

Energy Company Obligation (ECO) U-Value Consultation Questionnaire – Feb 16



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Background

The questions below relate to the consultation on requirements for over-writing U-values for cavity wall insulation measures which can be found on our website :

<https://www.ofgem.gov.uk/publications-and-updates/eco2-consultation-requirements-overwriting-u-values-cavity-wall-insulation-measures>

Our proposals consist of three main parts:

- a. introducing an upper limit for overwritten U-values,**
- b. stipulating the evidence that we expect to be in place when a U-value is overwritten and how we expect inputs to be collected, and**
- c. a regime to monitor these measures; we suggest three approaches for implementing monitoring.**

Notes For Completion

Please complete all relevant sections of the document by selecting an answer for the question and then providing reasons/evidence for your response in the box provided. If you do not wish to answer a question please select 'N/A'. The questionnaire should be completed in typeface and returned via email to eco.consultation@ofgem.gov.uk by close of play **7 March 2016**.

Respondent Details

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1. U-value Limit

1.1 Do you agree that it is unreasonable for the U-value of a cavity wall measure to exceed 1.6 W/m²K in premises in the age bands B-K?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide details and supporting evidence for your response below.

We do not feel strongly that the value should be something other than 1.6 W/m²K for age bands B-K, so 1.6 seems reasonable to us. If we had some statistical information to back that up we would select 'Strongly Agree' instead.

1.2 Do you agree that we should implement a limit of 1.6 W/m²K for overwritten U-values for cavity wall measures in premises in age bands B-K?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Dont Know
- N/A

Please provide details and supporting evidence for your response below.

Yes we agree (see: Question 6.2 for more detail).

2. Evidence Requirements

2.1 Do you agree that relevant inputs should be collected for the U-value calculation via an intrusive inspection, using a borescope for example?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

First, we do not agree that boroscope tests provide conclusive evidence regarding U-values. The test is useful for practical purposes, but there is no sense for how the results of a boroscope test would help. Where a cavity wall U-value does need changing, the reasoning is more than likely not going to be related to what is inside the cavity. It will be materials, construction, bridging, etc.

Secondly, provided the invasive test is performed, who then has the expertise and authority to determine the new U-value? One of the great benefits of RdSAP is that it is systematic, but boroscoping requires interpretation and that means it is quite subjective. How would Ofgem even begin to implement this? Or the installer for that matter? This approach may help solve one problem but it would create countless others.

2.2 What types of evidence do you suggest would support the inputs used for a new U-value calculation?

Please provide reasons for your response below.

We believe the evidence already required under RdSAP for changing U-values is sufficient.

2.3 Do you agree that the types of evidence listed in paragraph 2.5 are practical to provide?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree

- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Considering that the list does not differ from what is already required under RdSAP, the only impracticality is the extra step of collecting the evidence from the assessor, if one is not doing that already.

2.4 Do you agree that the evidence listed in paragraph 2.5 is sufficient to support an overwritten U-value?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We believe that the RdSAP conventions are sufficiently firm about evidence required to overwrite cavity wall U-values. As such, we believe the evidence listed in paragraph 2.5 is sufficient.

2.5 Do you agree that the inputs for a U-value calculation should be collected by an independent person to increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

If the purpose of seeking this change is to stamp out fraud, then this provision about an 'independent person' would be wholly ineffective at accomplishing that. The people and firms that perpetuate these types of fraud would not be in any way deterred by a rule like this. It's because they have access to people willing to help with their misdeeds that they can get away with it. The 'independent person' requirement would make things harder for only one group of people - the honest ones.

2.6 Do you agree that an independent person collecting the inputs for a U-value calculation would be practical to implement taking into consideration cost, time and customer journey implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

ECO works on miniscule margins at the bottom end of the supply chain. Protecting the scheme from fraud is an important goal, but adding the independent person rule would be entirely un-practical at the installer level. As we have maintained elsewhere, the evidence requirements under RdSAP are sufficient, and this change would not improve the evidence regime sufficiently to warrant the time and financial costs it would create.

3. Option 1 – Additional Monitoring Questions

3.1 Do you agree that option 1 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We agree that Option 1 would have some impact on the accuracy (and authenticity) of overwritten U-values. It is also favourable because it does not require a completely new system to be built, although suppliers might have some catching up to do within their own systems.

3.2 Do you agree that option 1 would be practical to implement, taking into consideration cost and time implications?

- Strongly Agree

- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Without having any particular insight into what implementation would require within Ofgem and the suppliers, we believe that out of the options presented in the consultation guide, this option seems to have the lightest touch, lowest cost and greatest ease of implementation.

