

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:	ScottishPower
Completed By:	Claire Doherty, Policy and Industry Liaison Manager
Contact Details:	claire.doherty@scottishpower.com

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

If not, please clarify which aspect you do not agree with and suggest an alternative, with reasoning.

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

If not, please clarify which aspect you do not agree with and suggest an alternative, with reasoning.

If measures will be claimed based on a percentage of the property installed, we agree that this is a viable method to apply. However, it will be important that the guidance around what can be claimed and how the percentage is to be measured is clear and straightforward to apply.

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.

We acknowledge that this will only apply to a very small number of properties. However, we would raise a concern around the apparent equation of wood-fired heating systems with solid fuel as the carbon savings are significantly different.

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 clarify which additional heating systems you believe need to be accounted for.

While heating systems have generally been accounted for appropriately, we believe that the presumed percentage efficiency for gas boilers used in the BRE paper (83%) is too high. This is the default value for condensing boilers. Therefore some analysis of the types of boiler present in pre-1991 dwellings or those with a low RDSAP score should be undertaken in order to set a more realistic figure.

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.

We agree that the main measures types are included, but please also see comments under Q6.

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

We welcome the proposal to base the solid wall insulation starting U-values on the default values based on the age of construction, type of construction and depth of construction, and the clear guidance on how non-standard thicknesses may be scored. We are also comfortable with rules around cavity wall insulation, storage heaters and boilers.

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.

Ofgem is proposing to differentiate between properties where the residual loft area is insulated and those where it is not. We believe there may be merit in extending this to differentiate according to the ratio of the room-in-roof area to the loft area as a whole. For example, in a house with a loft area of 100m², the room-in-roof area could vary between 15m² and 85m², which would have a significant impact on the volume of the heated space. A review of the merits of this approach would require the analysis of a greater volume of data than ScottishPower currently has for this measure type, but we believe there could be value in Ofgem investigating this further.

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

No further comments.

6. Scores

Q9. Do you agree with the deemed scores produced?

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

If not, please clarify which particular score(s) that you believe do not accurately reflect the savings for a measure.

Our reason for disagreeing with the deemed scores produced is that a number of the deemed scores appear lower than the scores which our own review of previous ECO scores has produced.

The more extreme cases occur with flats, for example our average score for cavity wall insulation installed in a gas heated flat under ECO is 15.342 tonnes, which compares to just 4.672 tonnes for a 2 bedroom or 5.429 tonnes for a 3 bedroom gas heated flat under the deemed scoring regime. Our average score for top-up loft insulation installed in a gas heated semi-detached house under ECO is 7.957 tonnes, which compares to 6.111 tonnes for a 3 bedroom gas heated semi-detached house under the deemed scoring regime.

There is insufficient detail in the description of the deemed score methodology to identify the reasons for this difference, but possible causes could include:

- The deemed score calculations include properties which do not require or which have already had improvements and which will not be eligible under a future ECO programme; our savings figures are for properties which have actually had measures installed and so were poorly or not at all insulated beforehand.
- The deemed score calculations include new or recently built properties within the average; such properties would not be eligible for ECO and would tend to bring down the average score if included.

Using the deemed scores as proposed may therefore underestimate the benefits and cost-effectiveness of the proposed energy efficiency scheme. We ask that Ofgem investigates this further and provides a reconciliation of the difference between the proposed deemed scores and the average values achieved in ECO to date.

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

If not, please explain your reasoning.

We agree with this proposal, but for clarity it may be useful to split out in the evidence requirement, the percentage of the property to which the measure may be applied and how much of that measure was actually applied. So for example, 50% of a property's walls may be solid. However, it may only be possible to apply insulation to 80% of the solid wall, which would mean only 40% of the property was actually insulated.

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

If not, please clarify why you do not agree and provide an alternative approach with your reasoning.

We note, however, that within the industry carrying out monitoring checks, the majority if not all of the inspectors are already DEA qualified and this does imply, positively, that a level of consistency is present across all checks carried out.