

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:	Insulated Render and Cladding Association (INCA)
Completed By:	Katie Nurcombe
Contact Details:	t. 0844 249 0040 e. Katie.Nurcombe@inca-ltd.org.uk

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 – External Wall Insulation (EWI)

a) Option to use rdSAP or SAP to calculate EWI 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 arguments also apply to external wall insulation (EWI).

As such we believe it would be right for EWI to have the option (but not the obligation) to move to an rdSAP or SAP calculation of carbon scores for the following reasons:

- The solid wall housing stock is extremely diverse and there are highly varying starting U-Values between different property types: tower blocks, BISF, Wimpey no fines, Cornish, other system built, stone, etc
- For bigger EWI jobs, like blocks of flats, actual rdSAP or SAP calculations will provide a far more accurate score than deemed scores
- EWI is an expensive measure (in some cases similar to communal heating) and therefore the additional cost of performing accurate calculations will be justified
- Age is less of a determinant of U-value for solid walled properties than cavity walled properties 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 EWI 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) compared to the higher band. Insulation depths for two of the most commonly used materials are 90mm (EPS) and 100/110mm (mineral wool), and both have similar insulation properties due to different material characteristics. Therefore the banding suggested will greatly penalise installers using 90mm EPS compared to 110mm mineral wool.

It would be 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?

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.

INCA agrees that, 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 visit to take place in order to validate the inputs to the carbon scoring. We also understand that the suggestion to remove the DEA visit has been made for sound reasons of cost reduction; however, we believe there are several other implications which must be considered.

We would like to highlight whether DECC, in undertaking its impact assessment in relation to the removal of the EPC and DEA visit, fully took into account wider benefits of the DEA visit in improving the quality of the ECO programme and reducing the scope for fraud and bad practice, through:

1. The assurance on appropriateness and quality that comes from a measure having to be recommended on an EPC, undertaken by an assessor who is fully independent of the supply chain;
2. The extra information on other appropriate measures and behaviour change that is provided to the household through the EPC;
3. The benefit of the face-to-face advice and support that is often provided by the DEA during the EPC visit; and
4. The feedback that would be provided to Government in the accuracy of the deemed scores at the end of the ECO transition year, particularly given that installers may find a “lowest common denominator approach”, for example selecting smaller properties where the actual carbon score would be lower than that assumed in the Impact Assessment

This is even more pertinent in light of the Bonfield Review’s focus on consumer protection. 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, alongside considering whether the DEA visit should be maintained because of the other benefits listed above, we propose the following combination of the following protections as a minimum:

- a) some DEA visits being retained, perhaps on a random sampling approach across all ECO measures. We suggest this applies to a random sample of 10% of all measures installed under this phase of the ECO programme. This will create a number of benefits:
 - significant cost saving on current ECO compliance (90% of properties no longer requiring DEA visits during the next phase of ECO is a saving of £12.5m)
 - 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.

b) a much stronger role for technical monitoring to ensure the quality and integrity of the ECO programme:

- An increase in the percentage sample of jobs to be technically monitored to 10%, to compensate in part for the removal of the DEA visit
- some key components of the pre survey visit currently undertaken by the DEA to be incorporated into the final TM visit, to ensure that the measure is recommended and that the property details that determine the deemed score are accurately recorded by the installer.