3.3 Do you agree that a score monitoring agent is suitably qualified to answer the proposed questions relating to the U-value inputs?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

No, we believe the score monitoring agent is not qualified to answer those questions. This is where this approach starts to fall down. While the questions are reasonable, the expectation is too great that the agent could answer them or judge the answers given by the qualified person. Age banding is of particular concern.

3.4 Do you agree that the proposed additional score monitoring questions are appropriate for identifying where overwritten U-values are incorrect?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree

- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We agree that those questions would catch most cases where the assessor was in error. However, referring back to our reply to question 3.4, the monitoring agent is not likely to be qualified to evaluate the answers to these questions. Add to that the subjectiveness of some of the questions, and it becomes more and more difficult to offer a systematic monitoring approach that is predictable for suppliers and installers.

3.5 Are there any additional questions that you think would help to identify inaccuracies in overwritten U-value calculations?

Please provide reasons for your response below.

No.

3.6 Can you please estimate how long you think it will take for these new questions to be implemented into your systems?

Please provide reasons for your response below.

Two weeks or so. We are probably a bit unique in that we use software solutions we designed ourselves. The majority of the time would be needed to filter the new approach through the subcontractor networks and make everyone aware of the update.

3.7 Do you foresee any issues if the questions were implemented during a monitoring quarter?

- Yes
- No
- Don't Know
- N/A

Please provide reasons for your response below.

While we would be able to adapt rather easily, larger enterprises and especially suppliers would have a much more difficult process to follow before they could start working to the new rules. It all comes down to the systems themselves, and the amount of work it takes to rewrite software, patch it and then test it. After that there is the training updates to be done for large teams, and the additional monitoring and following up that requires. Nothing happens quickly, even what seems like minor alterations.

4. Option 2 – Ongoing Monitoring

4.1 Do you agree that option 2 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree

- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Compared to other options under consideration, Option 2 is not as effective an approach. It will cause the suppliers to clamp down on the CWI measures they notify. This will mean punishing a large number of legitimate installers for the sake of a small minority. There is already enough of this going on with other measures to make it exceedingly difficult to operate within ECO as an installer, and we do not support adding even more auditing.

4.2 Do you agree that option 2 would be practical to implement, taking into consideration cost and time implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

It will not be practical as installers. New rules of this kind only make it less feasible to install CWI under ECO. The suppliers will, by necessity, either add new rules for CWI measures to protect themselves or simply stop notifying CWI measures.

4.3 If we were to implement a new monitoring regime in order to verify the accuracy of overwritten U-values for CWI measures, do you agree with the sample size and reporting timeframes outlined in paragraph 2.12?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree

Don't Know

N/A

Please provide reasons for your response below.

It already takes months for installers to receive payment for ECO measures after installation, and we do not agree with additional rules that extend this period. Small installers like us and our subcontractors must protect their cashflow, and having to wait months for payment on jobs makes ECO impossible for them to participate in.

5. Option 3 – Audit Regime

5.1 Do you agree that option 3 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

This approach would not be effective at catching mistakenly overwritten U-values or dissuading people from doing it fraudulently. Auditing is not our preferred approach to this problem at all, but between the auditing options suggested, this one is the least efficacious.

5.2 Do you agree that option 3 would be practical to implement taking into consideration cost and time implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Relative to option 2 this would be more practical, but our overall position is that auditing is not the best approach to solving the problem of overwritten CWI values. That means setting rules at the beginning of the process to minimise the improper overwritten CWI values from ever being submitted.

6. Additional Questions

6.1 Do you have concerns with U-values being overwritten for other ECO measure types?

Please provide details and supporting evidence for your response below.

Not U-values necessarily. We do have concerns that unscrupulous assessors are reporting inaccurate room heights and floor areas in their EPCs. Window area may also be an area of concern, although we have not heard reports of fraud in this area as yet.

6.2 If you do not agree with any of proposals outlined, could you please suggest an alternative approach which you consider would provide assurance that U-values are being accurately overwritten for CWI measures?

Please provide details and supporting evidence for your response below.

We believe that while altering RdSAP for ECO purposes is completely impracticable, the ECO scoring tools are a different matter. We believe that setting the ceiling at 1.6 W/m²K is reasonable and that it should be coded into the various ECO scoring tools.

6.3 Do you agree that the proposals outlined above will enable U-values to continue to be overwritten for CWI measures where this is appropriate?

Please provide reasons for your response below.

Technically it will but it will be so impractical that between the suppliers and installers it will severely curtail CWI measures where overwritten U-values are needed, if not eliminate them.