

# Energy Company Obligation (ECO)

## ECO2 monitoring report

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Issue 4

### 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 in our ECO 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 improvements in quality in the energy efficiency industry. The report covers ECO measures that fall within the scope of the monitoring requirement for Quarter 4 of ECO2 (January 2016 – March 2016).

### Summary

For both Technical and Score Monitoring the monitoring rate was slightly higher than that reported for Quarter 3, although it was lower than the monitoring rate for Quarter 1 and Quarter 2. The failure rate for Technical Monitoring was the highest reported so far, although it was still less than 10%. The percentage of failed inspections that were subsequently overturned was similar to that in Quarter 3. For Score Monitoring, the failure rate was slightly lower than in Quarter 3, while the percentage of overturned inspections was similar.

Similar to the [report for Quarter 3](#), this report also includes information on the number of measures and installers that were placed on a Pathway to Compliance. This information was not included for Quarter 1 because no measures were placed on a Pathway for that quarter. We will continue to include this information in future reports.

The numbers in this report were last updated on 05 August 2016.

### Technical Monitoring

This part of the report covers the results of Technical Monitoring conducted for ECO2 Quarter 4 (January 2016 – March 2016).

Technical Monitoring is a compliance regime under ECO that requires obligated 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 carbon or cost savings. Suppliers must resolve issues with measures that fail a Technical Monitoring inspection and may lose the savings associated with the measure if they do not do so.

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 greater than 10%, 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 installer.

More information on the Pathways to Compliance is available on [our website](#).

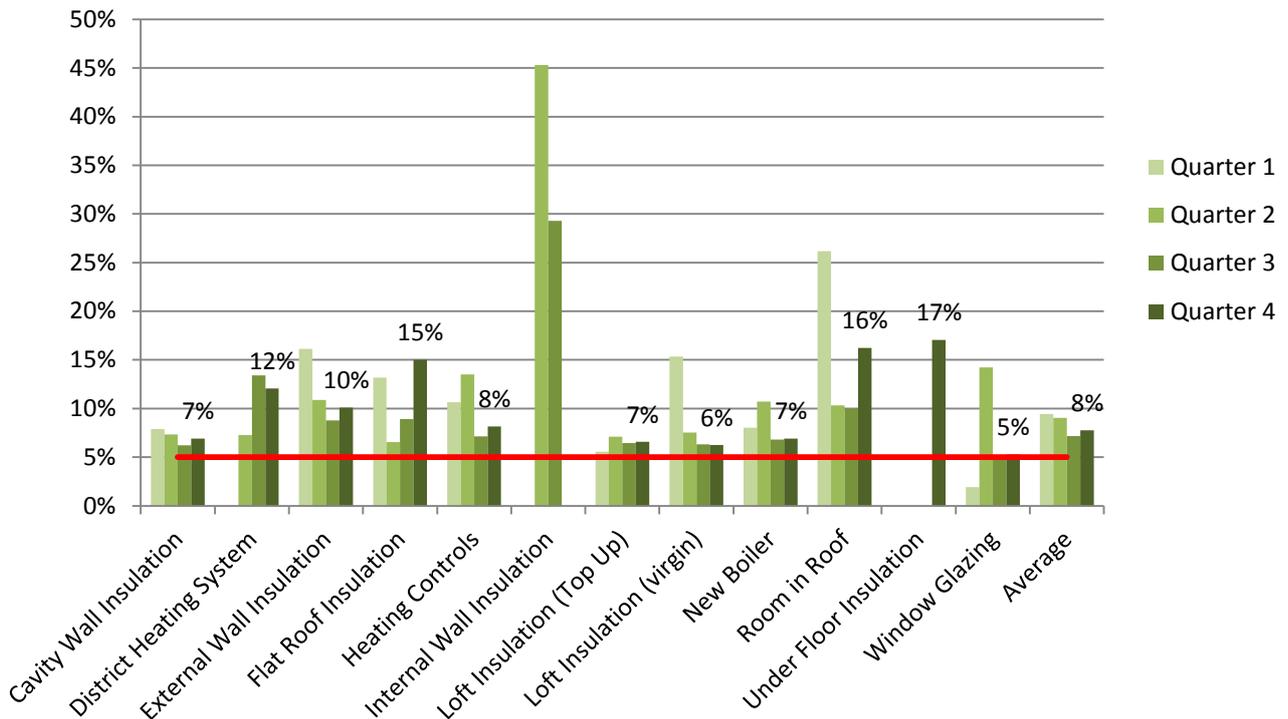
### Monitoring rates

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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.

