

# Energy Company Obligation (ECO)

## ECO2 monitoring report

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Issue 1

### Introduction

This report presents the results of independent monitoring of ECO2 measures. Suppliers conduct three types of monitoring: Technical Monitoring, Score Monitoring and Best Practice Monitoring. Technical Monitoring and Score Monitoring are requirements under our Guidance, whereas Best Practice Monitoring is optional.

We publish this report as part of our commitment to transparency and to provide information that will help drive quality in industry. The report covers measures that fall within the scope of the monitoring requirement for Quarter 1 of ECO2 (April 2015 – June 2015).

### Technical monitoring

Technical Monitoring is a compliance regime under ECO that requires suppliers to commission on-site inspections of at least 5% of measures installed in a quarter, conducted by an independent party. This is to ensure that measures delivered under ECO are installed to the appropriate standards and are capable of generating the claimed savings. Suppliers must remediate measures that fail a Technical Monitoring inspection and may lose the savings associated with the measure if they do not do so. This part of the report covers the results of Technical Monitoring conducted for ECO2 Quarter 1 (April 2015 – June 2015).

Suppliers must also monitor at least 3% of measures installed by a particular installer<sup>1</sup>. If the failure rate for an installer is 10% or greater, we consider the installer to be 'at risk' and they will be placed on a pathway to compliance. As part of this pathway, we may ask the supplier to provide us with additional monitoring or assurances for this supplier. For more information on the Pathways to Compliance, please see [here](#).

### Monitoring rates

Technical monitoring was carried out on 5,381 measures, amounting to 9% of all measures that fall within the technical monitoring requirement for the quarter (57,058)<sup>2</sup>. The graphs below show the monitoring rates for all notified measures in Quarter 1, by measure type (Fig. 1) and obligated supplier (Fig. 2). The average monitoring rate is indicated by a dark green column. The red line indicates the required level of Technical Monitoring (5%). Note that Figures 1 and 3 only include those measure types for which more than 100 measures fell within the monitoring requirement for the quarter.

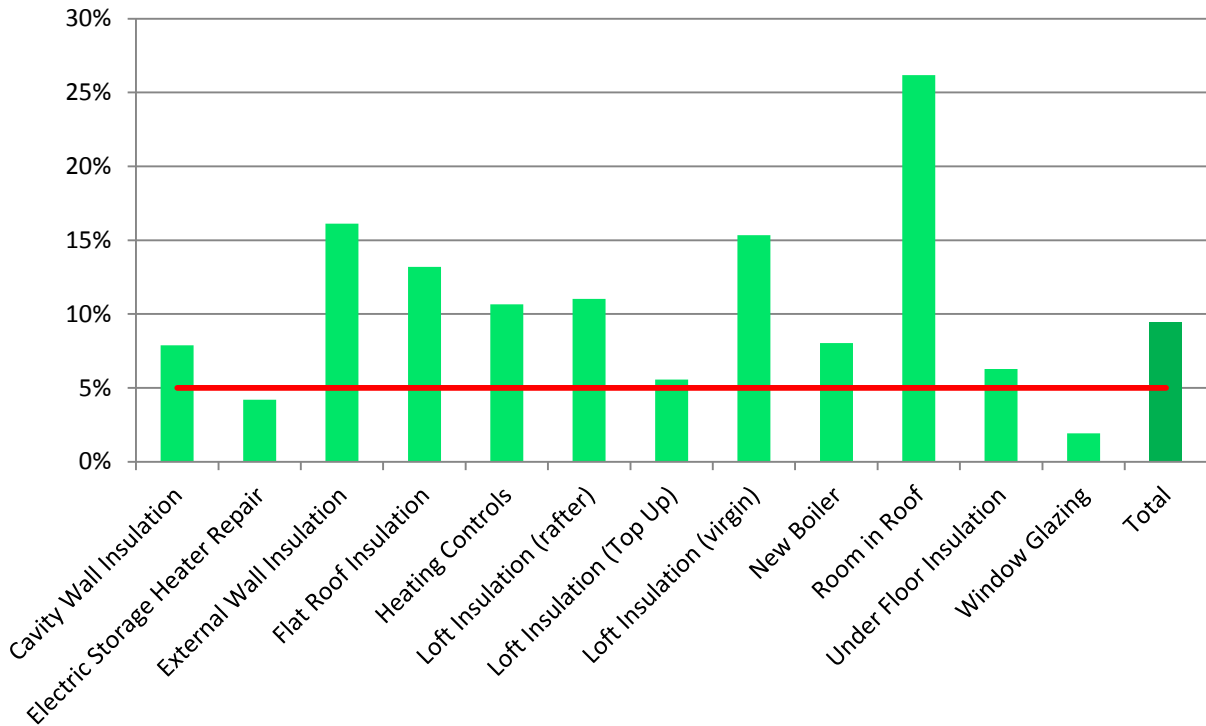
The Co-operative reported no monitoring results for this quarter because they did not notify any measures that fell within the scope of the monitoring requirement this quarter, and therefore their requirement was 0.

