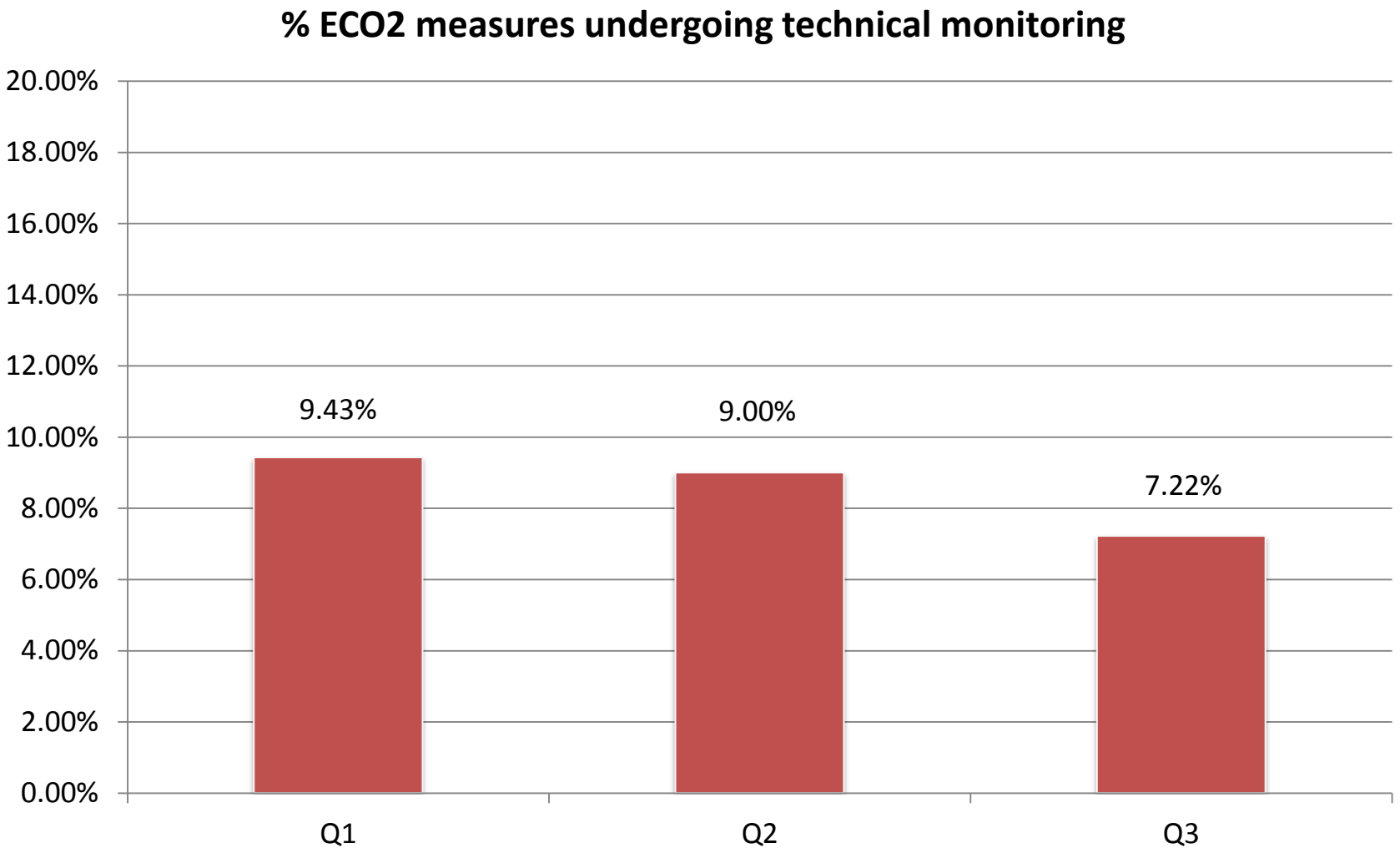
Department of Energy & Climate Change

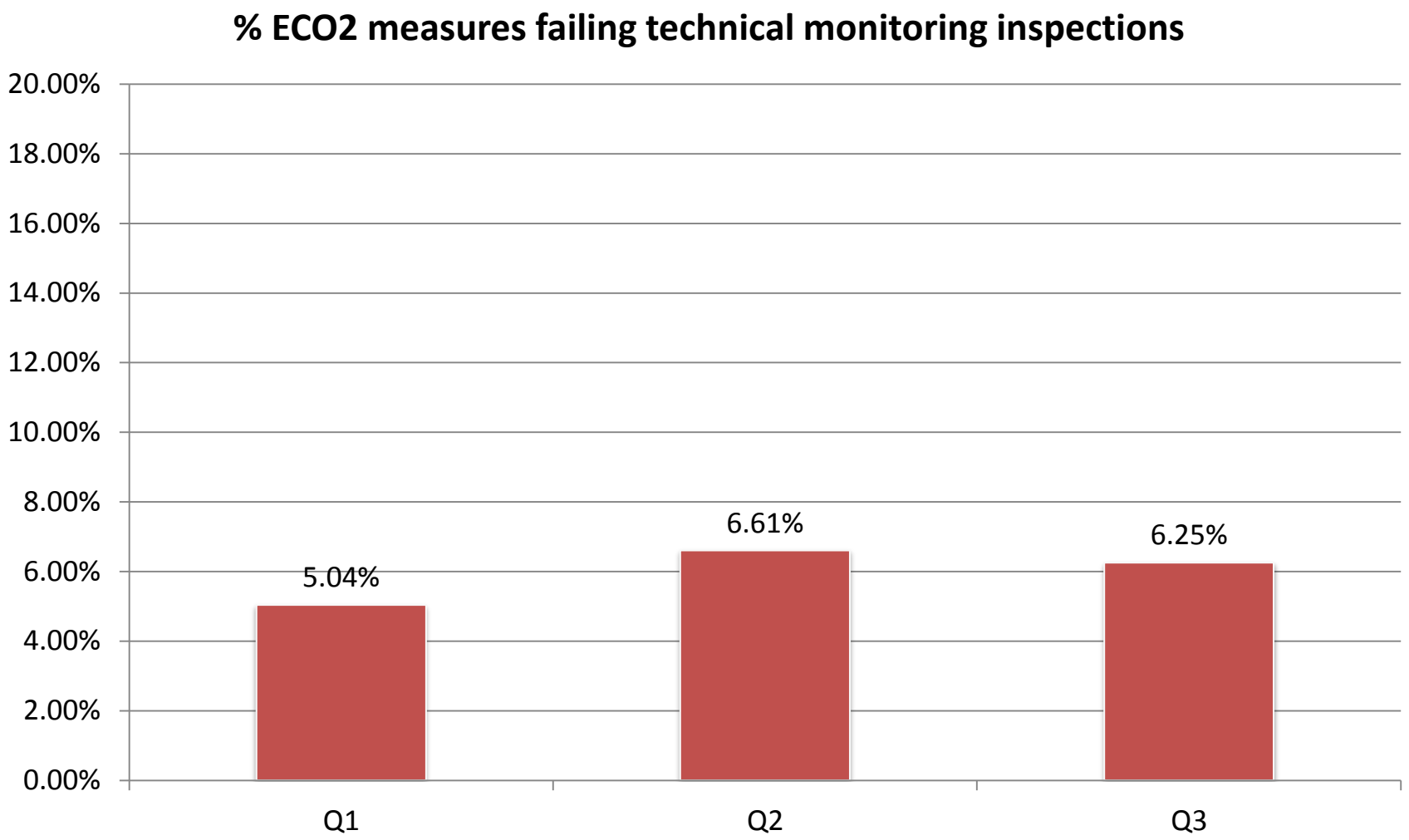
ECO Stakeholder Delivery Group

21 March 2016

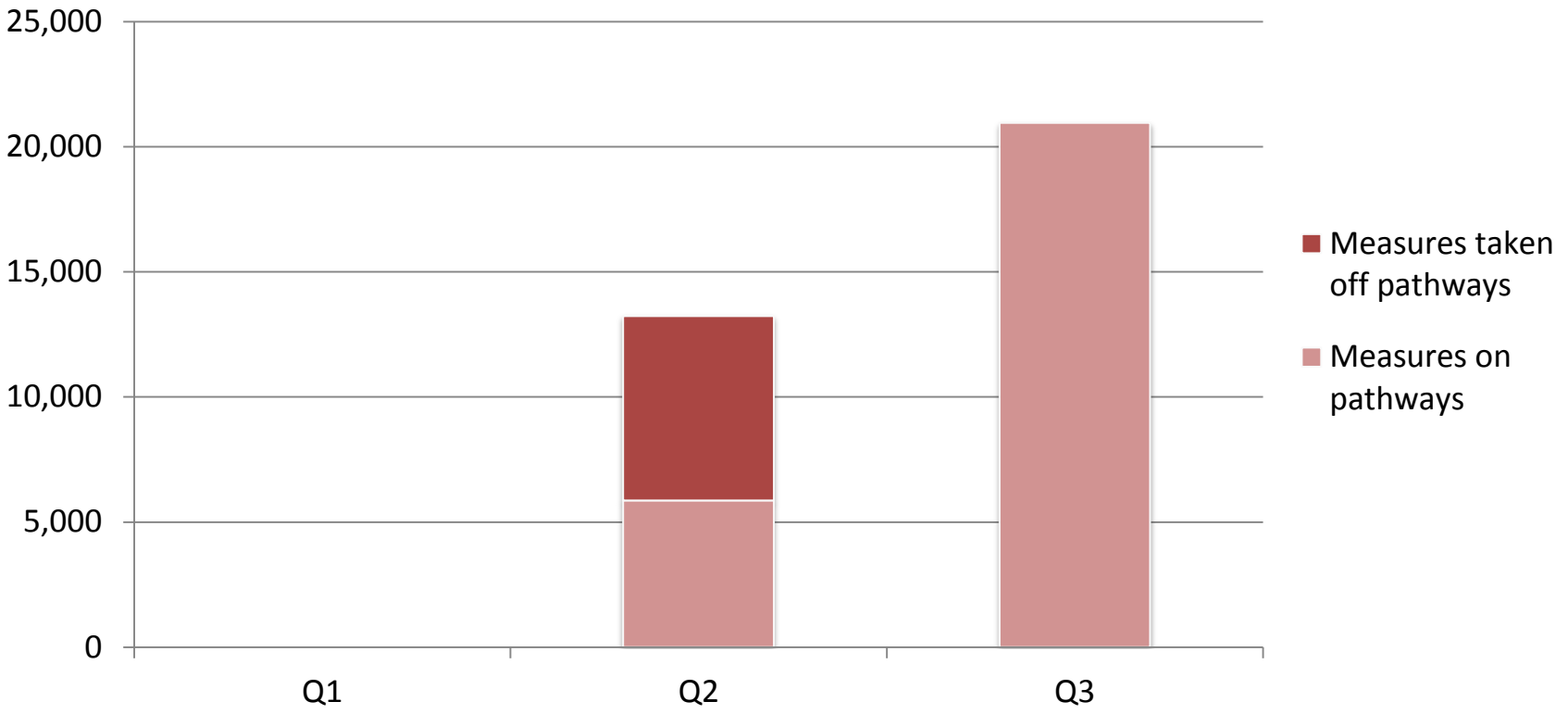
Monitoring & Pathways to Compliance – An Update

Frank Hemmes – ECO Compliance Manager