Technical monitoring was carried out on 7,600 measures, amounting to 8% of all measures that fall within the technical monitoring requirement for the quarter (97,962)<sup>2</sup>. The graphs below show the monitoring rates for all notified measures in Quarter 4, by measure type (Fig. 1) and obligated supplier (Fig. 2). The average monitoring rate is indicated in the rightmost columns. The red line indicates the required level of Technical Monitoring (5%). Percentages in the graphs are only shown for the most recent quarter. Previous quarters have been included for comparison. Note that Figures 1 and 3 only include those measure types for which more than 100 measures fell within the monitoring requirement for this quarter. As can be seen in Figure 2, all suppliers met the monitoring requirement for Quarter 4.<sup>3</sup>

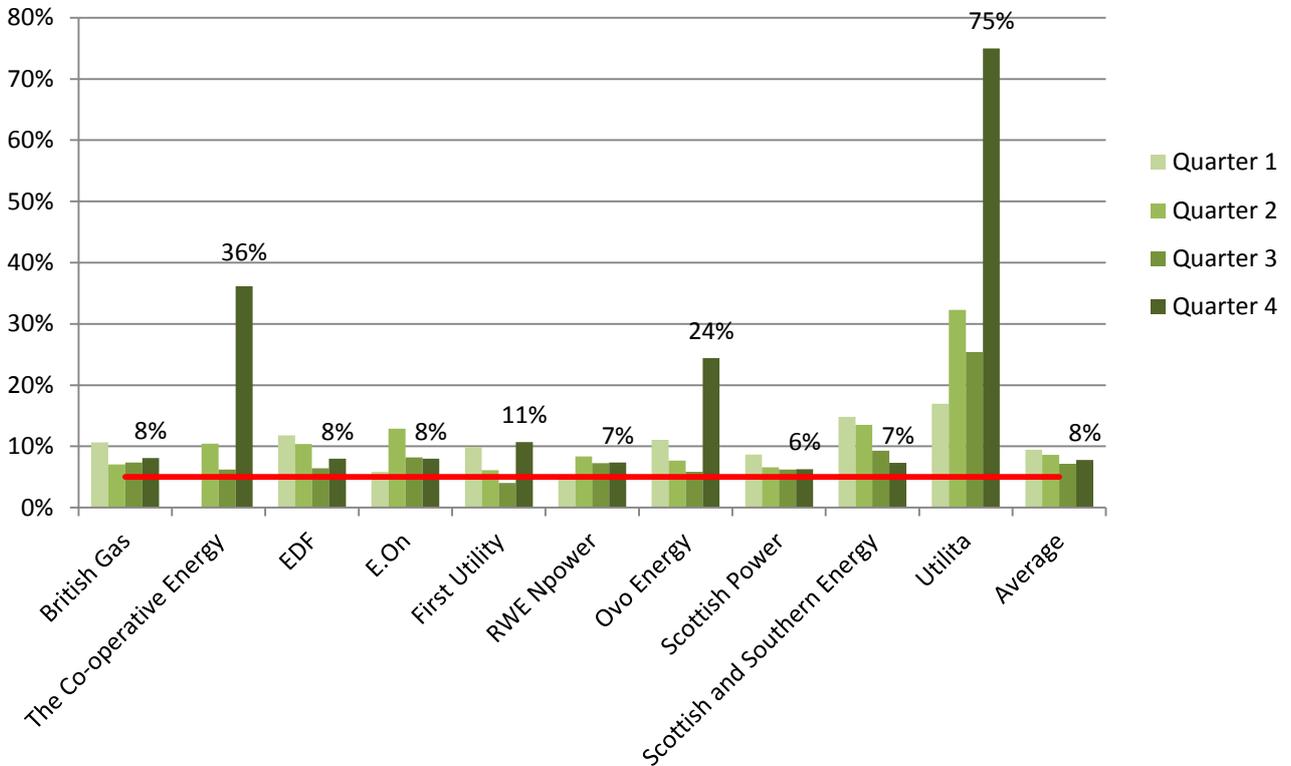
**Fig. 1) Installation monitoring rates as a percentage of all notified measures per measure category**



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

<sup>3</sup> There are no results for The Co-Operative Energy for Quarter 1, as this supplier did not notify any measures during that quarter. There is no data included for Utility Warehouse, as this supplier delivers its obligation through transfers from another supplier, which is responsible for meeting the monitoring requirements.

