

Frank Hemmes
Energy Efficiency and Social Programmes
Ofgem
9 Millbank,
London
SW1P 3GE

11th October 2016

Sent by email to: eco.consultation@ofgem.gov.uk

ECO2 Consultation on Technical and Score Monitoring

Dear Mr Hemmes,

Energy UK is the trade association for the GB energy industry with a membership of over 90 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

Energy UK strongly believes in promoting competitive energy markets that produce good outcomes for consumers. In this context, we are committed to working with Government, regulators, consumer groups and our members to develop reforms which enhance consumer trust and effective engagement. At the same time, Energy UK believes in a stable and predictable regulatory regime that fosters innovation, market entry and growth, bringing benefits to consumers and helping provide the certainty that is needed to encourage investment and enhance the competitiveness of the UK economy.

These high-level principles underpin Energy UK's response to Ofgem's ECO2 Consultation on Technical and Score Monitoring. This is a high-level industry view; Energy UK's members may hold different views on particular issues. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Energy UK welcomes the consultation to the extent that it seeks to simplify some aspects of the monitoring process, learn from the experience gained during ECO2, and seeks to clarify how monitoring would be impacted by deemed scoring. We encourage Ofgem to ensure that any previous guidance on Technical or Scoring Monitoring (including Pathways to Compliance) which remains relevant for the transition year is consolidated within the new guidance.

We have previously suggested that Ofgem adopts Service Level Agreements to streamline reporting processes. We encourage Ofgem to consider this as it will improve communication with suppliers and help them improve their own internal processes particularly in relation to the status of measures on Pathways to Compliance, and reduce associated costs overall.

Furthermore, we note that a revised version of the consultation was published on 15th September with no notice provided to industry, and we would recommend Ofgem communicates more effectively on such changes in the future, to ensure all stakeholders are informed.

Monitoring Process

Energy UK is supportive of Ofgem's proposals to streamline and simplify aspects of the Pathways to Compliance process, for instance by reducing the trigger failure rate for score monitoring from 20% to 10%. We also encourage Ofgem to provide more details on thresholds for small quantity installers (i.e. those who install less than 100 measures and less than 25 measures). Additional guidance on installers going into administration would also be welcome.

During Ofgem's Consultation Workshop on 28th September, a suggestion was put forward to simplify Ofgem's proposed change to the Stage 2 monitoring requirement. The alternate suggestion was to have a 2% Stage 2 requirement and 2% Stage 3 requirement, with any additional monitoring up to (or above) the overall 5% requirement able to be completed at the suppliers' discretion at either stage. We support the suggested approach and believe this allows Ofgem to achieve the aims of their proposal in a way that is easier to administer for both suppliers and Ofgem.

Score Monitoring

Energy UK is supportive of the proposals to replace the current score monitoring question set with a basic set of six questions, although we note the proposals are conditional on a move to deemed scores. We encourage Ofgem to clarify the definition of "bedroom" in question (4) and to clearly specify whether the definition in the 27th May ECO consultation on deemed score (section 3.7 and 3.8) applies¹. Energy UK would also welcome a more precise definition of what is meant by "reasonable" in questions (5) and (6) of the score monitoring questions.

We also request clarification on some of the measure-specific monitoring questions proposed:

- Regarding the score monitoring question on loft-insulation (i.e. "is there a pre-existing insulation level declaration present?"), could Ofgem confirm whether a separate document will be produced which suppliers will be required to use in a similar way to the Virgin Loft Declaration²? We would suggest that this question is tackled at the assessment stage to provide more confidence that the declaration was produced. In addition, we would like Ofgem to provide clear guidance on any route available to remediate or overturn fails due to missing declarations.
- What information will Ofgem expect in response to the boiler question "does the type of boiler installed match the type of boiler notified" (i.e. model, output rating)?
- The repetition of a question under boilers and heating controls (i.e. "do the heating controls installed encompass a programmer, thermostat and TRVs to at least 50% of all radiators?") could lead to confusion. We would suggest a wording change to the boiler question to state "Where the boiler measure has been notified as including heating controls, do the heating controls installed encompass a programmer, thermostat and TRVs to at least 50% of all radiators?"

We would also encourage Ofgem to further streamline the questions to avoid any unnecessary duplication of questions across Technical Monitoring and Score Monitoring. We believe that questions which are substantially the same will lead to the same outcome for an installer on Pathways. For example, regarding the loft insulation question ("has the loft hatch been insulated to the appropriate standards"), we note a similar question is included in the TM question set "has the loft hatch been insulated as specified in PAS 2030:2014?" and suggest that this Score Monitoring question be removed.

Furthermore, Energy UK would like to emphasise that any attempt to streamline the monitoring process must not jeopardise installation quality. In that regard, we are wary of the proposal under "suitable qualifications" to remove the necessity for a score monitoring agent to have a DEA accreditation. We welcome clarity from Ofgem on what constitutes suitable qualification - suppliers may wish to continue relying on agents with DEA qualifications to ensure quality installations.

Technical Monitoring

¹ https://www.ofgem.gov.uk/system/files/docs/2016/05/deemed_scores_consultation_-_main_0.pdf

² https://www.ofgem.gov.uk/sites/default/files/docs/2015/03/vdec_virgin_loft_declaration_v1.pdf

Considering that the suggestions to update TM questions are based on experience from ECO2, Energy UK notes there is no reference to the Bonfield 'Every Home Counts' Review. Given that the consultation proposals would apply from 31st March 2017, it will be important to acknowledge that an ongoing stream of work is being carried out by the Review to strengthen accreditation standards. We welcome the Review and believe a robust accreditation and certification framework for insulation with the powers to monitor quality and enforce compliance is required. This is essential if industry is to consistently deliver high quality insulation and build consumer trust in the insulation industry. The responsibility for recommending and installing measures and for putting things right when things go wrong should be borne by the installation industry and its certification bodies, not energy suppliers and/or the ECO Administrator. As such, following the completion of the Review, we would expect that there should be no need for the ECO Administrator to require obligated energy suppliers to conduct Technical Monitoring, as this should be conducted by certification and assurance schemes and be consistent across all installations, regardless of funding model.

With respect to particular TM questions in the consultation document, we are concerned that moving room-in-roof installation TM questions from mid-installation to post-installation would be more costly and intrusive for customers. We would support the suggestion made at the Ofgem workshop on 28th September that Ofgem adds an 'unable to validate' option at both Stage 2 and Stage 3 questions for RIRI where at either stage the TM agent cannot access the insulation.

Energy UK notes there are no additional scoring, technical or safety questions for solar PV, park homes and high-performing external doors, and would welcome clarity on whether this will be considered in the future.

More broadly on the TM questions, we encourage Ofgem to consider whether further streamlining could take place, for instance in cases where suppliers failed less than 1% of particular questions.

I hope you find our comments helpful. Please let me know if you have any questions, I would welcome the opportunity to discuss any of the points made in further detail. If this is of interest, please contact me on 02077472964 or at Alexandra.Belias@energy-uk.org.uk.

Yours sincerely,

Alexandra Belias
Policy Manager, Energy UK