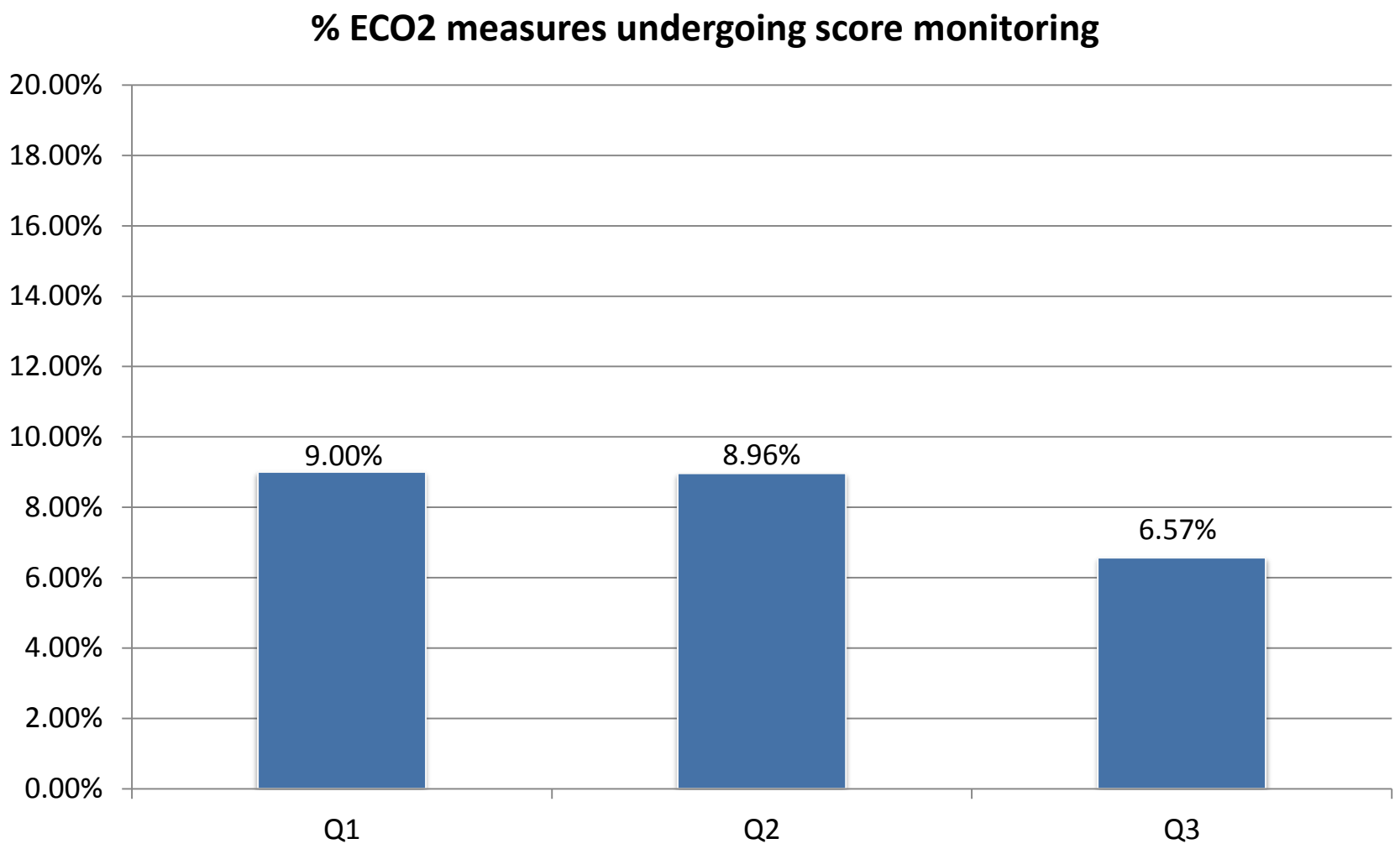

% ECO2 measures undergoing technical monitoring
20.00%
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
9.43%
9.00%
7.22%
Q1
Q2
Q3


% ECO2 measures failing technical monitoring inspections
20.00%
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
5.04%
6.61%
6.25%
Q1
Q2
Q3