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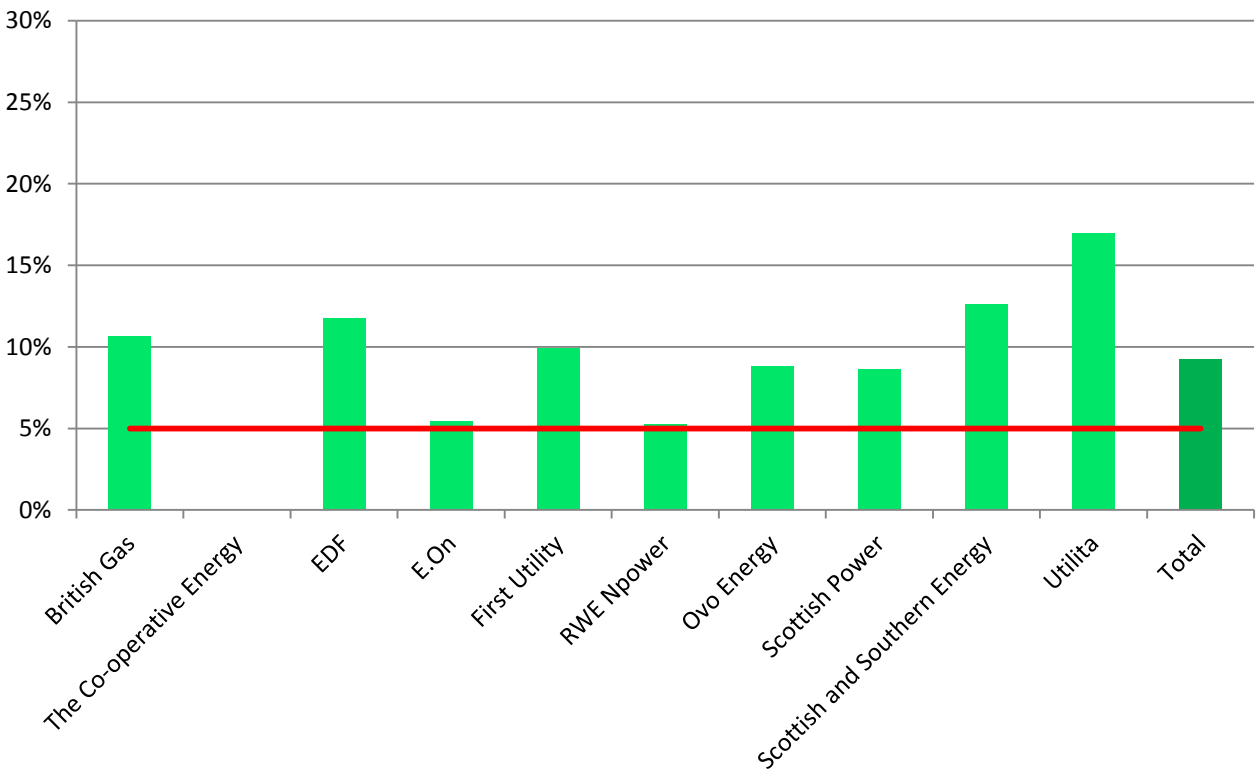
<sup>1</sup> The requirement for installers who deliver fewer than 100 measures in a quarter is for one measure to be monitored.