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



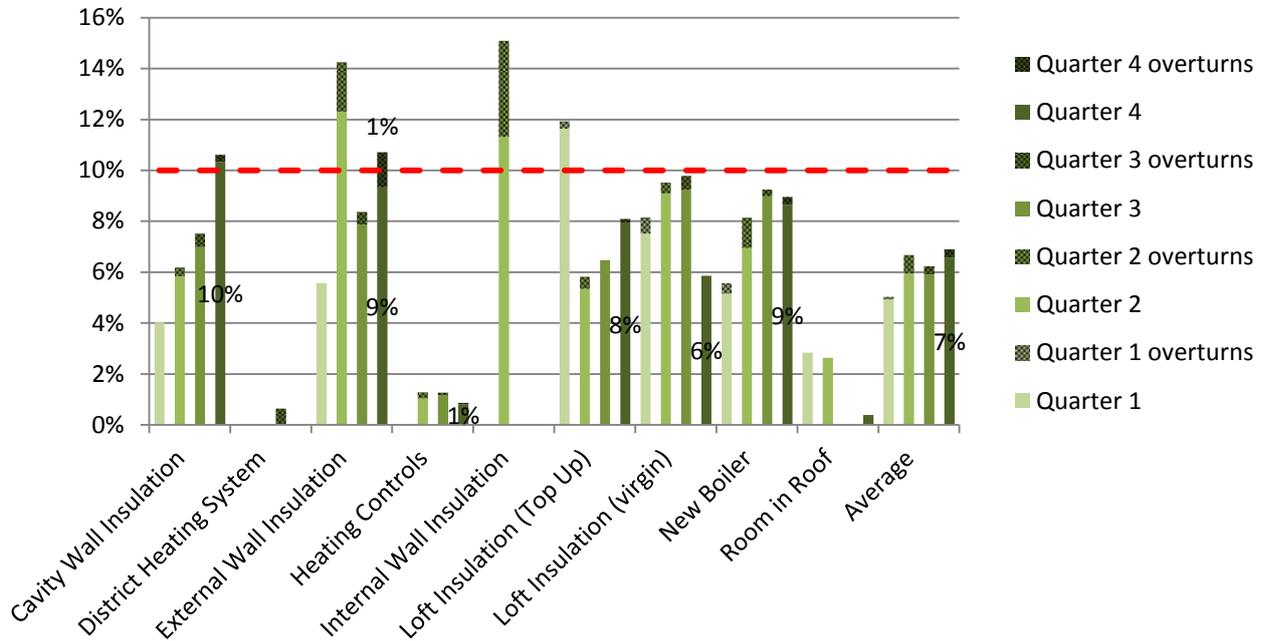
**Failure rates**

524 of the 7,600 measures monitored did not meet the required standards of installation (~7%). The graph below shows the installation failure rates for all monitored measures in Quarter 4 by measure category. The average failure rate for all measure categories/suppliers is provided in the rightmost columns, while the red line indicates the Technical Monitoring failure threshold (10%). Percentages in the graphs are only shown for the most recent quarter. Previous quarters have been included for comparison.

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'. Suppliers report overturns to us on a monthly basis. We then adjust the previously reported failure rates to take any overturns into account. If the adjusted failure rate drops below the 10% threshold for an installer, we will take that installer off the Pathways to Compliance.

In the figure below, the number of overturned measures is represented by the dotted area at the top of the columns. The most commonly failed questions relating to these measures are provided in the commonly failed questions section below.

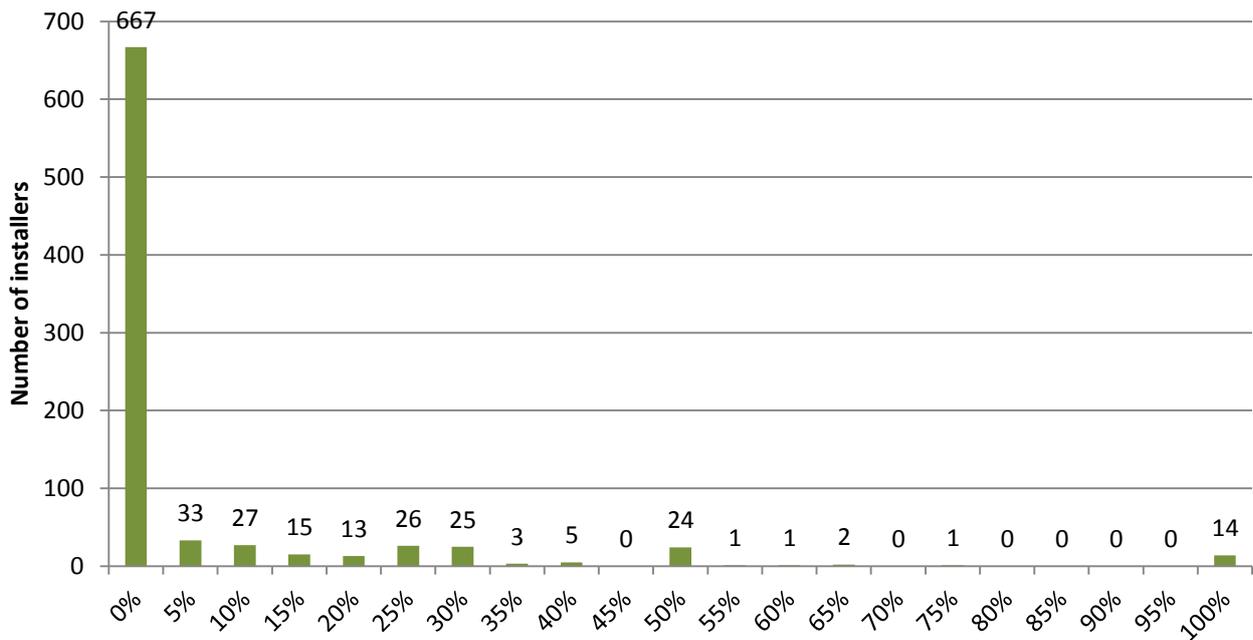
**Fig. 3) Installation failure rates as a percentage of all monitored measures per measure category**



Industry Performance

The graph below shows the distribution of installer performance. It shows 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 is counted multiple times.