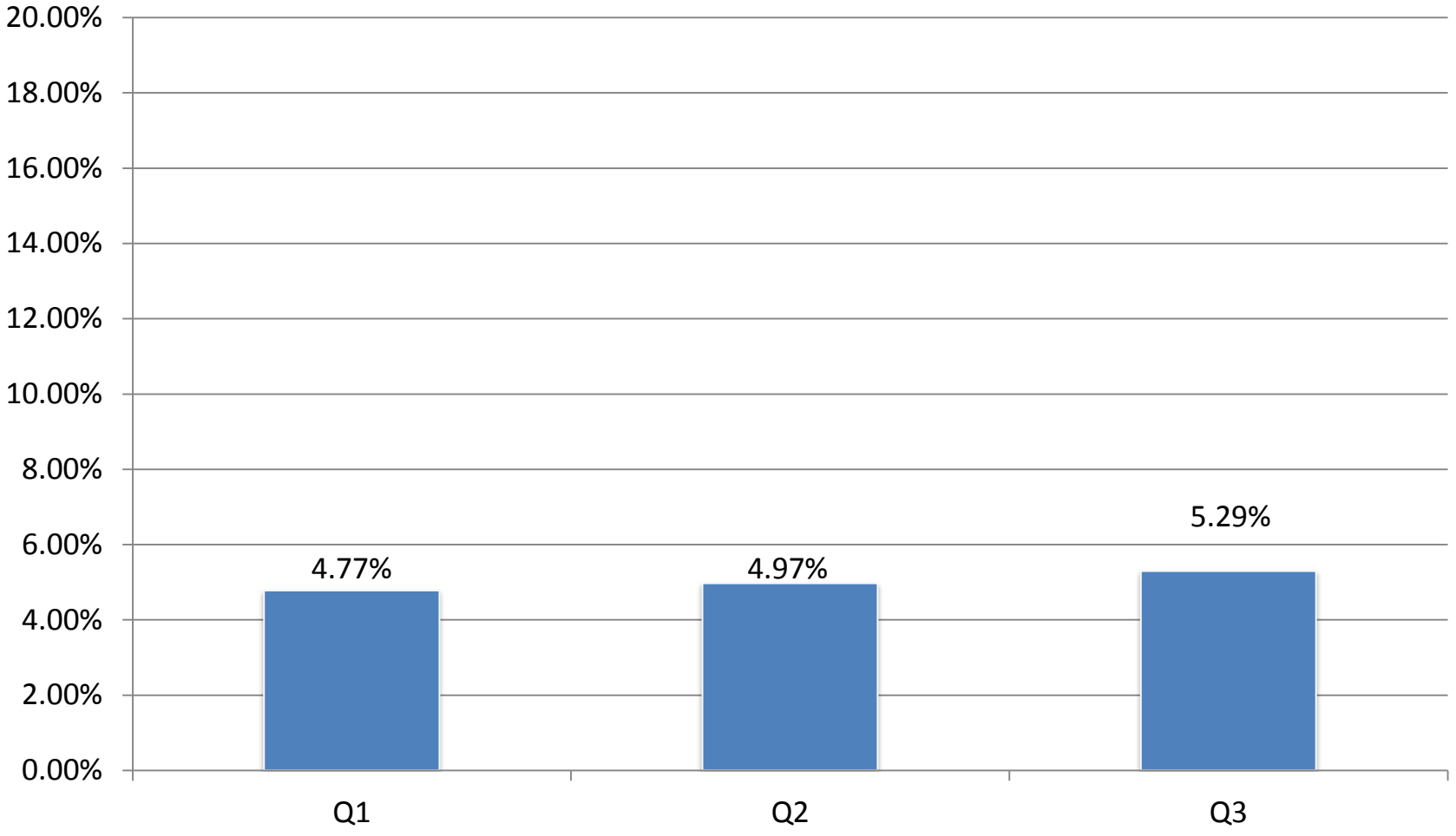
Measures on pathways for technical monitoring

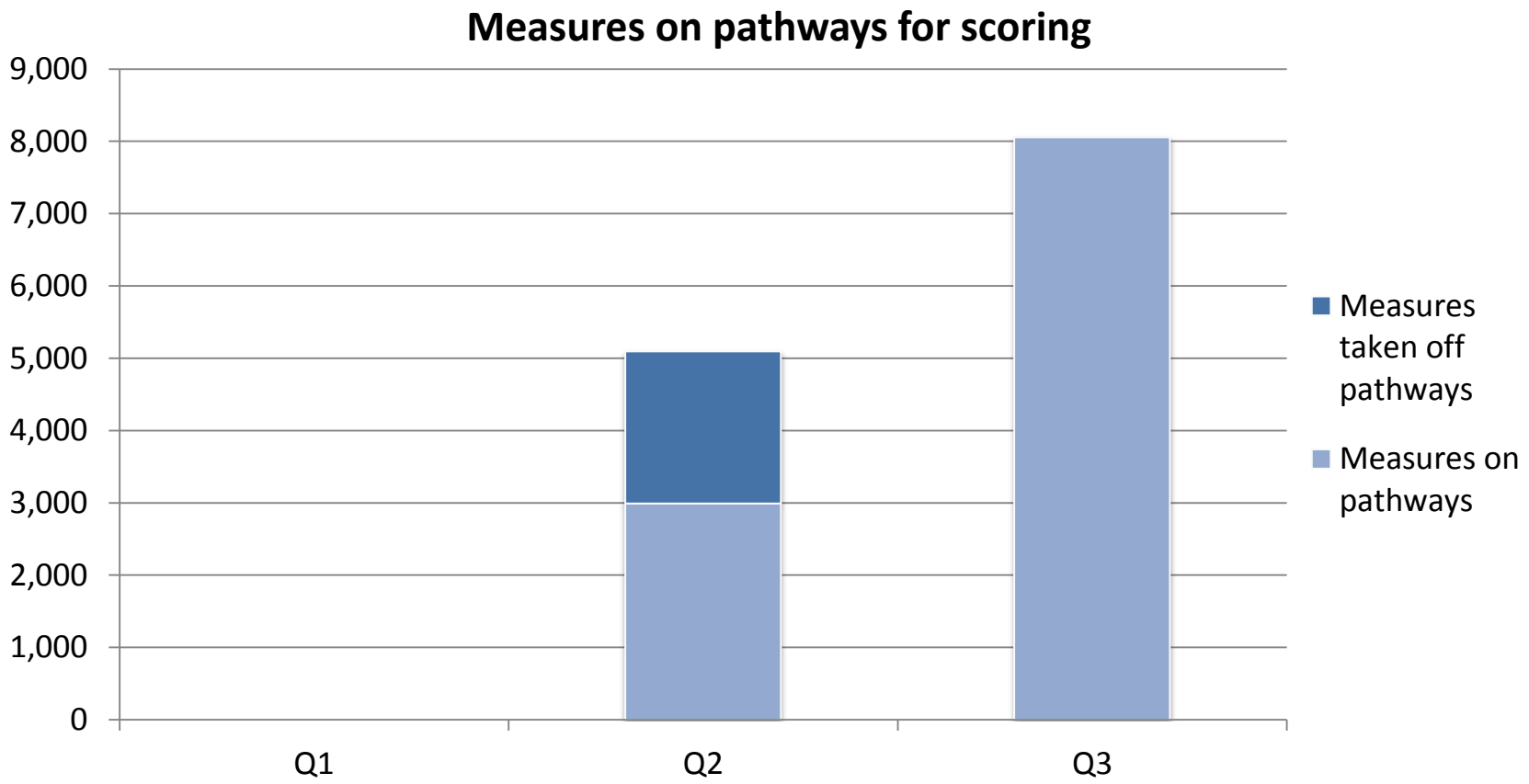


- The increase in Q3 is mostly due to a greater number of large installers being placed on pathways to compliance
- 55% of measures put on pathways for Q2 have already been taken off pathways following additional inspections and suppliers' additional assurance measures


% ECO2 measures undergoing score monitoring
20.00%
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
9.00%
8.96%
6.57%
Q1
Q2
Q3

% ECO2 measures failing score monitoring inspections





- The increase in Q3 is mostly due to a greater number of large installers being placed on pathways to compliance
- Over 40% of measures put on pathways for Q2 have already been taken off pathways following additional inspections and suppliers' additional assurance measures

Learnings so far

- Pass rates better than ECO1
- Process updates to deal with exceptions (mostly small installers)
- Dealing with continuous supplier submissions
- Learning curve for suppliers in providing additional assurances

Conclusions

- Increased proactive approach by suppliers
- Additional assurances more embedded
- Quality and accuracy improved from ECO1

ofgem e-serve Making a positive difference for energy consumers

Overwritten U-value Consultation

Phil Hulme
Senior Manager, Policy, Technical and Stakeholder Engagement

U-Value Consultation

- The purpose of the consultation was to address concerns around default U-values being overwritten to an unreasonably high value.

- The consultation was launched on 08 February and closed on 07 March

- We held a stakeholder workshop on 01 March, 22 organisations attended to discuss and share their knowledge and views on the subject

U-Value Consultation

- We put forward a number of proposals which aimed to provide assurance that the scores notified for these measures is correct.

- The proposals taken forward should provide a consistent approach for the supply chain to follow and assurance to suppliers enabling delivery of CWI to these properties.

