

Hannah Clapham  
Energy Efficiency and Social Programmes  
Ofgem e-serve  
9 Millbank  
London SW1P 3GE

7<sup>th</sup> March 2016

Sent by email to: [eco.consultation@ofgem.gov.uk](mailto:eco.consultation@ofgem.gov.uk)

## **ECO2 consultation on requirements for overwriting U-values for cavity wall insulation measures – Energy UK response**

Dear Hannah,

Energy UK is the main trade association for the energy industry, representing over 80 energy generators and suppliers of all sizes. Our members supply gas and electricity and provide network services to both the domestic and non-domestic market. Energy UK members generate over 90% of capacity in the UK, supply 23 million homes and contribute over £25 billion to the UK economy each year.

Energy UK will not be issuing a formal response to the ECO2 consultation on requirements for overwriting U-values for cavity wall insulation measures (CWI). However there are a number of key, high-level messages we would like to share with Ofgem in response to the consultation.

Energy UK members would like to continue to be able to use overwritten U-values; however if there is a perceived issue we agree that greater control is needed to prevent misuse. Energy UK welcome any proposals that will help keep administration costs down and remove any administrative burden for obligated suppliers, whilst safeguarding against misuse.

Energy UK members will be responding directly to this consultation, so please refer to their individual responses for further details and preferred options.

### **Additional score monitoring**

Ofgem propose three monitoring options to ensure that U-values are being accurately overwritten for CWI. One of which ("option 1: additional monitoring questions"), is identified to be Ofgem's preferred approach.

Energy UK is not wholly in favour of including additional questions for score monitoring. Whilst score monitoring is an established element of suppliers' technical monitoring, the introduction of new questions will have an impact on existing systems and will, therefore, require system changes. System changes can take six to 12 months to implement and this would have the potential to increase costs during ECO2's final year.

Furthermore, Energy UK has previously argued that the accuracy of scoring should not be subject to monitoring by suppliers if a measure is scored using an EPC, which is by definition completed by a DEA/OCDEA. The DEA/OCDEA should, therefore, be responsible for the accuracy of the scoring.

In summary, Energy UK does not agree with additional score monitoring being the preferred option, particularly considering the length of scheme remaining. If additional score monitoring is introduced, it is essential that those carrying out the monitoring should be appropriately qualified. Decisions about

### **Energy UK**

Charles House  
5-11 Regent Street  
London SW1Y 4LR

T 020 7930 9390  
[www.energy-uk.org.uk](http://www.energy-uk.org.uk)  
t @EnergyUKcomms

whether U-values have been overwritten correctly should also be made within a reasonable timeframe.

### **Retrospective application**

Energy UK does not agree with retrospective policy changes. Any retrospective application of rule changes is unfair to suppliers and can incur significantly costly compliance checks. We encourage Ofgem to apply existing standards to any checks on measures notified prior to the introduction of any change and that this is stated in the final outcome of this consultation.

### **ECO compliance and suppliers policing other industries**

We are very concerned that ECO compliance has meant suppliers are put in a position to police other industries involved in the energy efficiency market, most of which already have their own accreditation bodies which individuals are held accountable to.

Furthermore, driving suppliers to police other industries, results in costly and administratively burdensome schemes.

As mentioned, the accuracy of scoring should not be subject to monitoring by suppliers if a measure is scored using an EPC. We should be able to rely on industries working in ECO having strong and robust processes independent of ECO which are fit for purpose. This would help the ECO Administrator with checking compliance. Ultimately there should be no need for technical monitoring (score and quality checks), which is designed to police the work of industries other than the obligated parties.

Furthermore, Energy UK welcomes the Bonfield/"Every Home Matters" Review of consumer advice, protection, standards and enforcement for energy efficiency and renewable energy. In order to achieve its core objectives, it is critical that the Review results in a robust quality and assurance framework being put in place across the insulation industry that can be relied upon not only by customers but also by obligated suppliers, government and Ofgem in the delivery of ECO.

### **Cost and administrative implications**

Suppliers are committed to achieving and delivering the targets government has set for ECO as cost-effectively as possible while complying with Ofgem's rules and keeping customer service at the forefront of all their activities.

The options proposed by Ofgem will likely result in cost implications and/or administrative complexity for suppliers, and there is ambiguity as to whether the proposed changes would provide Ofgem with the assurance that it wishes to achieve. Therefore, Energy UK urges Ofgem to consider this before publishing its decision. Ofgem should impact assess all options and select the one that has least impact on administrative cost and complexity.

### **Implementation timescales**

Given the length of the scheme remaining, we are supportive of Ofgem publishing its final decision as soon as possible to allow adequate time for suppliers to implement any change required, if they wish to accept amended U-values. It should be noted that given the potential move to deeming from 2017 (subject to consultation) there may be no U-value amendments post-2017, making any new requirements introduced unnecessary.

We would be happy to discuss any of the points made in further detail with Ofgem or any interested party if this is considered to be beneficial.

Yours sincerely,

Natalie Scarimbolo  
Policy and Operations Manager  
[Natalie.Scarimbolo@energy-uk.org.uk](mailto:Natalie.Scarimbolo@energy-uk.org.uk)