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



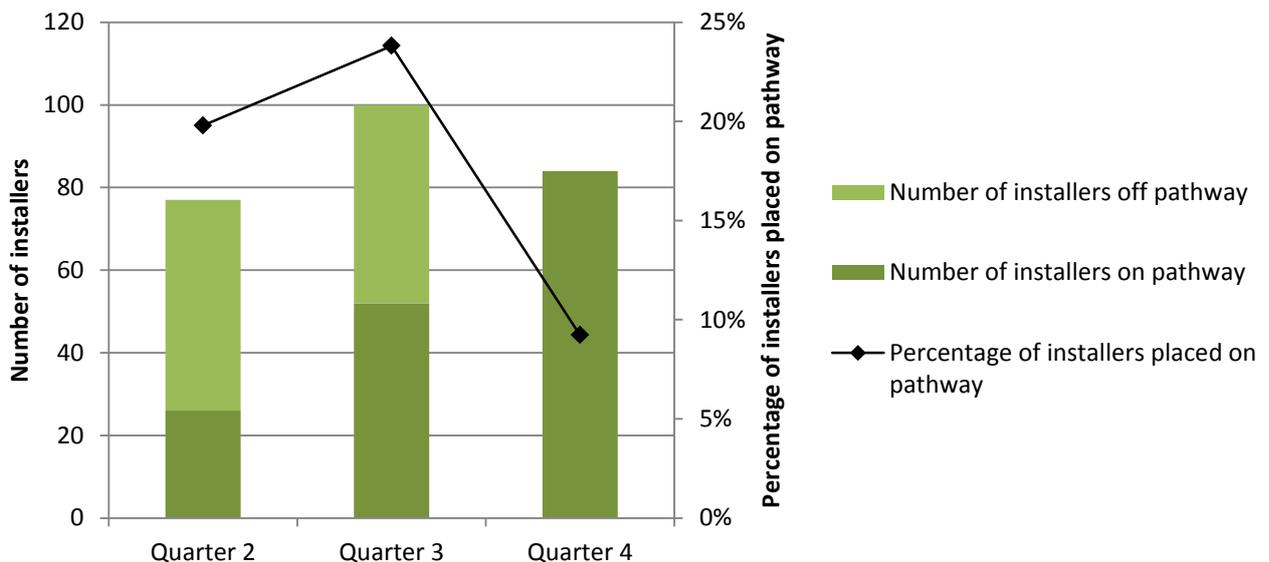
Pathways to Compliance

As part of ECO2, we have introduced the 'Pathways to Compliance' to address poor performance in a more targeted and effective manner. Across all suppliers, the total number of installers that were placed on a Pathway to Compliance under Technical Monitoring in Quarter 4 was 84. This corresponds to 9% of all 911 installers included in this monitoring period. As in Figure 4, installers are counted separately for each supplier. Installers who are placed on a pathway for more than one supplier are therefore counted multiple times. The total number of measures placed on the Pathway is 10,760, amounting to 11% of all measures that fell within the Technical Monitoring requirement for the quarter. This is less than half the number of measures placed on a Pathway to Compliance for Quarter 3.

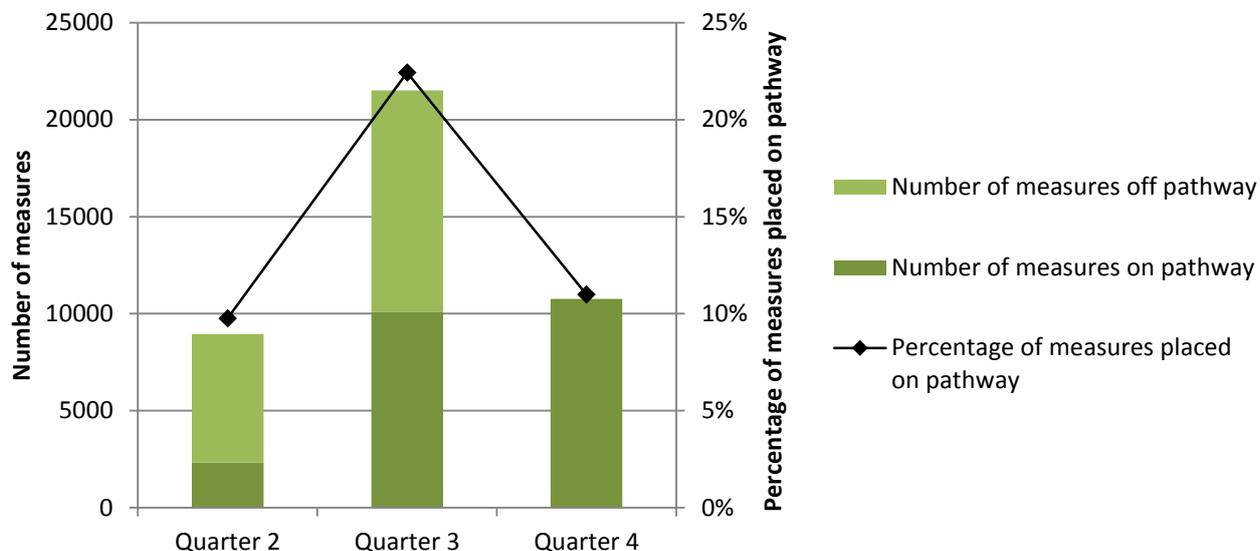
We ask suppliers to conduct additional monitoring, or provide us with additional assurances, for their installers who are placed on a Pathway. When we have received sufficient assurances about the quality of the measures delivered by a particular installer, this installer will be taken off the pathways for this supplier. Figures 5 and 6 show the progress suppliers have made in providing us with such assurances for both the current and previous quarters. The first figure shows the number of installers that were originally placed on a Pathway to Compliance and the number that have since been moved off that Pathway. The second figure displays the number of measures originally placed on a Pathway and the number that have since been moved off it. Figures 5 and 6 also respectively show the percentage of installers and measures placed on a pathway as a percentage of all installers included and all measures notified within the monitoring period.