- Consultation split into three sections:
  - Introducing an upper limit for overwritten U-values
  - Stipulating the evidence that should be in place and how inputs should be collected
  - a regime to monitor these measures

U-Value Consultation

- The consultation is now closed and we're in the process of reviewing the responses we received
- The responses are mixed and we are working through them in order to come out with a workable solution.
- We plan to communicate a decision by end of April

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Independent Review of Consumer Advice, Protection, Standards and Enforcement for Energy Efficiency and Renewable Energy

Alison Oliver: ECO Delivery Stakeholder Group
Every Home Matters Review: Progress Update

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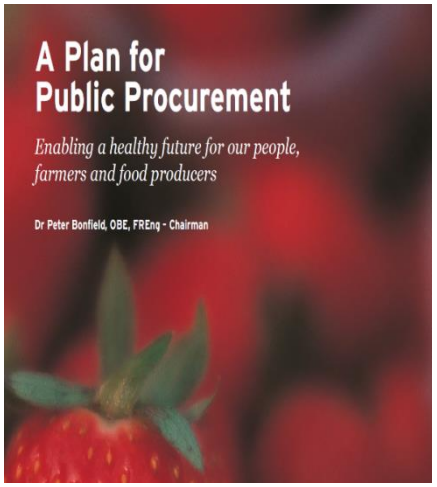
Department for Communities and Local Government

Background



Grown in Britain

- Review jointly commissioned by DECC SOS Amber Rudd and DCLG SOS Greg Clark
- Independent Review of Consumer Protection, Advice, Standards and Enforcement for existing UK Housing Energy Efficiency and Renewable Technologies
- To report back by Spring 2016 - but acting on emerging recommendations

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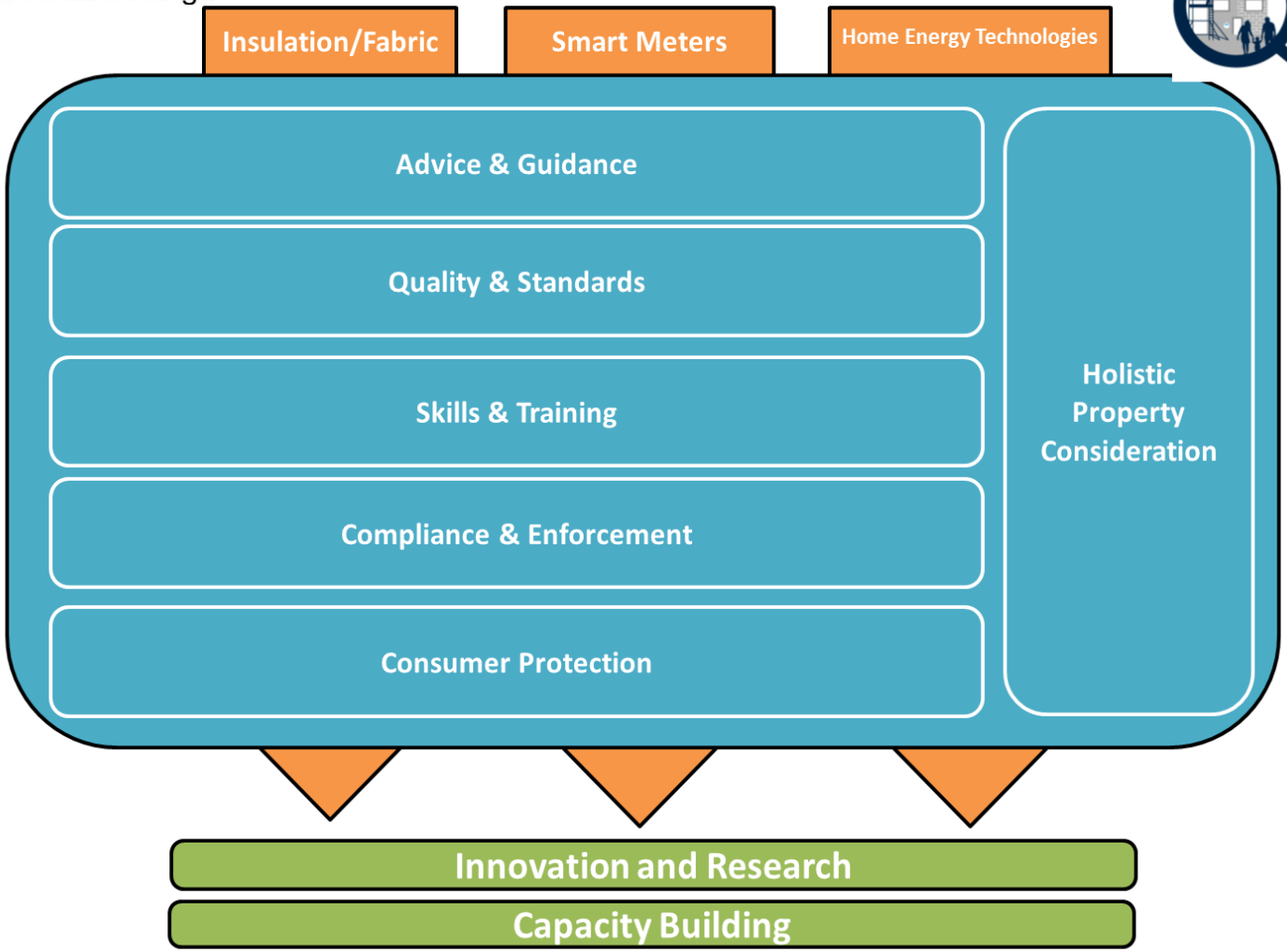
Department for Communities and Local Government

Key Emerging Recommendations



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Imagine …

- Well advised and engaged consumers who have trust in and are protected during the process of installing energy efficiency or renewable technologies
- A well trained and skilled workforce carrying out safe, high quality and consumer focused work
- A holistic property consideration to ensure the correct measures are installed in the correct way, in the right properties and perform as expected
- A robust and practical standards framework for products and installations
- An effective enforcement mechanism that ensures excellence throughout the process
- A simple, fair and customer focused redress process
- A strong, sustaining and innovative market

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Timeline

- **November - February** – Workstream discussions
- **Mid February**- draft recommendations by workstreams
- **End February** – workstream roadmaps
- **March** – cross cutting workstream discussions
- **March/April** – Final report drafted outlining progress and setting out future steps
- **Post March/April** – Implementation of remaining actions overseen by steering group.

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How to get involved

- Give us your ideas please
- What's good, bad and what to do about it
- BonfieldReview@decc.gsi.gov.uk

Thank you!

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ECO Stakeholder Delivery Group

March 2016

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Brokerage evaluation – objectives

The aim of the brokerage evaluation was to establish whether
1. Brokerage has represented good value for money; and
2. Brokerage should continue in the future.

Brokerage objectives –

- Transparency - an open market that allows both new and existing Green Deal providers (GDPs) to assess the market;
- Competition - a broad and dynamic market for energy efficiency delivery fairly competing on price to attract ECO support;
- Cost effectiveness – to support delivery of ECO at the lowest possible cost, reducing the impact on consumer energy bills;
- Market efficiency – providing a market with low transaction costs and administrative burdens for all parties;

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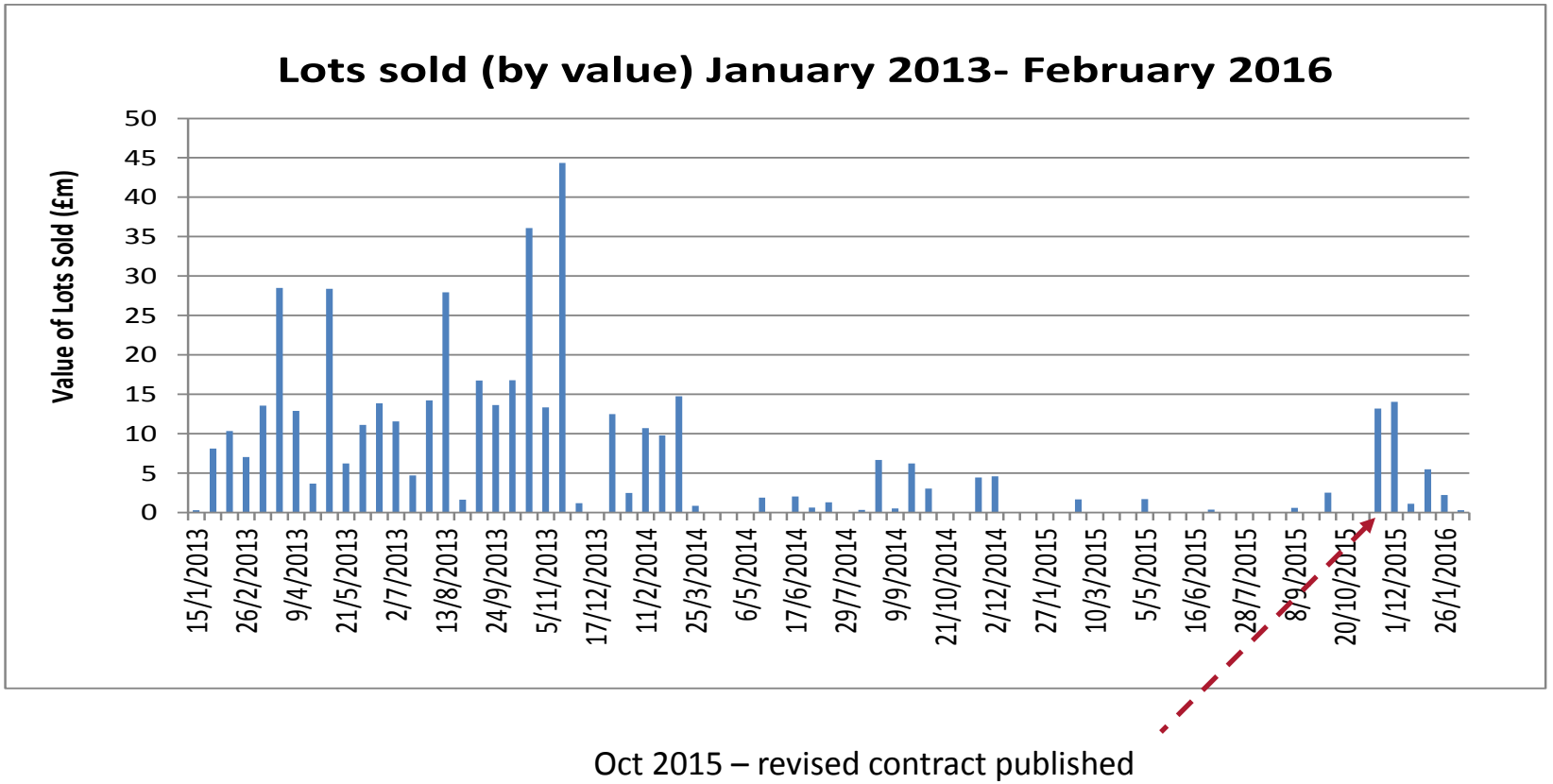
Brokerage evaluation – trading performance