<sup>2</sup> For the definition of the monitoring requirement, please see our ECO2 Guidance: Delivery, sections 9.6 to 9.14.

**Fig. 1) Installation monitoring rates as a percentage of all notified measures per measure category**



**Fig. 2) Installation monitoring rates as a percentage of all notified measures per supplier**

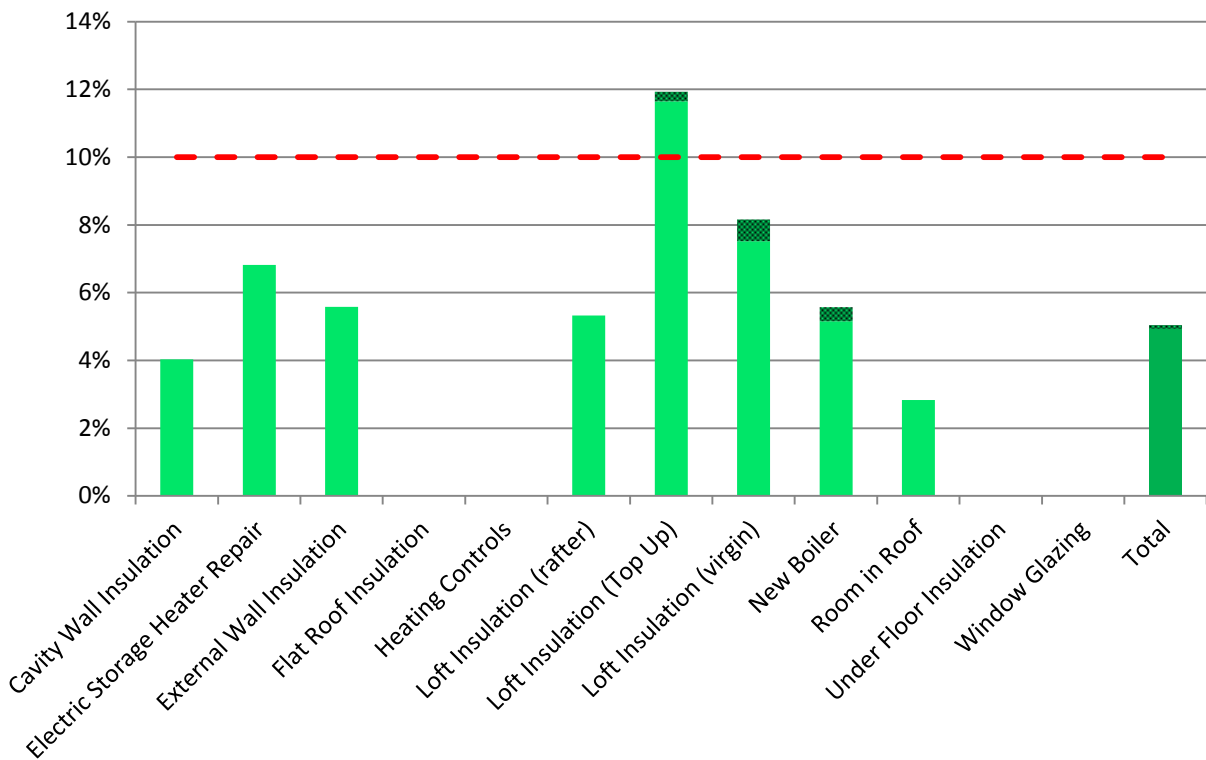


Failure rates

271 of the 5,381 measures monitored failed to comply with a standard of installation of the measure (~5%). The graph below shows the installation failure rates for all monitored measures in Quarter 1 by measure category. The average failure rate for all measure categories/suppliers is provided by the dark green column, while the red line indicates the Technical monitoring failure threshold (10%).

In some cases, a Technical Monitoring Agent may decide that their initial assessment was incorrect and that a measure that failed an inspection had actually passed. We refer to these inspections as 'overturns'. Supplies report overturns to us on a monthly basis. We then adjust the previously reported failure rates to take any overturns into account. In the figure below, the number of overturned measures is represented by a dark shaded area at the top of a column. The most commonly failed questions relating to these measures are provided in appendix 1.

