

Energy Company Obligation (ECO) Deemed Scores Consultation Questions

Background

The questions below relate to the ECO2 consultation on deemed scores which can be found on our website :

<https://www.ofgem.gov.uk/publications-and-updates/eco2-consultation-deemed-scores>

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. The questionnaire should be completed in typeface and returned via email to eco.consultation@ofgem.gov.uk by **close of business on 8 July 2016**.

1. Respondent Details

Organisation Name:	Llewellyn Smith Limited, a Servest Group company
Completed By:	Bob Foley
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2. Methodology

Q1. Do you agree with our selection of the key variables to use as the main inputs for calculating the deemed scores?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

The key variables will appropriate to the majority of measures however there will be a small number of properties with less common characteristics which may have difficulty in attracting sufficient levels of funding to make them viable.

3. Property Archetypes

Q2. Do you agree with the method used in developing typical property archetypes in order to remove the need for measuring property dimensions?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☒ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

Whilst the general approach will simplify the claims process, the “banding process” whilst on average will balance out, may discriminate against properties at the extremity of the bands. A mechanism, with appropriate safeguards, to claim for measures that produce higher scores under RDSAP than deemed scores should be considered. Examples include 4-bed detached bungalows, common in the South West and Victorian Room in Roofs, common in the North where no existing insulation is present prior to the measure installation.

4. Primary Heating Sources

Q3. Do you agree with the approach to accounting for all primary heating sources present in the housing stock?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

If not, please explain your reasoning and evidence your preferred approach.

Q4. Do you agree that we have appropriately accounted for heating systems present in the housing stock either as an input for the deemed scores or in Table 1?

- ☐ Strongly Agree
- ☐ Agree

- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

If not, please explain your reasoning and evidence your preferred approach.

5. Measure Types

Q5. Do you agree that the deemed scores include all main measure types?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

If not, please clarify which additional measure type you expect will be installed.

Q6. Do you agree with our proposals for differentiating within measure types?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☒ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

Please see responses to Questions 2, and 9 which identify specific circumstance where there is insufficient differentiation. In addition the risk in a banded approach is that properties which fall outside the “normal” bandings may suffer from discrimination where they become relatively less attractive for installers.

Q7. Are there any measure types where you think that further differentiation is warranted? If so, please clarify which measure type could benefit from further differentiation and suggest an approach.

Please see responses provided under other questions. A specific example (Room in Roof) is discussed in the response to question 9 where it is common for there to be no existing insulation present prior to measures being installed. The existing mechanism is much more suitable for this measure.

Q8. Are there any areas where you could benefit from further guidance in using deemed scores?

Room in Roof for the reasons outlined In the response to question 9

6. Scores

Q9. Do you agree with the deemed scores produced?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☒ Strongly Disagree
- ☐ Don't Know

Energy Suppliers, Managing Agents and Installers have advised us that in many circumstances they have compared scores for actual measures undertaking using the current RDSAP approach and under the new deemed score proposals and have identified significant reductions in the levels of carbon delivered. Given that both methodologies are based on SAP / RDSAP it is difficult to understand the gap unless this is due to the bandings applied or the starting and/ or finishing u-values or boiler efficiencies. We believe for a given group of measures, given the underlying basis of calculation has not changed the scores should not be materially different. The consultation has not provided any explanation which would support significant changes in carbon scoring under the proposed deemed score arrangements. However if Ofgem propose to reduce the carbon scores for measures when compared to current arrangements, this could increase the cost of carbon and make it more difficult to deliver the quantity of savings under the obligation.

Whilst we have not analysed the full spread of proposed deemed scores, we have identified that there are properties, that due to their characteristics, will score considerably higher under the existing methodology than under the proposed deemed score approach and it is highly likely that these properties will be discriminated against. A good example of this is Room in Roof: Victorian property, particularly common in the North of

England, were frequently originally built with an attic room (i.e. not modern loft conversions). These will often have been “tidied” over the years to reduce the appearance of exposed rafters. Our experience of undertaking CSR checks and post installation inspections of substantial number of Room in Roof insulation measures has shown that a large number of these had no insulation either in the residual loft, or the elements of the RIR namely; stud walls, sloping ceilings and upper ceilings. The deemed scoring mechanism assumes a starting U-value of 0.696W/m²K whereas the starting point where no insulation is present is 2.1W/m²k. This dramatically underestimates the carbon savings of this measure and its economic viability. Our understanding is that a large number of these measures are claimed within the AW commitment (HHCRO) in which the government wishes to focus the majority of available funding moving forward. With cavity wall and loft insulation becoming increasingly difficult to find, it would be unfortunate if this measure, which supports the government fuel poverty agenda, becomes unviable as a result of a move to deemed scores.

In addition, for this measure it is desirable to have a greater degree of flexibility on post installation U-values as the use of more specialist insulation and restrictions imposed by the need to maintain suitable ventilation can mean that proposed post installation U-values may not always be achievable. Nevertheless actual carbon savings will normally be better than those proposed under the deemed score mechanism.

Q10. Do you agree that it would be useful to also provide the deemed scores as lifetime savings (i.e. after applying all relevant multiplication factors), to make the relative value of each measure easier to identify?

- ☒ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

7. Percentage of property treated

Q11. Do you agree with the proposal to use 'percentage of property treated' to identify whether 100% of a score should be claimed?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

We do agree, and whilst it is clear in both this consultation and the current live ECO Guidance what constitutes 100% of the measure installed, we feel that this needs to be re-iterated to the supply chain on a per measure basis. We are aware of the work ongoing in relation to Room in Roof Insulation and an FAQ document and fully support this as a method of providing clarity to the supply chain.

8. New Scores

Q12. Do you agree with our proposed approach for applying for a new score from April 2017?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

If not, please explain your reasoning, which specific parts of the process you do not agree with and inform us of your preferred approach.

Q13. Do you agree that we should determine whether or not to accept an application, and specifically what is a

'significant' improvement in score, on a case-by-case basis?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

9. Score Monitoring

Q14. Do you agree that a DEA is not required to check inputs used when identifying a deemed score for a measure?

- ☐ Strongly Agree
- ☐ Agree
- ☒ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ Don't Know

Whilst, if using the proposed simplified scoring mechanism, the requirement for a DEA is diminished, we would encourage:

- That deemed score criteria validation continues and remains independent of the supply chain
- That independent pre install checks continue to ensure that the property is suitable for the proposed measure and that the risk of incorrectly claimed measures are minimized. These currently are carried out on 100% of installations whereas post installation QA is restricted to a small sample.
- That a mechanism exists, with appropriate additional independent checks, to ensure that properties whose characteristics would deliver higher carbon savings under the RDSAP / SAP methodology than the deemed scores are not discriminated against as they are comparatively economically less attractive (see Q9 which provides a specific example)