- The volume of trading since the introduction of brokerage is shown below (to February 2016) –



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Brokerage evaluation - trading performance

Previous evidence suggested that the primary reasons for reduced trading volumes were –

- The changes to ECO which reduced the obligation size, reducing the need for as much installation work to be contracted
- Issues with the brokerage contract and the risks to supplier should the contract not be delivered – bilateral contracts are preferred;
- The blind nature of the platform and lack of confidence in the rating system;

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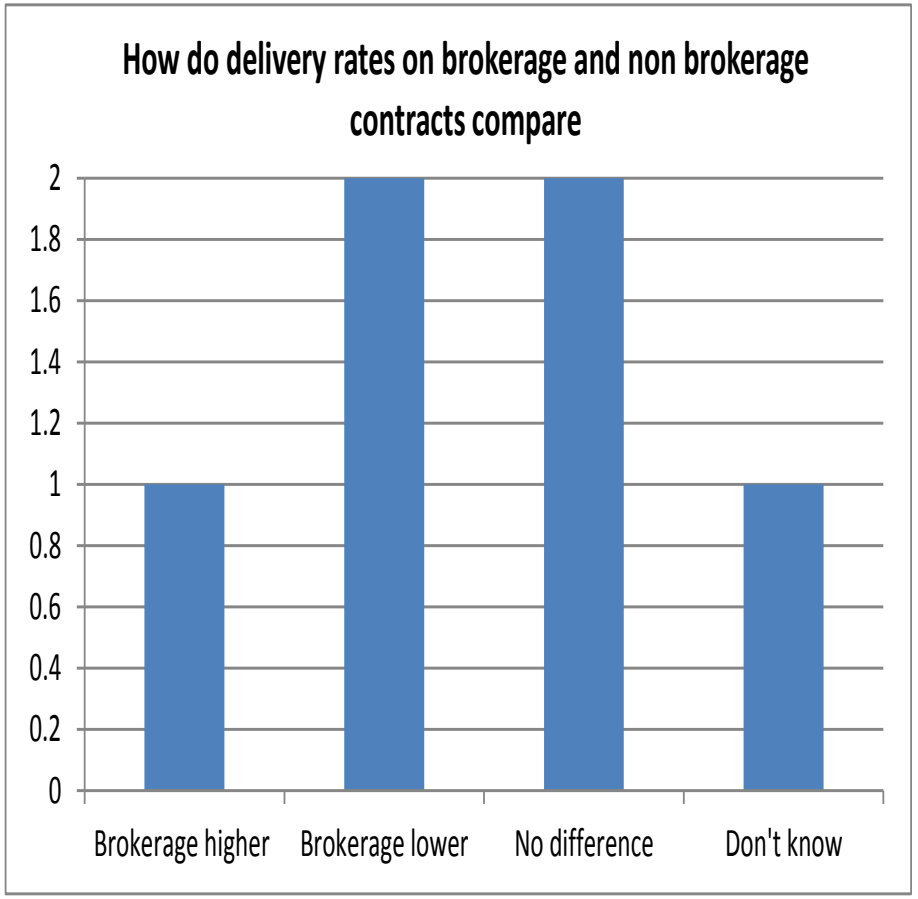
Key findings – quality and delivery

- No clear relationship between the price paid for the brokerage contract and the percentage of the contract delivered
- No correlation between the price paid for the contract and the quality of installation
- Suppliers were split over whether brokerage contracts led to lower delivery rates
- Lack of a delivery profile was seen as a bigger issue than the price of the contract



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Key findings – quality and delivery

- The top three reasons given for why contracts were not delivered in full were –

1. GDP speculation;
2. GDPs not understanding the ECO requirements (including Technical Monitoring); and
3. GDPs going into liquidation in the contract period;

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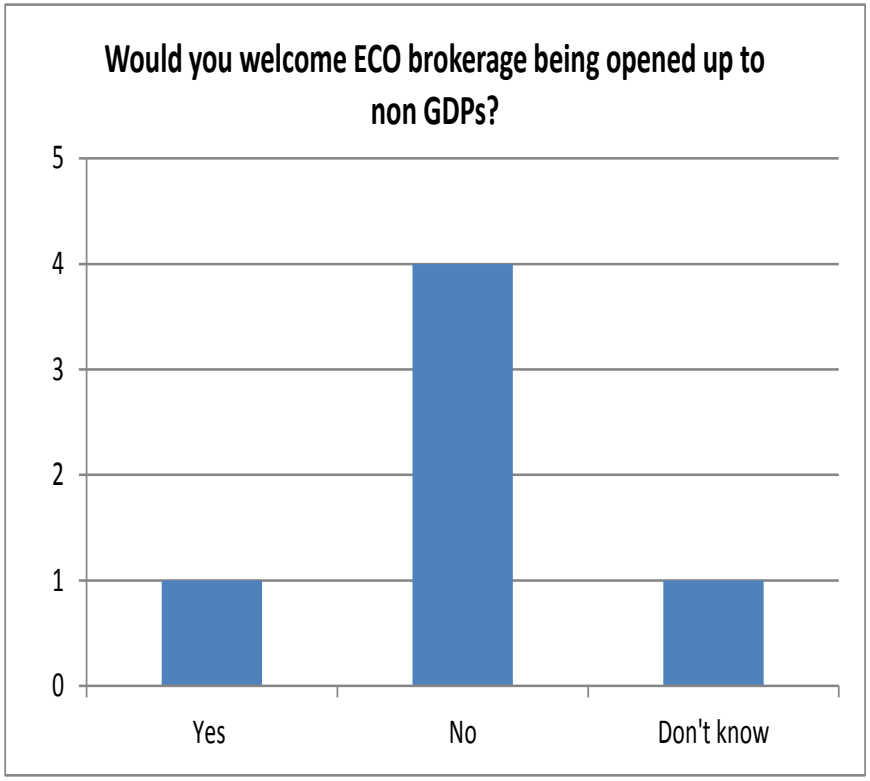
Key findings – widening participation



- Both suppliers and GDPs had reservations about expanding Brokerage to other parties.

The main reasons for this were –

1. Concerns over suitable pre-accreditation checks (and the organisations which should be allowed access); and
2. Lack of experience of delivering measures;

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Key findings – brokerage activity and future use

- Barriers identified to increasing activity were –

1. Current progress towards ECO2 obligations and uncertainty over the policy design for 2017;
2. Weaknesses that still exist within the brokerage contract;
3. Lot sizes – these are too big for newly obligated suppliers with relatively small obligations;
4. Contract length – 12 month contracts may be less desirable; and
5. Lack of a delivery profile;

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Key findings – seller views

- All sellers who responded (12) noted that they had only sold a few of the lots they submitted. Reasons offered for this were –

1. Suppliers being ahead in their obligations;
2. Prices of winning bids were too low i.e. they were won by speculative bidders;

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Should Brokerage continue?

- Responses from registered suppliers indicate strong support for the continuation of brokerage;

- There is less support from GDPs – this may reflect the low success rates and the inability of unsuccessful sellers to meet the low winning prices.

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The future of brokerage?

