

ECO2t consultation Part 1: consultation questions

Background

The questions below relate to the ECO2 consultation on the transition period which can be found on our website:

<https://www.ofgem.gov.uk/environmental-programmes/eco/contacts-guidance-and-resources/consultations-and-feedback>

Notes For Completion

The consultation is open from 12 October 2016 to 23 November 2016. We have provided a template for responses to help us collate and analyse the feedback we receive. 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. **Please do not amend the format of the template.**

Where use of the template is not possible, other formats will still be accepted. Please send your responses to eco.consultation@ofgem.gov.uk by **close of business on 23 November 2016**.

Respondent details

Organization Name:	British Gas
Completed By:	Ian Rogers
Contact Details:	ian.rogers@britishgas.co.uk / 07769 540003

Scheme extension

Q1. Do you agree with our proposed administrative approach and guidance relating to our final determination of CSCO?

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

If not, please provide reasons and any alternative suggestions.

Yes, we agree with Ofgem's proposed administrative approach and guidance related to CSCO closedown and final determination.

British Gas will endeavour to support Ofgem E-Serve's additional process suggestions, as per recent bilateral discussions on the proposed schedule.

Help to heat group

Q2. Do you agree with our proposed approach to evidencing help to heat eligibility?

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

If not, please provide reasons and any alternative suggestions.

Yes, we agree with the proposed approach, however, more information is required to understand the impact of implementation. Factors affecting the success of this will be:

- the outcome of the BEIS / DWP / Energy Saving Trust agreement to ensure an updated Help to Heat data-matching. A successful solution is critical to the success of identifying Help to Heat customers. E.g. without a comprehensive system solution, manually checking guarantee credit within pension credit will be complicated by the fact that these details are not always stated on the benefit evidence. Suppliers would require further guidance from Ofgem on how to evidence this
- the timing of the availability of the service. We think this should be available by February, which is the proposed though not confirmed delivery aim. Successful delivery of the target is reliant on the full obligation period being available to the supply chain to install the necessary measures (and therefore identify them in advance)
- Ofgem guidance on how to evidence the relevant household components for Universal Credit and Tax Credits for those measures that are not data-matched via DWP
- the final outcome of the ECO Reporting Working Group (ERWG) recommendations

Social housing with an EPC energy efficiency rating of E, F or G

Q3. Do you agree with our proposal to use a declaration signed by a social landlord to evidence that the EPC energy efficiency rating reflects the current characteristics of the property?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal.

We recommend a simple declaration, universally mandated, and await the output of the ERWG. We also see advantages in sharing best practice on existing controls within devolved government schemes like Nest in Wales.

Q4. Do you agree with our proposal to evidence that premises are being let below market rate using a declaration signed by a social landlord?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal, and this should be evidenced via the declaration referenced in question 4.

Q5. Do you agree that where multiple measures are installed in a single property, a further declaration should be signed by the social landlord after each installation to confirm the energy efficiency rating remains below Band D?

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

If not, please state your reasons and any alternative proposals.

No, we disagree. We think that a declaration should relate to the pre- rather than post-install state of the property. This would ensure that the property is below band D before the installation of the proposed measure, which we understand from BEIS better reflects their policy intent.

We agree that a declaration on ratings being below band D should be collected for each instance of an installed measure. This does not prevent the same declaration template to be used both in properties where one or multiple measures are installed.

This is easier to administer than having a second kind of declaration that deals with properties where

multiple measures are installed.

First time central heating

Q6. Do you agree with our interpretation of “at no point prior”?

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

If not, please state your reasons and any alternative proposals.

We suggest including the wording "to the best of our knowledge" to the proposed declaration, as the SHP declaration will be made and signed with the information available at the time.

We believe further guidance is needed for social landlord to ensure their understanding of "at no point prior" is needed. We would also recommend that an additional Technical Monitoring question is added to validate and add assurance to the instances of first time central heating.

We also note that sections 4.79-4.80 of the draft guidance incorrectly define insulation as a first time central heating system and ask that Ofgem removes this in the final guidance document.

Q7. Do you agree with our proposal to evidence that a central heating system or an electric storage heater was not present prior to installation of a central heating system or DHS using a declaration signed by a social landlord?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal.

Q8. Do you agree with the primary heating sources we have listed as eligible for first time central heating measures?

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

If not, please identify which primary heating sources you think should be included/excluded.

We agree with the primary heating sources listed as eligible for first time central heating measures, though suggest the following two amendments to the guidance:

We consider that insulation should not be included in the list, as highlighted in our response to question 6.

We also encourage Ofgem to clarify that under 2.41 'solid fuel room heaters' are the intended heating source and not 'solid fossil room heaters', since this would incorporate open fire and log burners, which are currently missing from the list and should be included.

Q9. Do you agree with the heating measure types we have listed as eligible for evidencing first time central heating measures?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☒ Disagree
- ☐ Strongly Disagree

☐ Don't Know

If not, please identify which heating measure types you think should be included/excluded.

We believe that electric storage heaters should be listed as eligible, and BEIS have publically confirmed that they regard this measure as a central heating measure.

We also seek clarity on whether warm air systems are included could be covered under gas, oil and electric.

Flexible eligibility

Q10. Do you agree with the proposed approach for administering local authority declarations for HHCRO eligibility?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposed approach, and await further guidance on the detailed requirements.

With regards to 2.52 of the consultation, we request in particular that clear guidance is given for local authorities, and that more specific assurance is given that suppliers will not be penalised where declarations for approved measures are subsequently discovered to fall outside this guidance.

Regular score minimum requirement

Q11. Do you agree with the list of measures in Table 4 that we propose should not count towards the RSMR?

