



E.ON response to Ofgem’s ECO transition 2017-2018 (ECO2t): ECO2t consultation Part 1

23 November 2016

Question 1

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

If no, please provide reasons and any alternative suggestions.

1. Yes. E.ON agrees with Ofgem’s proposed approach and guidance for closing CSCO for final determination.

Question 2

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

If no, please provide reasons and any alternative suggestions.

2. E.ON broadly agrees with Ofgem’s approach to evidencing help to heat eligibility.
3. It is essential however, that a fully functioning DWP data matching service is available to suppliers and the supply chain from the very beginning of the transition year. This will ensure that there is a single consistent process for the whole of the extension, and will eliminate inconsistencies that will arise if a “work around” is applied at the beginning of the scheme.

Question 3

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?

If no, please state your reasons and any alternative proposals.

4. Yes, E.ON agrees that a declaration signed by a social landlord should be sufficient to evidence that the EPC energy efficiency rating reflects the current characteristics of the property.



5. It is essential that the social landlord is responsible for the accuracy of this declaration, and there should be no other evidence requirements on suppliers if presented with a signed declaration – receipt of the declaration itself should be enough.
6. It would be preferable for a standardised declaration to be produced by the ECO Reporting Working Group for use throughout the supply chain. E.ON welcomes the opportunity to contribute to developing this.

Question 4

Do you agree with our proposal to evidence that premises have been let below market rate using a declaration signed by a social landlord?

If no, please state your reasons and any alternative proposals.

7. Yes, E.ON agrees that a declaration signed by a social landlord should be sufficient to evidence that premises have been let below market rate.
8. It is essential that the social landlord is responsible for the accuracy of this declaration, and there should be no other evidence requirements on suppliers if presented with a signed declaration – receipt of the declaration itself should be enough.
9. It would be preferable for a standardised declaration to be produced by the ECO Reporting Working Group for use throughout the supply chain. E.ON welcomes the opportunity to contribute to developing this.

Question 5

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?

If no, please state your reasons and any alternative proposals.

10. E.ON broadly agrees that where multiple measures are installed in a single property, that a further declaration, signed by a social landlord after each installation, should be sufficient to confirm that the energy efficiency rating remains below Band D.

11. We have some concerns whether a social landlord would have sufficient appropriate technical knowledge to be able to make the determination, unless Government mandates that the social landlord carries out an EPC after each installation.
12. It is essential that the social landlord is responsible for the accuracy of this declaration, and there should be no other evidence requirements on suppliers if presented with a signed declaration – receipt of the declaration itself should be enough.
13. It would be preferable for a standardised declaration to be produced by the ECO Reporting Working Group for use throughout the supply chain. E.ON welcomes the opportunity to contribute to developing this.

Question 6

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

If no, please state your reasons and any alternative proposals.

14. Yes, E.ON agrees with Ofgem’s interpretation of “at no point prior”, although we believe that in some cases, and in particular for electric storage heaters, it may be impossible to determine whether or not there had been a measure present in the past.

Question 7

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

If no, please state your reasons and any alternative proposals.

15. Yes, E.ON agrees that a declaration signed by a social landlord should be sufficient to evidence that a central heating system or electric storage heater was not present prior to the installation of a central heating system or DHS connection.
16. Given our answer to Question 6, we suggest that the words “to the best of my knowledge” are added to the proposed wording of the declaration in the final Supplier Guidance when published.



17. It is essential that the social landlord is responsible for the accuracy of this declaration, and there should be no other evidence requirements on suppliers if presented with a signed declaration – receipt of the declaration itself should be enough.
18. It would be preferable for a standardised declaration to be produced by the ECO Reporting Working Group for use throughout the supply chain. E.ON welcomes the opportunity to contribute to developing this.

Question 8

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

If no, please identify which primary heating sources you think should be included/excluded.

19. Yes, E.ON agrees with the primary heating systems listed as being eligible for first time heating measures if wood burning room heaters are included within the definition of “solid fossil room heaters”
20. If wood burning room heaters are not included within Ofgem’s definition of “solid fossil room heaters”, then we do not agree with the primary heating systems listed as being eligible for first time central heating, and would ask that wood burning room heaters are added to the list of eligible primary heating sources.

Question 9

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

If no, please identify which heating measure types you think should be included/excluded.

21. No, E.ON does not agree with the heating measures that Ofgem have listed as eligible first time central heating measures, as the list does not include electric storage heaters which should be eligible if there has never been a central heating system or electric storage heaters present in the property.
22. Additionally, Ofgem should be open to expanding the list in future to take into account new and innovative technologies, for example hybrid boiler/heat pump combinations, fuel cells, micro CHP.



23. The inclusion of electric storage heaters and innovative technologies supports BEIS vision for low carbon heating¹.
24. We note, however, that the consultation document and the draft Supplier Guidance produced by Ofgem include “insulation measures” within their definition of First Time Central Heating (see paragraph 2.28 of the consultation and paragraphs 4.79 and 4.80 of the draft Supplier Guidance). We believe that this is a mistake and should be corrected.