We are interested in your thoughts on -

1. Whether brokerage should be retained?

2. If yes, what are the top 3 changes that could be made to brokerage for 2017?

Please think about ideas that -

- Will increase trading performance;
- Address issues identified by the evaluation;
- Are new or innovative…

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END

Jonas Grist

Environment Strategy Officer

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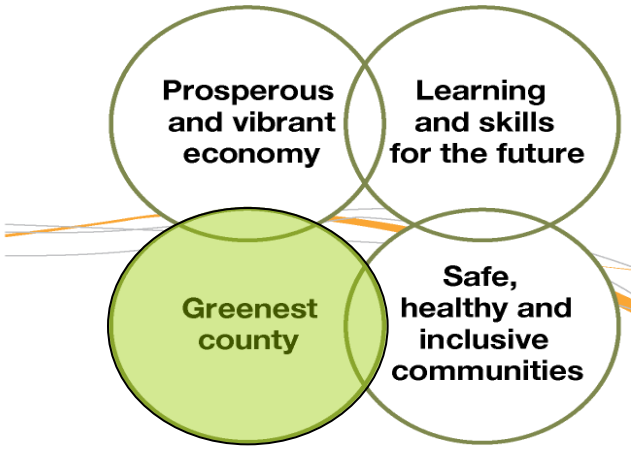
From ambition to delivery *creating the golden thread and unlocking partners' enthusiasm*



Suffolk Strategic Partnership
Community Strategy: Transforming Suffolk

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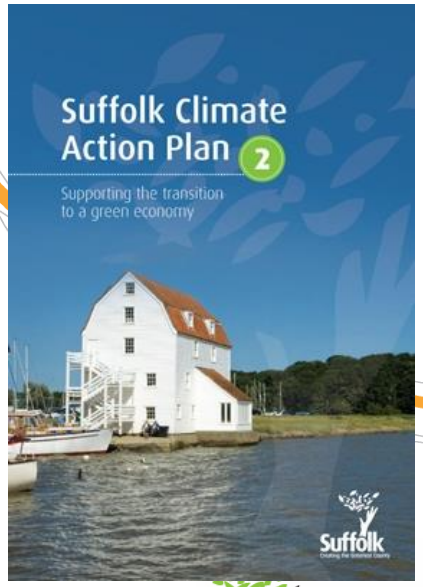
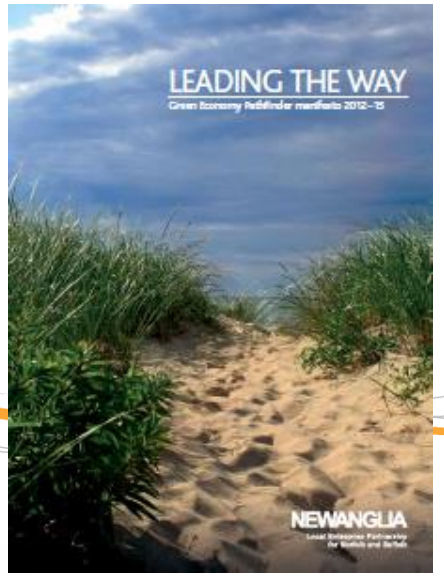
Creating the Greenest County Delivery Partnership





> **"To be exemplar in tackling climate change and protecting and enhancing the local environment."**

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Domestic Energy Efficiency in Suffolk

Key facts:

- 52,000 hhlds in Suffolk in fuel poverty (17%)
- 21% of Suffolk homes have uninsulated solid walls
- According to the ONS, there were ~370 excess winter deaths in Suffolk in 2011
- Suffolk LAs working together need to insulate 112k lofts, 73k cavity walls & 70k solid walls

  …but the value of the work to bring all Suffolk homes to at least EPC band C is is worth *£3,600m* in economic activity
- Suffolk Energy Action –

But how well do we understand Suffolk's housing stock to be able to develop policies and plan campaigns & programmes?

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Suffolk Green Deal Communities

- £5.6m DECC funding
- ~1,000 homes fitted with SWI
- www.suffolkenergyaction.org

Solid wall insulation show-home, Felixstowe – before and after.

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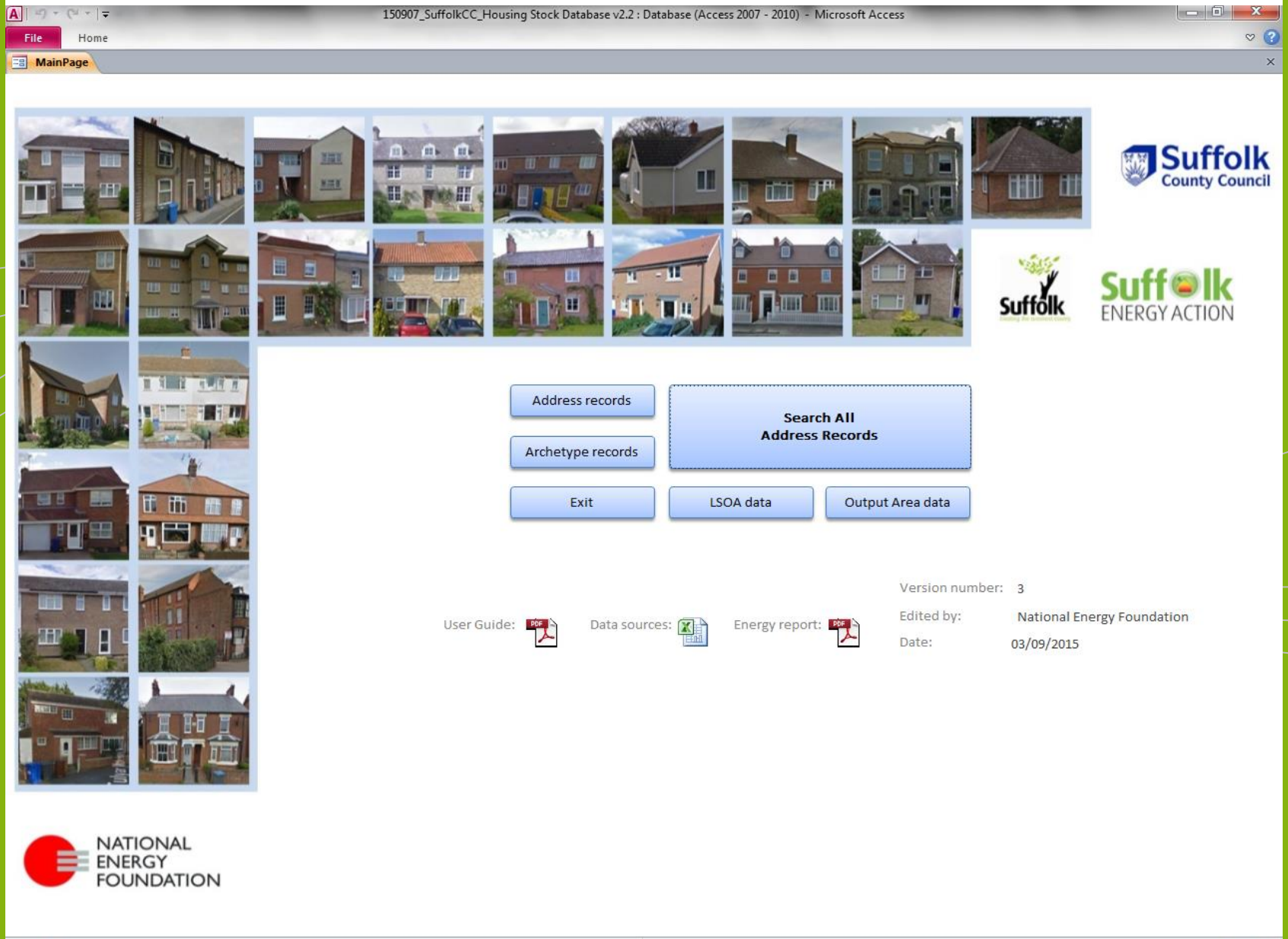
The Suffolk Housing Stock database



The Suffolk Housing Stock database

- **What is**?
  - A MS Access database of the age/type/fuel/build and energy efficiency of **all** of Suffolk's 348,609 homes *at an individual property address level*,
  - 124,000 Suffolk EPCs (35% of county) from Landmark
  - How to fill the gaps? NEF identified three property characteristics which were considered to have the highest impact on energy consumption of the property: Built Form, Primary Fuel, and Property Age. These were identified for 94% of total stock from these sources:

Characteristic	Source	%	Comments
Built Form	EPCs	33%	Energy Performance Certificates (EPCs) were used where available.
	Managed stock	4%	Data from Suffolk CC on the managed stock was the second set of data consulted to identify built form.
	Addressbase	35%	Addressbase obtained through Ordnance Survey contained details of property form and was the third source consulted.
	Mosaic	28%	Mosaic was used where there were no other data sources available as this is based on statistical probability therefore is the least accurate source.
Primary Fuel	EPCs	35%	EPCs were considered the most accurate source of fuel data.
	Managed stock	2%	The managed stock data from Suffolk CC was used to fill in gaps once the EPC fuel data had been assigned.
	Xoserve	63%	Xoserve publish a list of postcodes which do not have a gas connection and this information was used for the remaining 63% of properties.
Property Age	Mosaic	100%	Suffolk CC purchased age data for all available properties in Suffolk from Experian as this was a key characteristic and the other data available is limited to high level figures e.g. Census, VOA data etc.
	VOA	N/A	This was only available to LSOA level therefore could not be used to assign an age band to individual properties. However it was used to verify the Mosaic data.