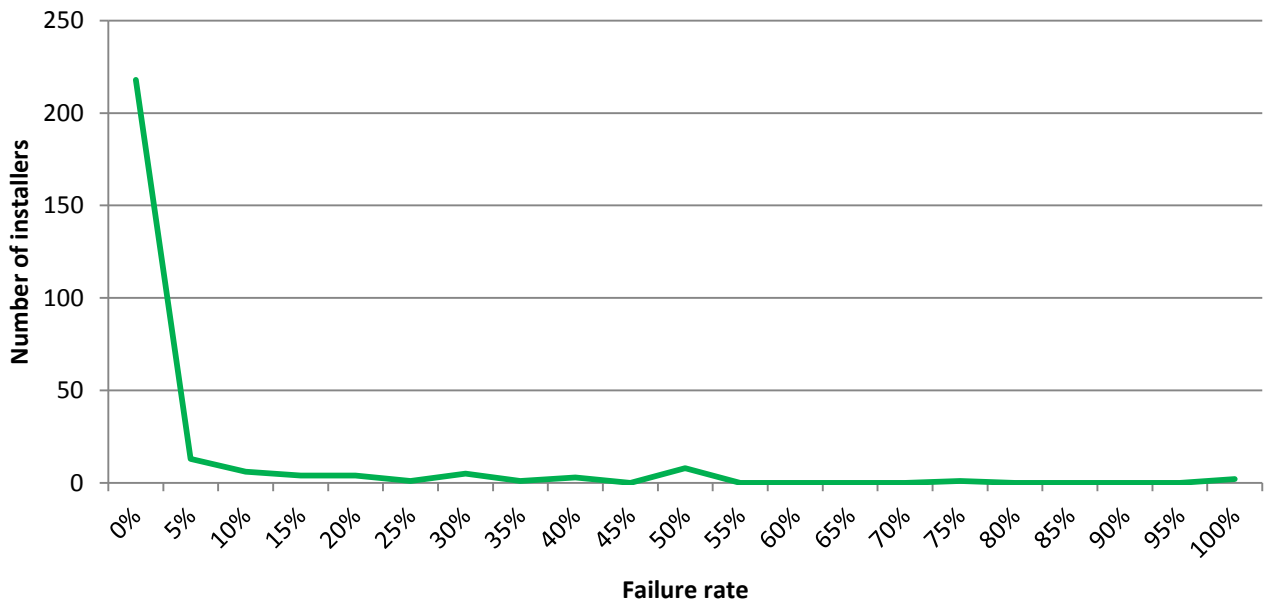
**Fig. 3) Installation failure rates as a percentage of all monitored measures per measure category**



## Industry Performance

The below graph shows the distribution of installer performance. It displays the number of installers within a particular failure rate interval. Intervals have been set at 5% increments. Because installers are assessed in relation to a specific supplier, any installer who delivers to more than one supplier will appear in this graph multiple times.

**Fig. 4) Frequency of installer failure rates**



## Pathways to Compliance

As part of ECO2, we have introduced the 'Pathways to Compliance' to address poor performance in a more targeted and effective manner. To facilitate the transition from ECO1 to ECO2, the Pathways to Compliance were not implemented for the first quarter of ECO2. In future reports, we will include the number of installers placed on a Pathway to Compliance and the number of measures these installers represent.

## Common causes of failure

The tables below list the most commonly failing questions for each measure type. Only questions that have a failure rate of 3% or higher have been included.

External Wall Insulation		
Question No.	Question	Fail rate
EWI.14	Are there any visible signs of water penetration?	5.9%
EWI.16	Have window and door reveals been insulated?	5.9%
EWI.15	Has the render/cladding been fully applied?	3.6%

Loft Insulation (virgin)		
Question No.	Question	Fail rate
LIV.6	Is a signed and completed virgin loft insulation declaration present in the loft?	6.8%
LIV.5	Has the loft hatch been draught proofed as specified in PAS 2030:2014?	3.3%