Question 10

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

If no, please state your reasons and any alternative proposals.

25. Yes, E.ON agrees with Ofgem’s proposed approach for administering local authority declarations for HHCRO eligibility.
26. It is essential that the local authority is responsible for the accuracy of this declaration, and there should be no other evidence requirements on suppliers if presented with a signed declaration – receipt of the declaration itself should be enough.
27. It would be preferable for a standardised declaration to be produced by the ECO Reporting Working Group for use throughout the supply chain. E.ON welcomes the opportunity to contribute to developing this.

Question 11

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

If no, please identify which measures you think should be included/excluded.

28. Yes, E.ON agrees with the list of measures in Table 4 that should not count towards the RSMR.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48574/4805-future-heating-strategic-framework.pdf



Question 12

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

If no, please state your reasons and any alternative proposals.

29. Yes, E.ON agrees with the proposal to distinguish between different in-use factors for PCWI based on the date of installation.

Question 13

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

If no, please state your reasons and any alternative proposals.

30. E.ON does not agree that a PAS pre-installation survey can be used to record the depth of any pre-existing loft insulation.

31. Capturing existing loft depth is not currently part of the PAS pre-installation survey for loft insulation, nor is it included within the draft revised PAS 2017.

32. Since Government ended Green Deal, the only place where use of PAS is mandated is in the delivery of ECO. Therefore, if Ofgem is asking suppliers to rely on the PAS pre-installation survey, it needs to ensure that the survey requirements in PAS are consistent with Ofgem's expectations.

33. In reality, since there is no mention of capturing existing loft depth in the draft revised PAS 2017, a pro-forma/standard template will need to be published by Ofgem to ensure that surveyors carrying out the PAS pre-installation survey, are capturing this information consistently in all instances.

34. Any pro-forma/template should be an Ofgem published document and mandated for use in ECO rather than one produced by the ECO Reporting Working Group, which produces templates that the supply chain can *voluntarily* adopt, rather than being mandated to use in ECO.

35. As this is not a requirement of PAS, it is difficult to envisage how this can be enforced or policed.

Question 14

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

If no, please state your reasons and any alternative proposals.

- 36. No, E.ON does not agree that 3% of technical monitoring for loft insulation should take place pre-installation.
- 37. Logistically, this will be difficult to implement as it will require technical monitoring agents to arrive at a property before the installation of the loft insulation takes place. As loft insulation is a relatively quick measure to install, there will be many occasions where the installation has taken place before the technical monitoring agents arrive on site.
- 38. This could add significant costs and administrative burden to suppliers in the delivery of ECO as suppliers will have to rearrange missed appointments to ensure that they are achieving their 3% requirement and will not add any value.
- 39. In addition, for installations that have been self-generated by installers, or those which are provided to suppliers via managing agents, the obligated supplier will only become aware of the measure *after* it has been installed.
- 40. In cases such as these, the installer itself will have to organise and arrange for the technical monitoring agents to attend a property for inspection. This then raises questions about the independence of the relationship between installer and technical monitoring agency, and whether the results of *all* inspections have been reported to suppliers.

Question 15

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

If no, please state your reasons and any alternative proposals.

- 41. In principle, E.ON agrees that the depth of pre-existing loft insulation can be checked post installation during a technical monitoring inspection; this is actually a requirement of current technical monitoring for loft insulation measures.
- 42. We do have some concerns that as most technical monitoring agents only inspect around the loft hatch, that it would be relatively easy for unscrupulous installers to depress existing insulation

around the loft hatch to make it appear that there was less insulation pre-installation, and therefore claim for the higher savings associated with less than 100mm of pre-existing insulation.

43. We therefore suggest that the distinction between more or less than 100mm of pre-existing loft insulation is removed, and that a single deemed score is published for any loft insulation installation, regardless of the depth of pre-existing insulation. This will eliminate any possibility of fraudulently claiming higher savings.

Question 16

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

If no, please state your reasons and any alternative proposals.

44. Please also see our response to Question 13.
45. E.ON does not agree that a PAS pre-installation survey can be used to evidence the main heating system fuel type for the premises.
46. Capturing the main heating system fuel type is not currently part of the PAS pre-installation survey for any measure, nor is it included within the draft revised PAS 2017.
47. Since the Government ended Green Deal, the only place where use of PAS is mandated is in the delivery of ECO. Therefore, if Ofgem is asking suppliers to rely on the PAS pre-installation survey, it needs to ensure that the survey requirements in PAS are consistent with Ofgem's expectations.
48. In reality, since there is no mention of capturing main heating system fuel type in the draft revised PAS 2017, a pro-forma/standard template will need to be published by Ofgem to ensure that surveyors carrying out the PAS pre-installation survey, are capturing this information consistently in all instances.
49. Any pro-forma/template should be an Ofgem published document and mandated for use in ECO rather than one produced by the ECO Reporting Working Group, which produces templates that the supply chain can *voluntarily* adopt, rather than being mandated to use in ECO.
50. As this is not a requirement of PAS, it is difficult to envisage how this can be enforced or policed.

Question 17

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?