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The Suffolk Housing Stock database

- The three main characteristics were used to identify 25 archetypes which were considered representative of the full Suffolk stock.

- Together with EPC data, full SAP models for each archetype were developed which could be used calculate the energy performance.

- The archetypes were then mapped to the address list resulting in an estimation of the total baseline domestic energy consumption for at Ward, LSOA and Output Area (& postcode/town).

- Experian Mosaic socio-economic householder data mapped to all address points providing insight into householder demographics, financial circumstances, health and well-being and accessibility.

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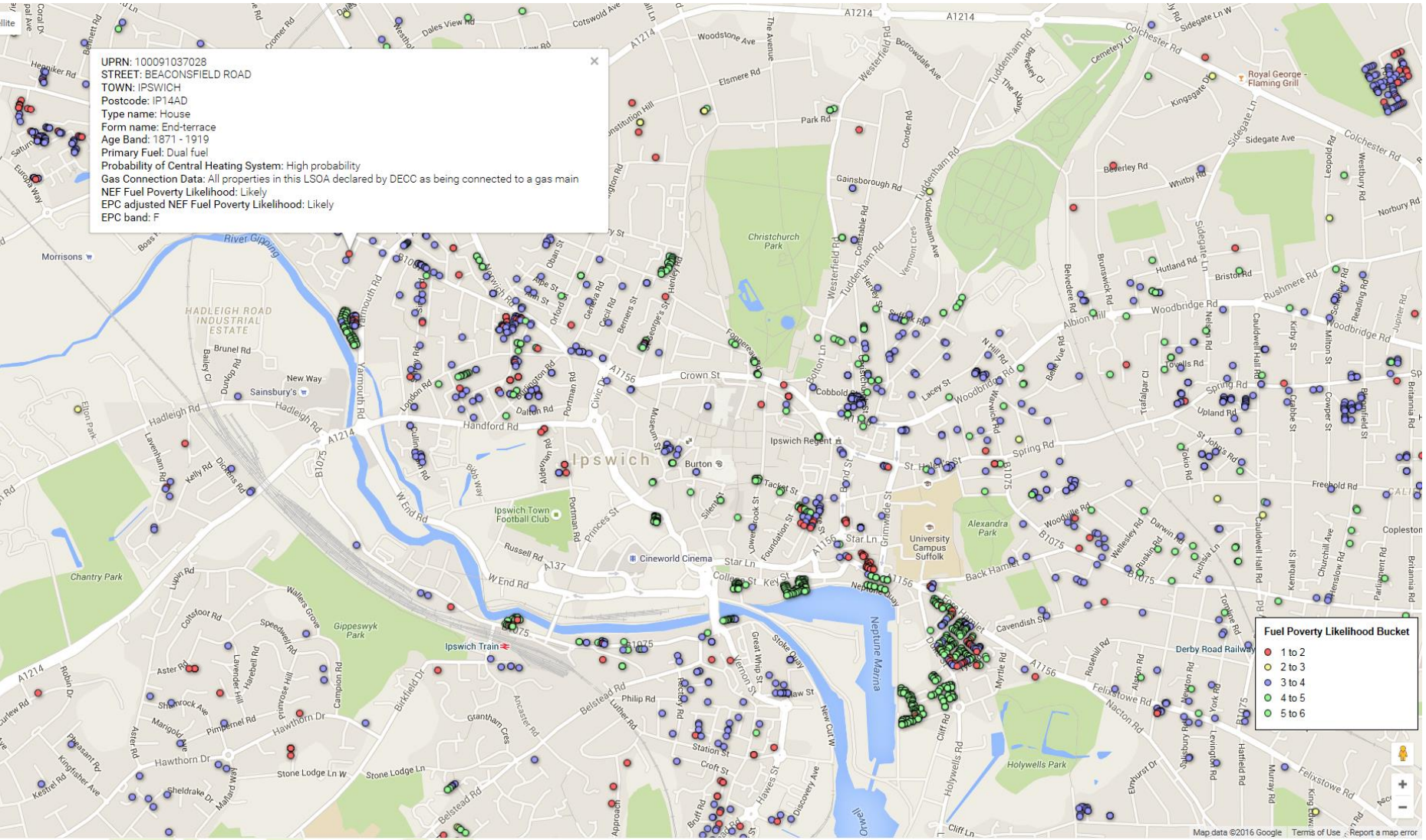
This data can be mapped using Google Fusion Tables



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Where does the source data come from?

Datatype	Source	Data Resolution	Db Ref
OS AddressBase	Suffolk Fire & Rescue	348,609 records	Address
ONS Postcodes	ONS	22,277 unique postcodes	Postcode
Mosaic data	Experian	330,326 unique addresses	Address Mosaic
Rural Urban classifications	Defra	2,456 unique Output Area (OA) codes	Output_area
Council Tax Property Age Attributes	VOA Office	441 unique Lower Super Output Area (LSOA) codes	LSOA
Postcodes on the gas grid	Xserve	13,056 postcodes in Suffolk which are off gas	Address
Energy Performance Certificate (EPC) data	Landmark	139,634 unique EPC records, 40% of all properties.	EPC_data
NEF Archetype models	National Energy Foundation	25 archetypes mapped to the full 348,609 unique records in the database.	25 archetypes mapped to the full 348,609 unique records in the database.
Managed stock	LAs & HAs	Between 65-94% mapped	MS_LA
ECO CSCO data	Ofgem	441 unique Lower Super Output Area (LSOA) codes covering all Suffolk address points	LSOA
Census 2011 (OA)	ONS	2,456 unique Output Area (OA) codes covering all Suffolk address points	Output_area
Census 2011 (LSOA)	ONS	441 unique Lower Super Output Area (LSOA) codes covering all Suffolk address points	LSOA
DCLG English Indices of deprivation	DECC	441 unique Lower Super Output Area (LSOA) codes covering all Suffolk address points	LSOA
Postcode level gas and electricity estimates: 2013	DECC	22,277 unique postcodes covering all Suffolk address points	Postcode

