

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:	AgilityEco
Completed By:	Jon Kimber
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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

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.

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

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

If not, please clarify where alternative differentiation should be applied.

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.

Measure Type – SWI (external wall insulation)

a) Option to use rdSAP or SAP to calculate SWI carbon score

You have correctly identified that District heating requires a very different treatment for understandable reasons. To quote the Ofgem consultation: *“We have also not developed deemed scores for district heating connections. These*

measures are complex and highly variable in their nature and size, and so we consider that the current approach of producing bespoke scores using SAP or RdSAP is more appropriate.” We believe that many of these issues also apply to external wall insulation. As such we believe it would be right for SWI to have the **option** (but not the obligation) to move to an rdSAP or SAP calculation of carbon scores for the following reason:

- The solid wall housing stock is extremely diverse and there are highly varying starting U-Values between say: tower blocks, BISF, Wimpey no fines, Cornish, other system built, stone, etc
- SWI is an expensive measure (in some cases similar to communal heating) and therefore the additional cost of doing accurate calculations will be justified
- For bigger SWI jobs, like blocks of flats, actual rdSAP or SAP calculations will provide a far more accurate score than deemed scores
- Age is less of a determinant of U-value for solid walled properties than cavity and therefore assuming that post-1966 properties have much lower starting U-values will not always be correct
- However, retaining the option to use deemed scores will be important, for example in single installations where the cost of full rdSAP/SAP calculations would be prohibitive.

b) Rounding of SWI/External wall insulation depths

The proposed methodology “rounds down” insulation thickness to a number of standard thicknesses. This would mean, for example, that 90mm insulation would be rounded down to 50mm. This potentially creates a disincentive within the supply chain as the carbon score will be 20% lower (as per deemed scores). It is quite uncommon for EWI to be applied at a 50mm thickness or lower. Typically insulation depths range from 90mm (EPS) to 100/110mm (mineral wool), both with similar insulation properties due to different material characteristics. These two products account for the vast majority of all EWI installations. Therefore the banding suggested will greatly penalise installers using 90mm EPS compared to 100/110mm mineral wool.

It would appear fairer and more appropriate if EWI depths were rounded to the nearest standard depth – so that, for example, 90mm and 110mm would be rounded to 100mm.

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

No comment

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.

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.

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.

If deemed scores are implemented, which we believe is the right option moving forward for ECO, then it should not be necessary for a DEA to check inputs used for a deemed score. However, there are other factors that must be considered before a decision is made to remove the pre-installation visit and the associated production on an EPC.

The EPC produced from the pre-installation visit is an invaluable source of actionable information for householders. It provides guidance on energy efficiency improvements and behavioural actions that can be taken to reduce fuel bills. From this data it is quite likely that further energy saving measures will be considered and implemented by householders. It appears that the focus of this consultation has failed to consider the very positive benefits associated with providing this information to householders, instead focusing solely on the DEA visit as a means of validating inputs for deemed scores.

Companies installing individual measures have little or no vested interest in selling a holistic set of energy efficiency improvements. This has been proven time and time again in ECO and its predecessors, where single measure improvements have been most prevalent. It appears to be counter-intuitive to remove the DEA/EPC when the aim of ECO is to reduce household energy consumption. **We accept that a DEA is not needed to assess the inputs for deemed scores but there are many other benefits from retaining the pre-installation visit and EPC.**

Completely removing the DEA from the process of validation and quality control raises further questions that must be considered further. The initial DEA visit has in our opinion helped to improve the quality of the ECO programme and has significantly reduced the opportunity for fraud and bad practice. This has been achieved by visiting 100% of the properties to be improved, a marked step change on earlier programmes. If this service is going to be reduced or removed we are concerned about the unintended consequences of such a move:

- The lack of an independent DEA visit may create a risk of fraudulent measures, incorrect measures being installed in unsuitable properties (as highlighted in the Every Homes Matters review), bad quality and poor customer service.
- Because the industry has tended in the past to find the “lowest common denominator” approach, this lack of an independent visit may result in the market being flooded by poor quality simple measures.
- The consultation states that measures “should be installed in line with the requirements of PAS”, however we know through many years experience that an over reliance on the integrity and quality of installation companies is not a failsafe solution.
- Only 5% of properties will now be visited at the technical monitoring stage – currently 100% of properties are visited at some stage. This does feel like a backward step and maybe a step too far.

Therefore we propose the following:

- a) **Remove the necessity for a DEA to check the inputs for deemed scores**
- b) **Retain DEA visits to all properties improved with ECO measures for the purpose of producing an EPC for householders.** This will create a number of benefits:
 - government studies have proven the benefit of producing an EPC, raising awareness amongst householders about the actions that can be taken to reduce energy consumption and household bills
 - provide a quality check and early identification of fraud on a statistically relevant sample of properties
 - enable deemed scores to be evaluated after the first year. It shouldn't be assumed that historic carbon scores will be an accurate reflection of the carbon saved under this phase of the programme.
 - If implemented correctly this should not create any additional compliance cost/administration over and above the current scheme.
 - Currently an EPC/EPR is produced on a speculative basis to assess carbon potential, this has resulted in several hundred thousand unnecessary reports being produced. By purely focusing on households who take up ECO measures the cost would be significantly less. We estimate it would be c.£11.5m p/annum, using DECC's forecast of ECO measures in their ECO Heat to Help consultation. In the context of a £640m programme this appears a small cost to retain an important element to influence consumer behavioural change and manage quality control.
- c) **If the DEA role is not maintained there must be a much stronger role for technical monitoring to ensure the quality and integrity of the ECO programme**
 - the key components of the pre-survey visit currently undertaken by the DEA should be incorporated into the final TM visit. Obviously the aspects associated with generating a carbon score are no longer needed. There are however several other aspects e.g. ensuring the measure that is actually installed is recommended, as it currently does now on the EPC.
 - if the pre visit is to be removed or significantly reduced then there should be a greater focus on technical monitoring, perhaps increasing the number of visits to 10% - moving from 100% site visits to 5% is a retrograde and potentially risky step.

In this consultation it has already been recognised that certain measure types, specifically District Heating will still require a pre-installation visit from a suitably qualified person. There may be other, similarly complex projects where a pre-installation visit would be helpful, for instance, tower block refurbishments. Quite often these blocks contain a multiple array of different heating and insulation conditions, particularly where there are a large number of leaseholders who have undertaken their own improvements. By carrying out EPCs or EPRs on such projects it will give a more accurate result than deemed scores would.

In summary we believe there is a sound commercial rationale for retaining the DEA visit for the purpose of producing an EPC, not to check the inputs for deemed scores. However, should DECC reject this advice we would like to see a much greater role for technical monitoring to ensure quality standards are maintained and improved.