## Score Monitoring

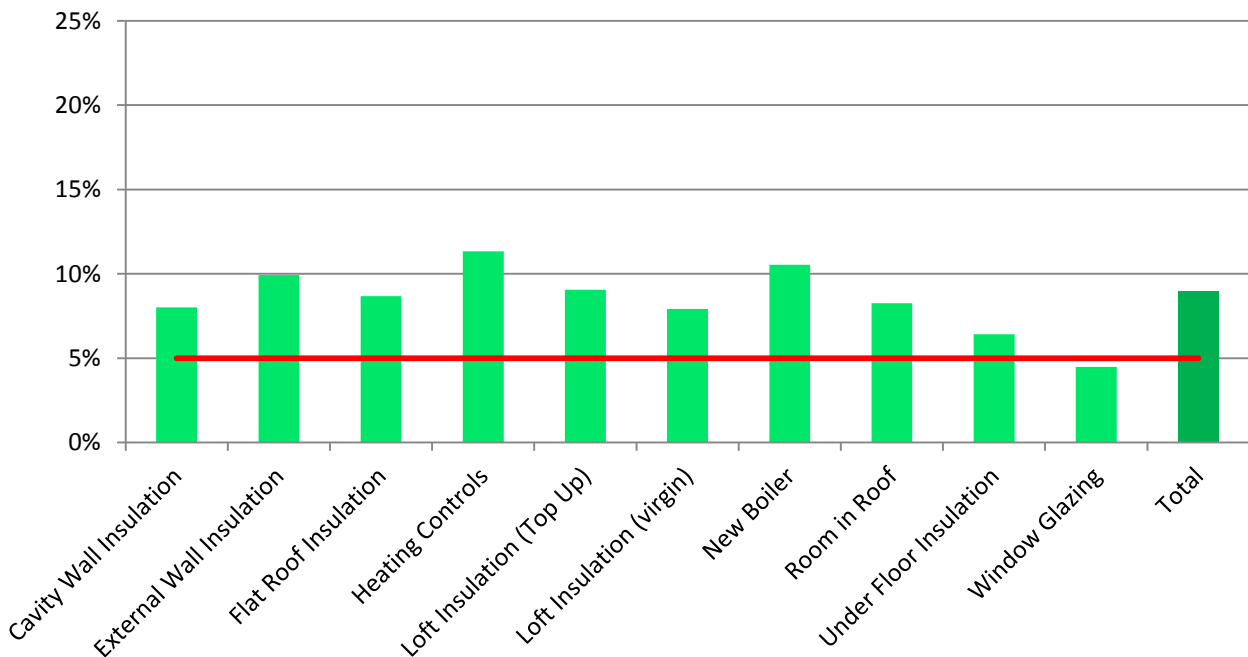
Score Monitoring is a compliance regime under ECO that requires suppliers to commission on-site inspections of at least 5% of measures installed in a quarter, conducted by an independent party. This is to ensure the savings of measures delivered under ECO are calculated accurately and correctly reflect the characteristics of the premises where the measure was installed. Suppliers must rescore measures that fail a Score Monitoring inspection and may lose the savings associated with the measure if they do not do so. This part of the report covers the results of Score Monitoring conducted for ECO2 Quarter 1 (April 2015 – June 2015).

Suppliers must also monitor at least 3% of measures installed by a particular installer<sup>3</sup>. If the failure rate for an installer is 20% or greater, we consider the installer to be 'at risk' and they will be placed on a pathway to compliance. As part of this pathway, we may ask the supplier to provide us with additional monitoring or assurances for this supplier. For more information on the Pathways to Compliance, please see [here](#).

### Monitoring rates

Score monitoring concerned 5,131 measures, corresponding to 9% of all measures that fall within the score monitoring requirement for the quarter (56,983)<sup>4</sup>. The graphs below show the monitoring rates for all notified measures in Quarter 1, by measure type (Fig. 5) and obligated supplier (Fig. 6). The average monitoring rate is again indicated by a dark green column, while the red line indicates the required level of Score Monitoring (5%). Note that Figures 5 and 7 only include those measure types for which 100 or more measures fell within the monitoring requirement for the quarter.