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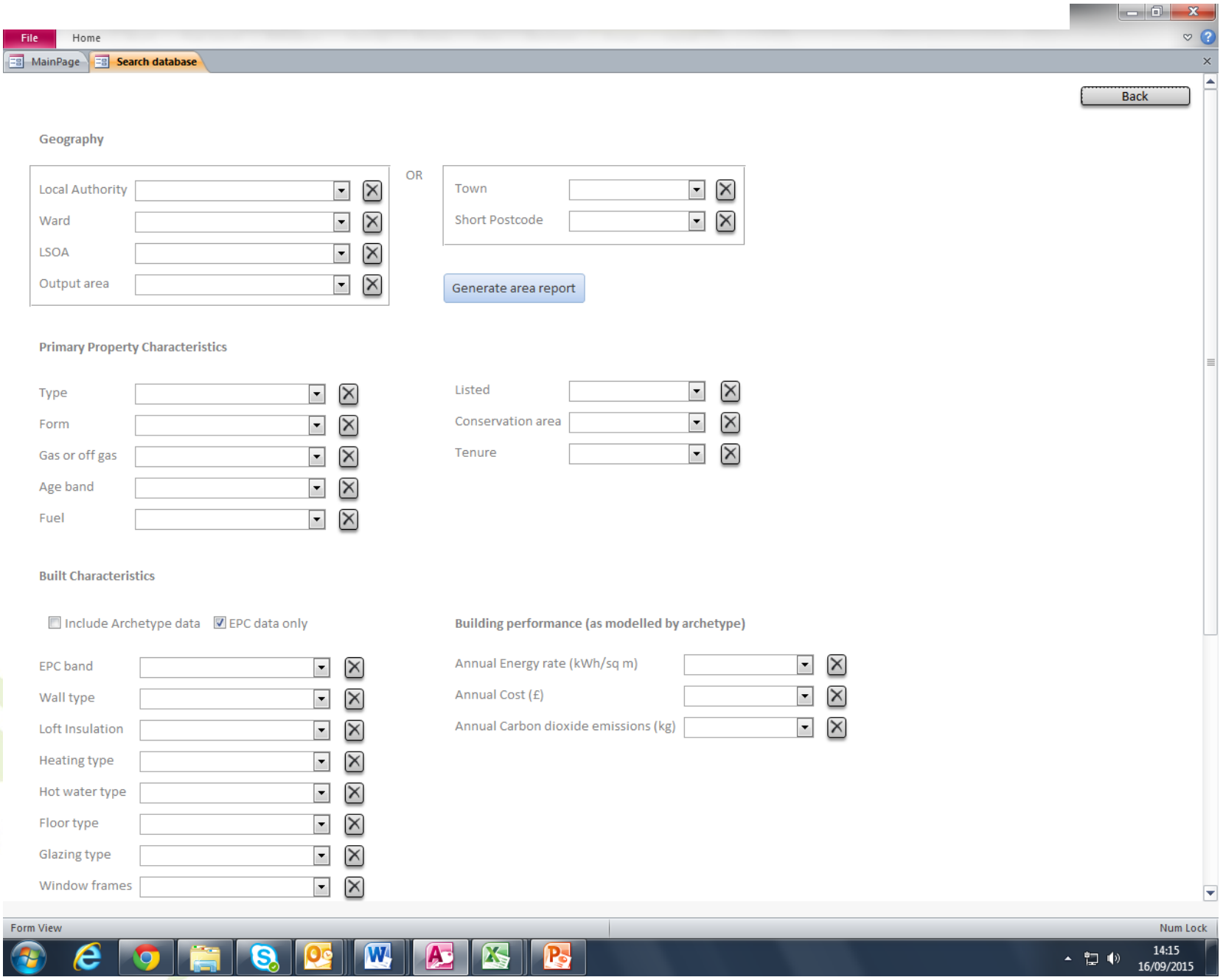
The ‘Search all address records’ screen



The Suffolk Housing Stock database

- **What are the benefits?**

  - The database offers Suffolk a comprehensive insight into all housing in the county – to a level far beyond traditional sample based stock condition surveys.

  - The database has immediate benefits in terms of targeting energy efficiency and carbon emission reduction programmes, but wider uses and benefits include:
    - Informing the application for and targeting of funding to support the investment in energy efficiency measures
    - Supporting the work of the Housing and Public Health teams to deliver on plans and programmes that aim to reduce the health effects associated with poor quality housing.
    - Identification of vulnerable and fuel poor households as well as potential interventions
    - Provide data to support improved partnership working with local communities, parish councils, landlords and social housing providers

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Application Examples

Suffolk ENERGY ACTION

Suffolk County Council

IPSWICH BOROUGH COUNCIL

January 19th 2015
Reference:1607

Dear Sir or Madam,

We are writing to you to draw your attention to generous new assistance in reducing your fuel bills.

Working in partnership as Suffolk Energy Action, Suffolk County Council and Ipswich Borough Council are able to offer residents free* and heavily discounted loft and/or cavity wall insulation.

Up to 100%* grant funding is available, regardless of income.

People who live in houses without cavity wall insulation or loft insulation often find that that their homes are much harder to heat in the winter and that their heating bills are higher than those of residents living in more modern properties. A fully insulated property can **save you up to £500* a year off your energy bills.**

To get funding to eligible occupiers, Suffolk County Council and Ipswich Borough Council are working with Aran Services Ltd, based near Bury St Edmunds. Aran Services will be able to provide a free* home energy assessment to identify energy saving improvements to save you money, and make your home more comfortable. The assessment is a requirement by the Department of Energy and Climate Change (DECC) and data protection is strictly observed.

We have asked Aran Services to visit your area to introduce themselves to householders, explain the offer in more detail and answer your questions. You can arrange your free no obligation assessment by going to the **Suffolk Energy Action website www.suffolkenergyaction.org** or by calling Aran Services on the number below.

Please call Freephone 0800 5877795 or from mobiles: 01284 812520 (charged at your providers calling rate) quoting reference 1607. Aran Services representatives will carry identification which can also be verified by calling this number.

Thank you for reading this, but please don't wait. Applications are limited and the sooner you take up the offer, the sooner you'll enjoy the benefits of a cosier, more comfortable home with lower energy bills.

*Please see overleaf

Yours faithfully,

Councillor Rebecca Hopfensperger
Cabinet member for Localities and Environment.
Suffolk County Council Suffolk

Philip Smart

Councillor Philip Smart
Portfolio Holder for Environment and Transport
Ipswich Borough Council

Working with

ARAN Services Ltd

Aran Services Ltd
Units 1-6, The Old Station
Higham Bury St. Edmunds
Suffolk IP28 6NE
Company No: 05045144
VAT No: 974 8020 03

For more information on Suffolk Energy Action please visit our website: www.suffolkenergyaction.org
Or you can call us on: 0800 5877795
or from mobile: 01284 812520

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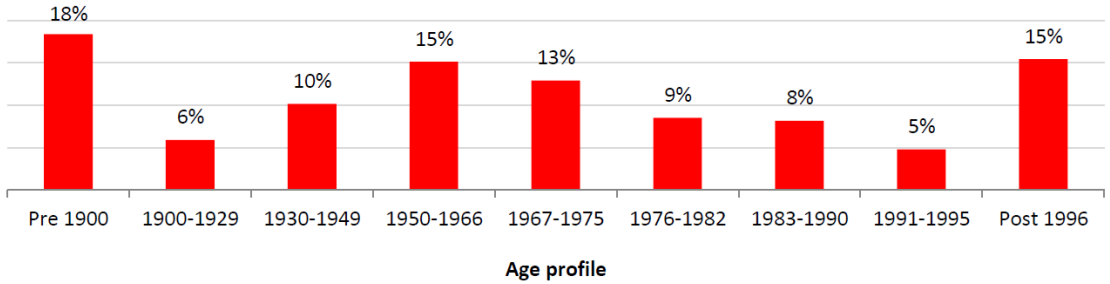
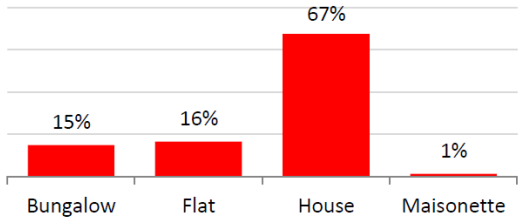
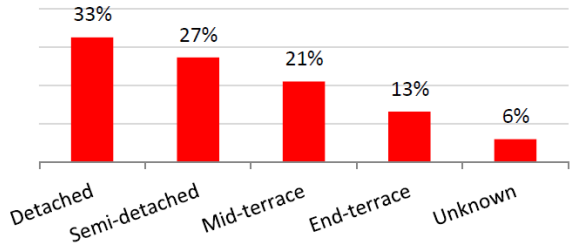
Application Examples

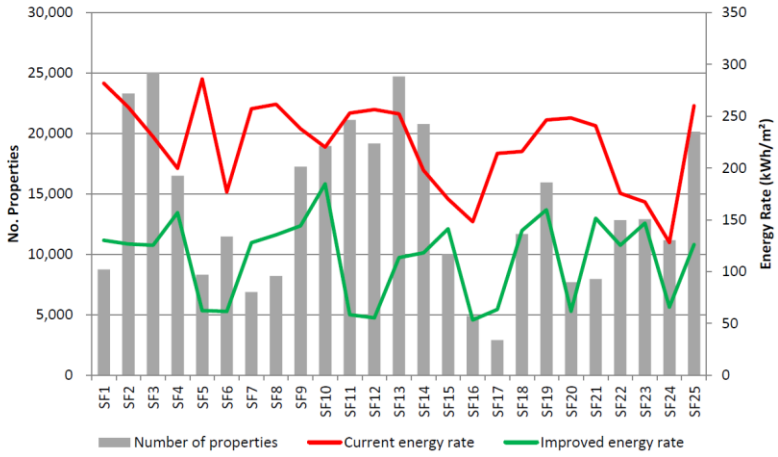


Above: Suffolk housing stock age profile based on Value Office Agency housing tax band data





Above left and right: Suffolk property type and built form profile overview



Above: Graph showing the number of properties each archetype represents as well as its base energy consumption and improved energy consumption.

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Any Questions?

Jonas.Grist@suffolk.gov.uk
Tel: 01473 264832

www.greensuffolk.org

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