If no, please state your reasons and any alternative proposals.

- 51. Whilst E.ON acknowledges that it is already a relatively straightforward requirement to evidence occupancy in HHCRO, we believe that the proposed approach to evidence occupancy for all measures is unnecessary and may be due to the wording of the legislation not accurately reflecting the intent of the original policy.
- 52. In their Help to Heat consultation, BEIS make it explicitly clear that it does not expect any ECO measures to be installed in new build properties (page 17, under “New build homes”).
- 53. In drafting the amendment legislation, Government have utilised “first occupancy” as a way of ensuring that ECO measures are not installed in new build properties.
- 54. We can understand why Ofgem might see that evidencing occupancy in all cases is the most appropriate solution, however E.ON believes that instead of adding additional administration and cost to the scheme, it would be more practical to engage with BEIS to redraft the amendment legislation so that it explicitly prohibits the installation of ECO measures at properties under a specified certain age.
- 55. We suggest that the cut off point for specifying that properties under a certain age should be prohibited from receiving support in ECO would be the beginning of either ECO1 or 2.

Question 18

Where premises are unoccupied, do you agree with our proposals to evidence previous occupancy?

If no, please state your reasons and any alternative proposals.

- 56. As per our response to Question 17 above, E.ON acknowledges that it should be relatively straightforward for suppliers to evidence previous occupancy as proposed, however we do not agree that this would be necessary if the amendment legislation is re-drafted in order to prohibit ECO measures being installed in properties under a specified certain age.



Question 19

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?

If no, please state your reasons and any alternative proposals.

57. Yes. E.ON agrees with Ofgem's proposal to evidence that the extension was completed before the installation by using building control sign off in instances where a measure is delivered exclusively to a new build extension.

Question 20

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?

If no, please state your reasons and any alternative proposals.

58. As per our responses to Questions 17 and 18, E.ON acknowledges that the proposed methods of demonstrating that a building is not a new building are relatively straightforward to document. However we do not agree that this would be necessary if the amendment legislation is re-drafted in order to explicitly exclude measures being installed in properties under a specified certain age.

Question 21

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?

If no, please state your reasons and any alternative proposals.

59. Yes, E.ON agrees that the first 5% of late measures notified for a particular calendar month without an extension request should be processed automatically.

60. Ofgem should make it explicitly clear to the supply chain that any decision to notify measures late rests with the obligated supplier and not individual installers. The default position should be that measures will be notified within their original notification deadline.



Question 22

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?

If no, please state your reasons and any alternative proposals.

61. Yes, E.ON agrees that a supplier should be given the opportunity to determine which measures it wants to include in the automatic 5%, and which it will submit an extension request for in cases where the automatic 5% allowance is exceeded.

Question 23

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?

If no, please state your reasons and any alternative proposals.

62. Yes, E.ON agrees that if a supplier does not indicate which measures it wants to include in the automatic 5% within 10 days, that Ofgem should select which measures should be processed automatically.

Question 24

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?

If no, please state your reasons and any alternative proposals.

63. In principle, E.ON agrees that trades between a suppliers own licences, should be to the licence with the largest original obligation.
64. Consolidating obligations onto a single licence will reduce administration and improve efficiency for suppliers.
65. Where a supplier does consolidate its obligations, it should not impede its ability to trade with other suppliers. The current proposals could discourage suppliers from consolidating their



obligations onto a single licence if, by doing so, it reduces the “head room” available on that licence to trade with other suppliers.

66. We therefore propose that, for any inter-supplier trades after a supplier has consolidated its obligations, it should be the total size of the obligations at the group level that determines the maximum size of an obligation that a supplier can take on and not at the individual licence level. (See also our response to Question 25 below).

Question 25

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?**

If no, please state your reasons and any alternative proposals.

67. Please also see our response to Question 24 above.

68. In principle, E.ON agrees that when trading between suppliers, trades should be to the receiving supplier’s licence with the largest original obligation.

69. Where a supplier has consolidated its own obligations onto a single licence, any further inter-supplier trading should take into account the size of a supplier’s obligation(s) at the group level rather than at the individual licence level when determining whether a supplier is taking on more than its original obligation.

70. E.ON agrees that an application to take on additional obligations should include information regarding the annual turnover of the supplier.

71. E.ON agrees with Ofgem’s proposed evidence requirements to determine whether a supplier is able to deliver the additional obligation in cases where the supplier has taken on an amount larger than its original obligation.



Question 26

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

If no, please state your reasons and any alternative proposals.

72. No. E.ON does not agree with the proposed timescales for processing applications. Firstly, it is not clear whether the proposal is 25 calendar days or working days. In addition, the proposed 25 days is for Ofgem to respond asking for further information to support a trade, not 25 days to approve a trade.

73. We believe that 5 working days should be sufficient for Ofgem to determine whether or not they will require any further information, and that it should not take more than 10 working days to review the information/evidence supplied and then either approve or reject the trade.

Question 27

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

If no, please state your reasons and any alternative proposals.

74. Yes, E.ON agrees with Ofgem collecting an installer's PAS certification number as part of notification.