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

If not, please identify which measure you think should be included/excluded.

Yes, we agree with the list.

Party cavity wall insulation

Q12. Do you agree with our proposal to distinguish between the different in-use factors for PCWI based on the date of installation?

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

If not, please state your reasons and any alternative proposals.

We have no strong view on reducing the IUF for PCWI. It is stated that the 15% is from an independent review, though the source is not listed.

We recommend a distinct measure name for each type of Party Wall measure to denote the IUF. In addition, we would welcome further clarification from Ofgem on the percentage of measure claimed in different scenarios e.g end/mid terraces with all combinations of filled and unfilled cavities in the different walls, before and after a measure is installed. We believe that illustrated examples would be a good addition to the Supplier Guidance. In our experience, the CSCO adjoining illustrations were clear and helpful.

Evidencing pre-existing loft insulation

Q13. Do you agree that a PAS pre-installation survey can be used to record the depth of any pre-existing loft insulation?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree this is possible, and suggest that the ERWG group work with PAS to ensure relevant evidence is collated and to standardise the form across the supply chain. This form would become a mandatory evidence requirement.

Q14. Do you agree that 3% of technical monitoring for loft insulation measures should take place pre-installation?

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

If not, please state your reasons and any alternative proposals.

No, we do not agree with pre-install technical monitoring.

Previous experience has proven that this will cause disruption to the customer, and be administratively complex for TM agents and the supply chain. Whilst not clear from the draft guidance, we observe that this complexity would be much greater if required at an installer level. It should also be noted that loft insulation is currently one of the quickest and easiest types of measure to install, with the least opportunity to introduce this stage.

We believe that the necessary assurance for this measure could be captured through a customer declaration and/or post-install technical monitoring inspection.

This is further supported when the reduced incentive to misrepresent loft depths is taken into consideration. We calculate that the deemed score for a loft with <100mm pre-existing insulation depth is now worth only ~25% of the average scores calculated in ECO2 to date. Whilst the opportunity for fraud exists in both ECO2 and ECO2t, the gains are significantly lower in ECOt, so we do not support more intrusive requirements in the future, where no evidence of systematic fraud exists in the current obligation.

Q15. Do you agree that the depth of any pre-existing loft insulation can be checked post-installation during a technical monitoring inspection?

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

If not, please state your reasons and any alternative proposals.

Yes, noting that in a limited number of circumstances this may not be straightforward.

Evidencing non-gas fuelled premises

Q16. Do you agree that the PAS pre-installation survey can be used to evidence the main heating system fuel type for the premises?

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

If not, please state your reasons and any alternative proposals.

We agree it is possible, depending on the ability to influence this survey, and any future requirements imposed by the Bonfield review.

We believe that a viable alternative that is straightforward and within Ofgem E-Serve's control is to capture this via the Declaration of Conformity (DOCC). This could be amended to include a 'main heating system fuel type' field as:

- a) the DOCC is an existing document to which the supply chain is accustomed
- b) it removes the need to another document to be gathered
- c) the DOCC is signed by both the installer and the customer
- d) the DOCC is already required for every measure type

New build definition

Q17. Do you agree with our proposal to evidence occupancy for all ECO measures as an alternative to demonstrating that premises receiving ECO measures are not new build?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Q18. Where premises are unoccupied, do you agree with our proposal to evidence previous occupancy?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Q19. Where a measure is delivered exclusively to a new build extension, do you agree with our proposal to evidence that the extension was completed before installation using building control sign off?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Q20. Where there is no evidence of occupancy prior to installation, do you agree with our proposals for evidencing that premises were erected before 1 April 2017?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Automatic extensions for 5% of measures

Q21. Do you agree that the first 5% of late measures notified to us for a particular calendar month, without an extension request, should be processed automatically?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree, and welcome the change to the existing process

Q22. Where the automatic 5% allowance is exceeded within a single month's notifications, do you agree that a supplier should be given an opportunity to determine which measures it wants to include in the automatic 5% and which it will submit an extension request for?

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

If not, please state your reasons and any alternative proposals.

Yes, we welcome this proposal

Q23. Where a supplier does not indicate to us which measures it wants to include in the automatic 5% within 10 days, do you agree that we should select which measures will be automatically processed?

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

If not, please state your reasons and any alternative proposals.

We agree with the principle, and propose the following parameters:

- 28 days allowed to evaluate the reason for the late measures
- this includes time to agree which measures should be incorporated in the 5% allowance
- this also includes time to provide an extension request for measures outside the 5% allowance
- where Ofgem choose the measures, we propose the following order to be considered:
 - Upload Date (in ascending order) then
 - Score (descending) then
 - supplier reference number

Trading obligations

Q24. Do you agree with our proposal that where a supplier trades between its own licences, it must trade to the licence with the biggest original obligation?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Q25. Do you agree with our proposals for trading between different suppliers, that:

- a. trades must be to the receiving supplier's licence with the biggest original obligation
- b. an application must include the annual turnover of the licence that would be taking on additional obligations, and
- c. where a supplier is taking on an amount greater than its original phase 3 ECO2 obligation, do you agree with our proposed evidence requirements to demonstrate that the supplier can deliver the additional obligation?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree with the proposal

Q26. Do you agree with our proposed timescales for processing trading applications?

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

If not, please state your reasons and any alternative proposals.

We agree, though think the Guidance would benefit from more details in relation to timescales for the end to end process, including assessment / final decision SLAs, given the potential for a short obligation period.

PAS

Q27. Do you agree with us collecting an installer's PAS certification number as part of notification?

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

If not, please state your reasons and any alternative proposals.

Yes, we agree, and this information is already available for reporting.