

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:	Stroma Certification
Completed By:	Andrew Parkin
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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.

Stroma understands that this consultation is about the methodology for deemed scores and isn't considering the inclusion of EPCs in the pre-installation process. However, there are clear deficiencies in the process of deemed scores when compared with EPCs that should be considered.

It is agreed that the variables introduce a level of simplicity to the process and reduce costs due a DEA not being required to visit the property. As a result fraudulent activity associated with assessors choosing worst case values to increase savings may be reduced. The ability to accurately calculate the savings and carbon savings are lost however. It is also worth noting that this simple approach removes the ability to locate the most energy inefficient properties by treating the thermal characteristics of all properties the same.

Would it be right to the base fuel poverty on household income? There are many families in fuel poverty in the UK, and not all are dependent on income. An inefficient property, that has solid walls or hard to treat walls, combined with an expensive or inefficient heating system, in an off grid area, would most likely result in even modest income households to fall into fuel poverty. This could lead to ECO funding not being misdirected away from those in most fuel poverty.

For example, it really does not seem correct that a 1980's cavity house will receive the same score for the new boiler as the solid walled pre-1900 property – these are at either end of the wall performance spectrum, and are an example only. Other variations exist that can alter the savings. Boiler efficiency is another variable that isn't being considered here.

Stroma remains unconvinced about the choice of variables for defining archetypes and the poor differentiation in some measures

If one of the reasons for the introduction of deemed scores is to reduce fraud, the Stroma believes that fraud would still possible; without the current QA framework that EPCs provide and which, with the advent of Smart auditing, will further improve.

It is also worth noting that Deemed scores were probably appropriate when the schemes of CERT & CESP were in place as most properties less efficient and the gap between actual rating and potential rating. There were plenty of properties that could have cheap and easy measures and finding them was not difficult.

It is becoming increasingly hard to find properties to install cost effective measures in and the EPC, due to the sensitivity of the methodology, is a more appropriate tool than a deemed score.

Stroma looks forward to giving more detail in the Help to Heat consultation which was released last week.

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.

It appears to be very easy to increase the maximizer the floor area by counting other rooms as bedrooms. This would lead to an over claim due to the estimated floor are increasing in line with the number of bedrooms. It would be easy to claim as study is actually a bedroom for example.

This would be a key area of potential fraud and Stroma is somewhat concerned about this. Considering how stringent the current RdSAP conventions and audit process are; to change to this relatively simple, but high risk, one size fits all approach, which seems to be easy to embellish, seems to encourage an over claim.

If this is the case, then Stroma encourages OFGEM to consider another approach.

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.

DEAs are well placed to identify the primary and which is the secondary heating, if both are found in the property. They have been trained to do this, are audited on this decision and have a well-grounded methodology to refer to. Could an installer do this? Possibly. But they may also chose incorrectly, or worse still, deliberately chose incorrectly, which introduces the potential for fraud.

An installer who is presumably being paid according to the amount of carbon saved may be incentivised to deliberately use incorrect information.

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.

There are several omissions which are seemingly justified on the basis that the missing variables are not present in sufficient numbers.

Electric heat pumps and Gas Heat pumps need to be distinguished.

Warm Air Systems are missing, as are communal systems.

There could potentially be a lot of inquiries on how to enter systems into the scoring tool – and trying to standardise this would require specialist documents and a support service to be set up. This is currently in place and provided by DEA certification schemes for free.

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.

All measure types appear to be covered.

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.

If wall type is not included as a variable in the archetype then it should be differentiated within a measure.

Stroma are concerned that a modern cavity construction or timber framed house will receive the same score for a boiler as a pre-1900 solid walled or stone walled property. The occupants would have inheritably larger bills, and given the same income levels, would be in different levels of fuel poverty.

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.

Room in roof needs to be better differentiated – this is one measure that should be focused on going forwards, as it harder to treat but has big benefits. The deemed system appears to impede this

somewhat.

As noted previously, scores for heating measures should differentiate between wall types and age (solid, cavity, timber frame stone).

The full range of heating controls should be included.

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

None that we can comment on at this stage.

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. As indicated in other answers the methodology is lacking and too simplistic.

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.

Estimating the percentage wall treated is sometimes difficult in properties with different walls and extensions. A flat with an extension, and alternative wall in addition to an unheated corridor. This wouldn't not be easy to estimate. An EPC would produce a more accurate result.

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.

There will most likely be a demand for the Stroma scoring tool as installers will want to know the likely income when looking at work in the initial stages. Software providers should be allowed time to provide scoring tools for installers.

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.

The deemed scores have so few data points – whilst a DEA could easily check these, it wouldn't not seem to be a good use of time and resource. Stroma believe that is would be a good proposal to get a DEA to produce an up to date EPC that would check the measures have been installed at the individual property, whilst also ensuring that the latest information (i.e. an up to date EPC) is shown on the register.

Fraud can exist in whatever approach is taken, be it EPCs or deemed scores. RdSAP EPCs have the advantage in that the methodology is well established, understood and the current and future audit process are in place and can combat fraud. It is also fair to say that the last few years of ECO has taught the industry how to deal with issues that occur, and the industry has developed processes to counteract possible loop holes or fraudulent activity. It doesn't seem to make sense to develop the processes, at great cost to all involved in the process, to the remove these checks and balances.

To reiterate Stroma's view; it would be sensible to either EPC as the basis for calculating the ECO score or using the EPC at the end of the process to ensure measures are installed and to ensure the most up to date information is present on the register i.e. the register is reflective of the housing stock in the UK.