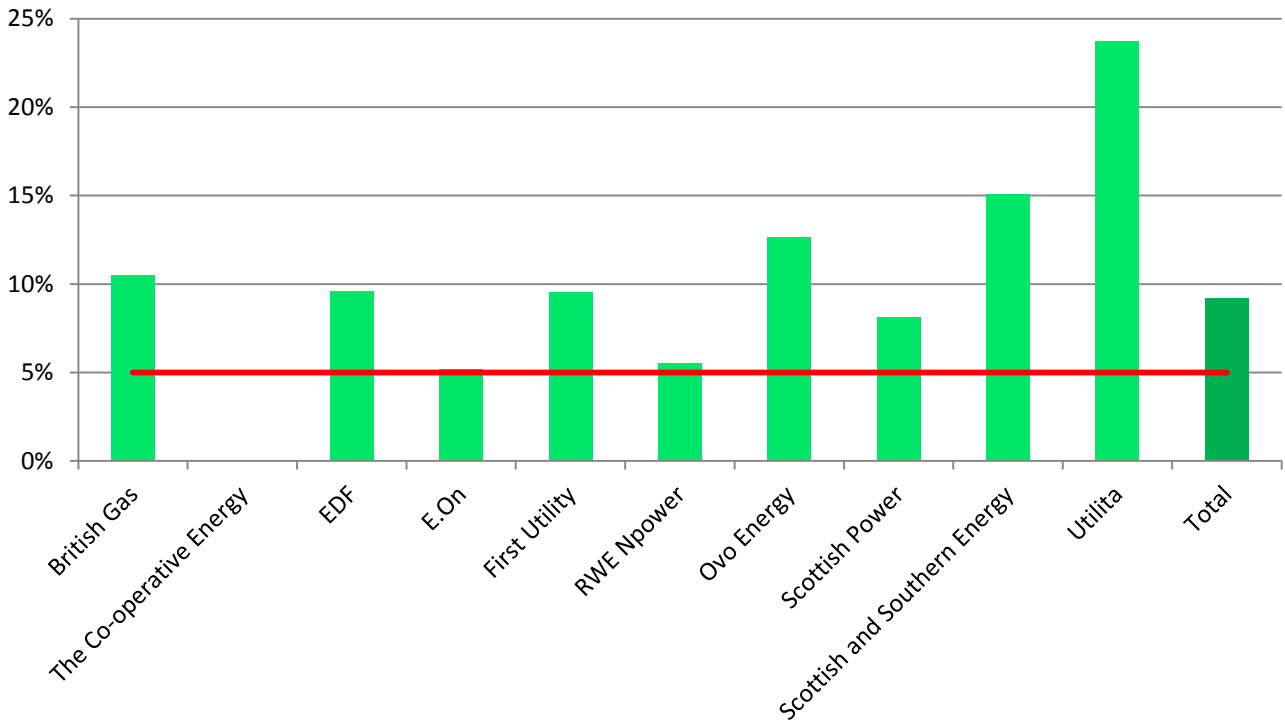
**Fig. 5) Score monitoring rates as a percentage of all notified measures per measure category**



<sup>3</sup> The requirement for installers who deliver fewer than 100 measures in a quarter is for one measure to be monitored.

<sup>4</sup> For the definition of the monitoring requirement, please see our ECO2 Guidance: Delivery, sections 9.6 to 9.14. Please note that the difference between the number of measures that fall within the technical monitoring and score monitoring requirements is due to District Heating System (DHS) measures, which are excluded from score monitoring.