As Figure 5 shows, while the number of installers placed on a Pathway in Quarter 4 was roughly similar to Quarter 3, as a percentage of the total number of installers active in a Quarter they are much less than Quarter 3.

**Fig. 5) Number of installers on/off pathway**



**Fig. 6) Number of measures on/off pathway**



Commonly failed questions

The tables below list the most commonly failed questions for each measure type. Only questions that have a failure rate of 3% or higher have been included. Suppliers must resolve issues with measures that fail a Technical Monitoring inspection and may lose the savings associated with the measure if they do not do so.

External Wall Insulation		
Question No.	Question	Fail rate
EWI.15	Has the render/cladding been fully applied?	6.7%
EWI.13	Where services have penetrated the insulation board have these been sealed appropriately?	5.0%

Loft Insulation (Top Up)		
Question No.	Question	Fail rate
LITU.5	Has the loft hatch been draught proofed as specified in PAS 2030:2014?	5.8%
LITU.4	Has the loft hatch been insulated as specified in PAS 2030:2014?	4.6%

Cavity Wall Insulation		
Question No.	Question	Fail rate
CWI.4	Does the drilling pattern conform to the appropriate materials compliance certificate?	5.5%
CWI.5	Have all injection holes been filled?	4.0%
CWI.3	Does the current condition of the property suggest that it was suitable for the material that has been installed?	3.4%

New Boiler		
Question No.	Question	Fail rate
NB.2	If holes or openings have been made through the fabric of the premises due to the installation of a new boiler, have they been made good?	5.0%
NB.1	Where a boiler and hot water storage vessel have been repaired or	4.9%

	replaced, have any associated replacement pipes or pipes that have been exposed as part of the works or are now otherwise accessible been insulated where possible?	
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Loft Insulation (virgin)		
Question No.	Question	Fail rate
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 carbon 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 4 (January 2016 – March 2016).

Suppliers must also monitor at least 3% of measures installed by a particular installer<sup>4</sup>. If the failure rate for an installer is greater than 20%, 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](#).

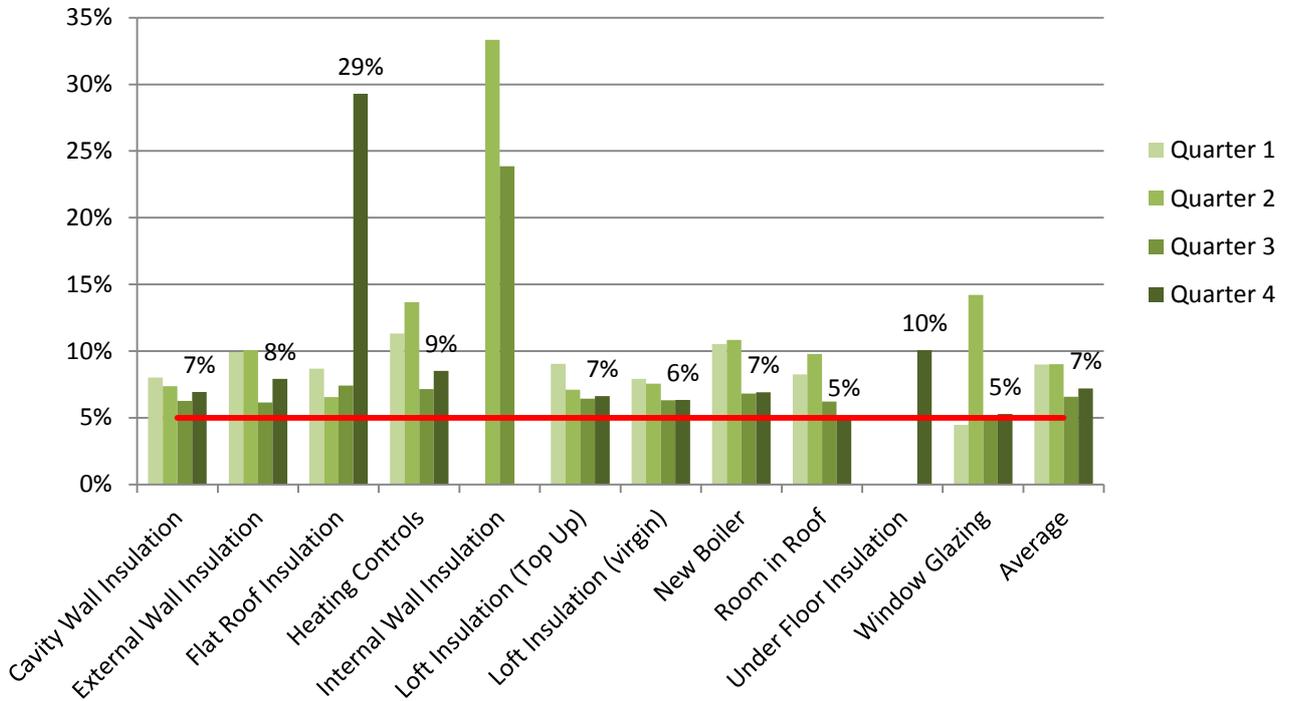
### Monitoring rates

Score Monitoring was conducted on 6,746 measures, corresponding to 7% of all measures that fall within the Score Monitoring requirement for the quarter (93,851)<sup>5</sup>. The graphs below show the monitoring rates for all notified measures in Quarter 4, by measure type (Fig. 7) and obligated supplier (Fig. 8). The average monitoring rate is again indicated in the top right columns, while the red line indicates the required level of Score Monitoring (5%). Percentages in the graphs are only shown for the most recent quarter. Previous quarters have been included for comparison. Note that Figures 7 and 9 only include those measure types for which 100 or more measures fell within the monitoring requirement for the quarter.

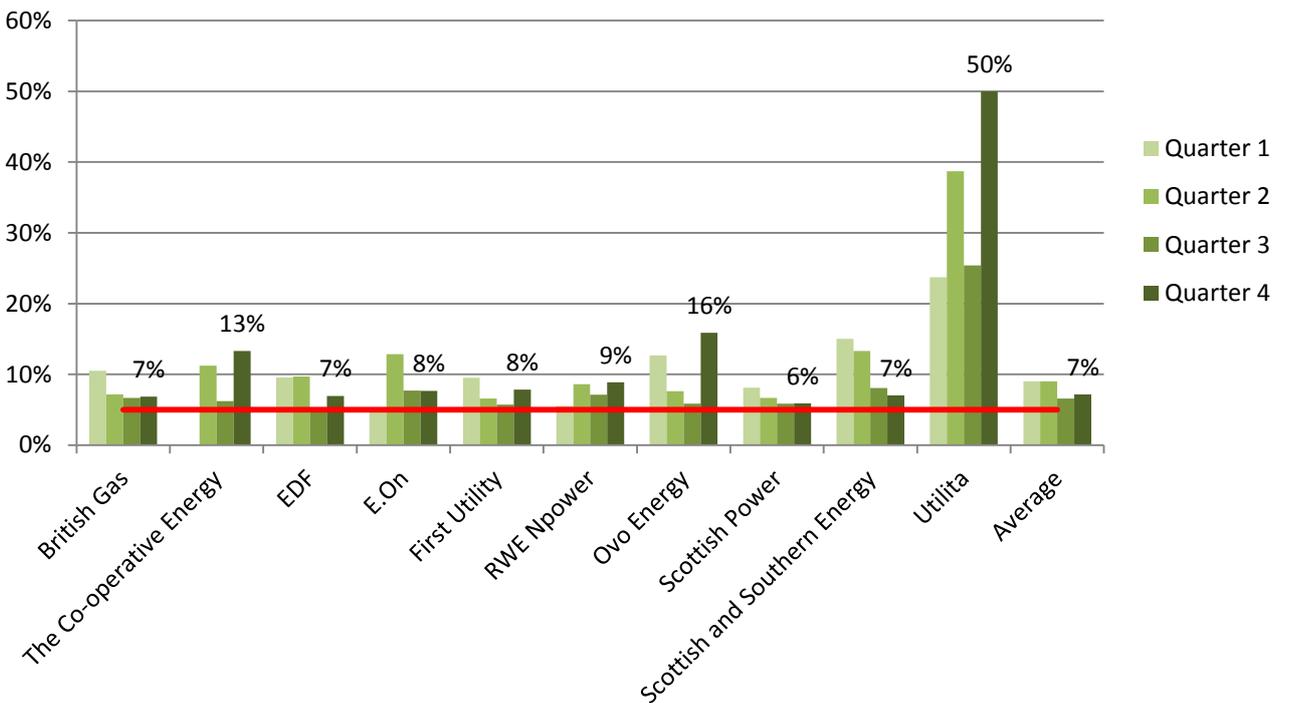
<sup>4</sup> The requirement for installers who deliver fewer than 100 measures in a quarter is for one measure to be monitored.

<sup>5</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. 7) Score monitoring rates as a percentage of all notified measures per measure category**