**Fig. 6) Score monitoring rates as a percentage of all notified measures per supplier**



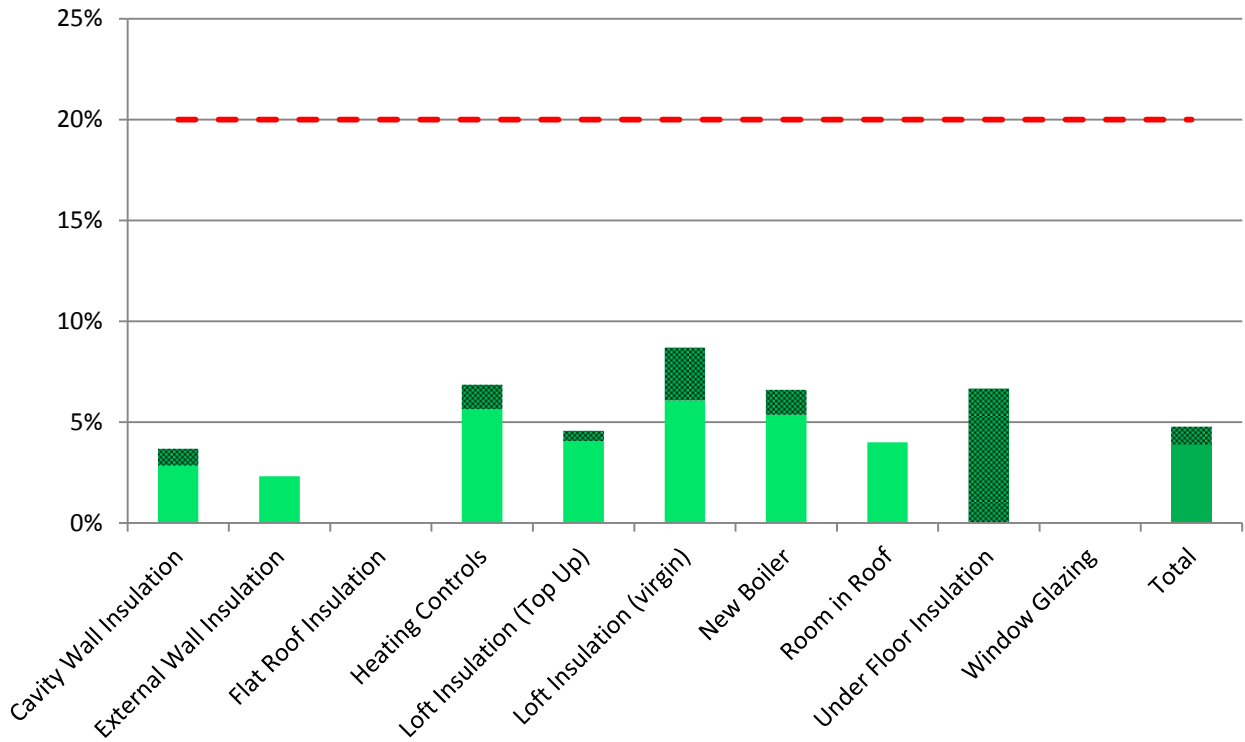
The Co-operative reported no monitoring results for this quarter because they did not notify any measures that fell within the scope of the monitoring requirement this quarter, and therefore their requirement was 0.

Failure rates

245 of the 5,131 measures monitored showed a discrepancy between the data recorded by the original assessor and the score monitoring agent (~5%). The graph below provides the score failure rates for all monitored measures in Quarter 1 by measure category. The average failure rate for all measure categories/suppliers is given by the dark green column. The red line now indicates the Score monitoring failure threshold (20%).

Similar to Technical Monitoring, a Score Monitoring Agent may sometimes decide that their initial assessment was incorrect and overturn a previously reported fail. When suppliers report overturned inspections to us, we adjust the reported failure rates to take these into account. The number of overturned measures is represented by a dark shaded area at the top of a column.