**Fig. 8) Score monitoring rates as a percentage of all notified measures per supplier**

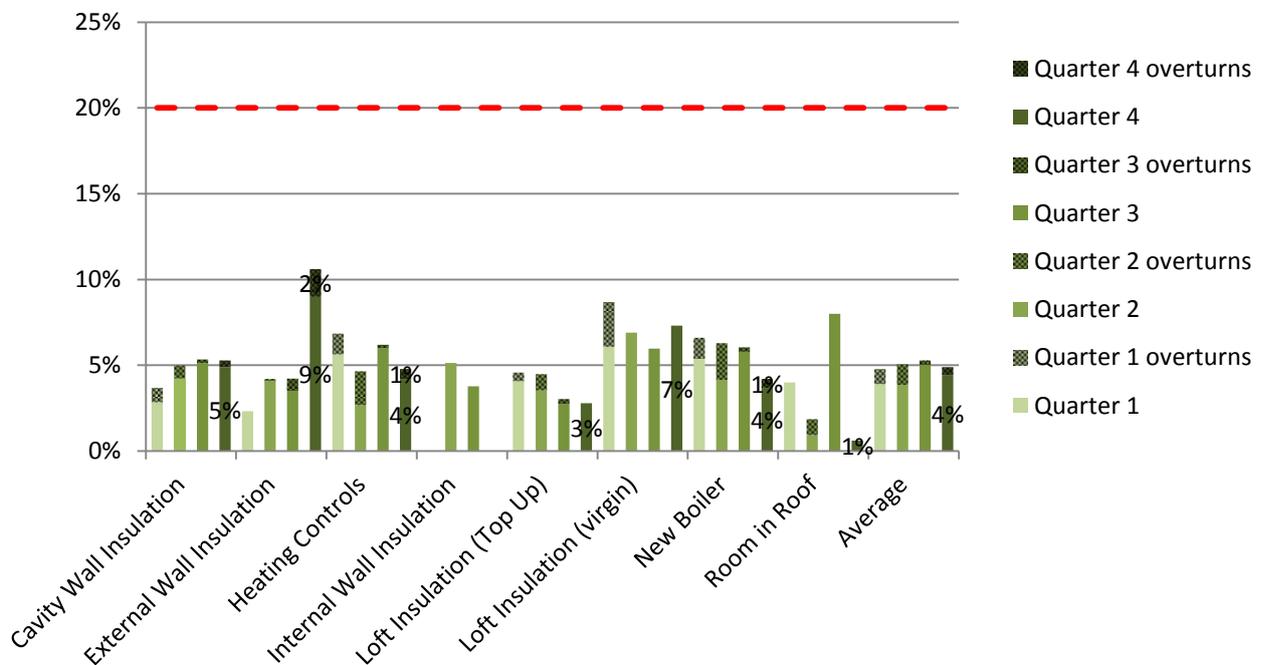


Failure rates

330 of the 6,746 measures monitored showed a discrepancy between the data recorded by the original assessor and the score monitoring agent (~4%). The graphs below provide the score failure rates for all monitored measures in Quarter 4 by measure category. The average failure rate for all measure categories/suppliers is given in the top right columns. The red line indicates the Score Monitoring failure threshold (20%). Percentages in the graphs are only shown for the most recent quarter. Previous quarters have been included for comparison.

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 the dotted area at the top of the columns.

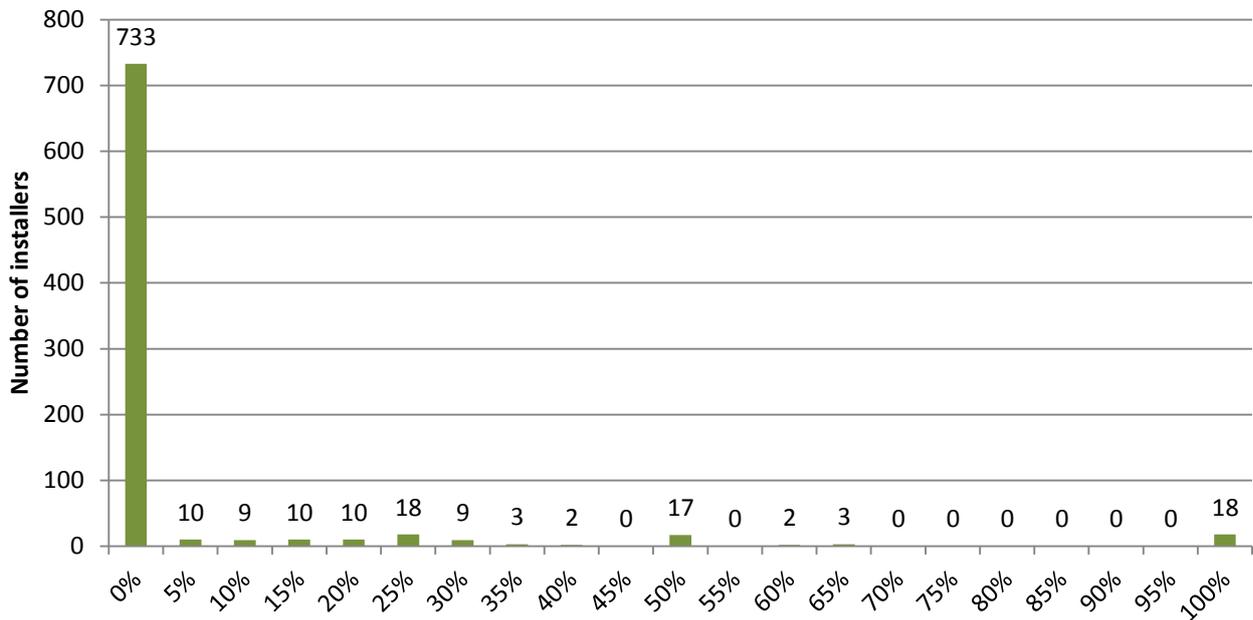
**Fig. 9) Score failure rates as a percentage of all notified measures per measure category**



Industry Performance

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

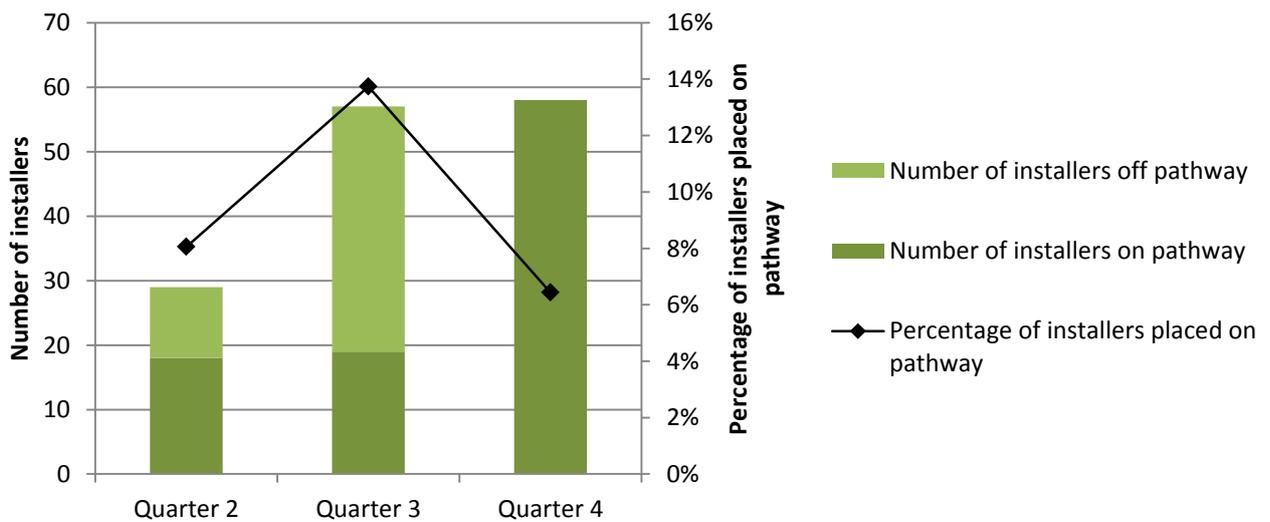
**Fig. 10) Frequency of installer failure rates**



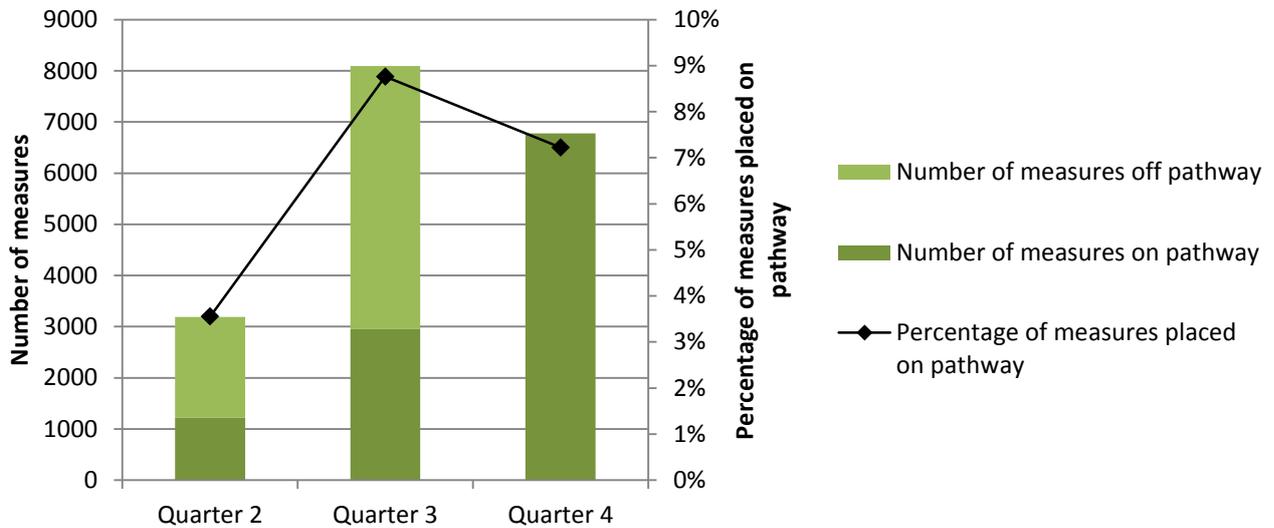
Pathways to Compliance

Across all suppliers, the total number of installers that were placed on a Pathway to Compliance for Score Monitoring was 58. This corresponds to 6% of the total number of installers whose measures were monitored in this quarter (901). As in Figure 4, installers are counted separately for each supplier. Installers who are placed on a Pathway for more than one supplier are therefore counted multiple times. The total number of measures placed on the pathway is 6,778, amounting to 7% of all measures that fell within the Score Monitoring requirement for the quarter. Figure 11 shows the number of installers that have now been taken off a Pathway. Figure 12 shows the same for the number of measures.

**Fig. 11) Number of installers on/off pathway**



**Fig. 12) Number of measures on/off pathway**



The figures show a similar trend as Technical Monitoring, with a smaller share of both installers and measures placed on a Pathway to Compliance in Quarter 4 compared to Quarter 3.

Commonly failed questions

The tables below list the most commonly failed 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
SMQ.20	Does the depth of loft insulation match the RdSAP calculations?	6.5%

Loft Insulation (virgin)		
Question No.	Question	Fail rate
SMQ.22	Is there any evidence of any pre-existing loft insulation?	5.5%
SMQ.13	Does the floor area for each storey of the property match the SAP/RdSAP calculations to within 10%?	3.6%

Loft Insulation (Top Up)		
Question No.	Question	Fail rate
SMQ.20	Does the depth of loft insulation match the RdSAP calculations?	3.0%

**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 installed on their behalf.

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.

We did not receive any Best Practice Monitoring submissions for Quarter 4.

**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 Stuart Forsyth, Ofgem E-Serve's media manager ([stuart.forsyth@ofgem.gov.uk](mailto:stuart.forsyth@ofgem.gov.uk)).