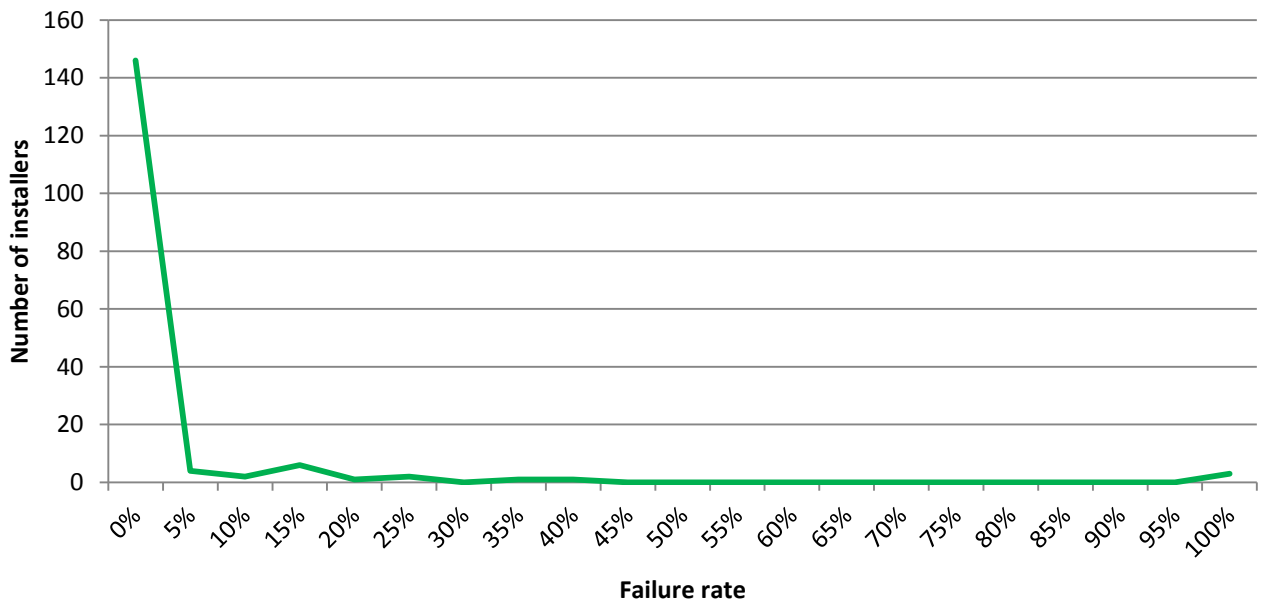
**Fig. 7) Score failure rates as a percentage of all notified measures per measure category**



Industry Performance

The below graph shows the distribution of failure rates per installer. It shows the number of installers within failure rate intervals of 5%.

**Fig. 8) Frequency of installer failure rates**



## Commonly causes of failure

The tables below list the most commonly failing questions for each measure type. Only questions that have a failure rate of 3% or higher have been included.

Heating Controls		
Question No.	Question	Fail rate
SMQ.2	Does the floor area for each storey of the property match the SAP/RdSAP calculations to within 10%?	5.0%

Room in Roof		
Question No.	Question	Fail rate
SMQ.24	Does the percentage of the measure installed match SAP/RdSAP calculations?	3.6%

## Best Practice Monitoring

In addition to Technical Monitoring and Score Monitoring, suppliers may also conduct Best Practice Monitoring of the quality of installation of measures they installed. Best Practice Monitoring is not a requirement, and suppliers will not lose savings for measures that 'fail' a Best Practice Monitoring question. Rather, Best Practice Monitoring is intended to encourage the adoption of best practices across the industry and in doing so drive further improvements in the quality of installation. The tables below show the results for Best Practice Monitoring conducted in the first quarter of ECO2 (April 2015 – June 2015). Note that because suppliers are not required to conduct Best Practice Monitoring, these results are based only on the submissions of suppliers that voluntary choose to conduct and report Best Practice Monitoring to us.

## Commonly failed questions

All failed questions are listed below along with their associated failure rate.

External Wall Insulation (post installation)		
Question No.	Question	Fail rate
EWIBP.1	Is there evidence of damage to the EWI fabric as a result of water ingress?	5.6%

Loft insulation virgin		
Question No.	Question	Fail rate
LIVBP.2	Have any and all working pipes and tanks been properly insulated?	4.5%
LIVBP.1	Is the loft space adequately insulated?	2.3%

Loft insulation top up		
Question No.	Question	Fail rate
LITUBP.2	Have any and all working pipes and tanks been properly insulated?	3.4%
LITUBP.1	Is the loft space adequately insulated?	1.7%



New Boiler		
Question No.	Question	Fail rate
NBBP.2	Is the boiler instruction manual with the householder?	2.0%

Cavity Wall Insulation		
Question No.	Question	Fail rate
CWIBP.1	Have all injection holes been finished to an acceptable aesthetic standard?	1.6%
CWIBP.2	Have cavity brushes been fitted, where required?	0.8%

## Still have questions?

For enquiries regarding ECO (with the exception of the media), please contact the ECO team via email at [ECO@ofgem.gov.uk](mailto:ECO@ofgem.gov.uk). For all media enquiries, please contact the press office on 0207 901 7246.