

All obligated parties

Gwneud gwahaniaeth gwirioneddol
i ddefnyddwyr ynni

Email: eco@ofgem.gov.uk

Date: 14 February 2017

Dear Supplier,

Ofgem's approach during closedown of the Carbon Savings Community Obligation (CSCO) and Carbon Savings Community Obligation Rural (CSCO Rural).¹

The government has confirmed that it will not carry forward CSCO to the scheme extension to the ECO2 Order.² As such, suppliers can only count CSCO measures installed before 1 April 2017 towards this obligation. Therefore, the purpose of this letter is to update suppliers on our approach to the closedown of CSCO and CSCO Rural.

We believe it would be helpful to suppliers and the ECO2 supply chain to understand our approach to some of the decisions that will be required in order for us to make a final determination of CSCO by 30 September 2017.³ As such, this letter outlines our proposed approaches in general terms. Note that any savings decisions will be based on the individual circumstances of the measure(s).

Appendix one to this letter sets out a summary of potential key compliance issues, deadlines where applicable and the approach to be taken by Ofgem and obligated parties.

Appendix two provides a timetable of key milestones and dates for the closedown of CSCO and CSCO Rural.

We would also like to highlight the following points:

- Any savings decision will be based on the individual circumstances of the measure(s).
- We will issue a 'minded to' refuse or revoke savings notice for all measures we consider to not meet the eligibility requirements for the scheme. Please note this will not apply to measures subject to the adjoining area determination as this is a statutory determination.
- As part of our assessment of information provided relating to a measure, and in response to any representations made to a 'minded to' notice, suppliers may be

¹ The Electricity and Gas (Energy Company Obligations) Order 2014, ("ECO2 Order" or "ECO2"), as amended by the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017, (when in force).

² See paragraphs 23-25 of The Government Response to the ECO: Help to Heat Consultation: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586260/ECO_Help_to_Heat_Government_response_FINAL_26_Jan_17.pdf

³ article 31(4) ECO2 Order.

required to make amendments to a measure notification before it can be processed. We will generally expect measure amendments to be conducted and re-notified normally within 5 working days.

- We strongly encourage suppliers to ensure that the quality of data submitted to Ofgem is of the required standard and in line with our guidance⁴, and that it is submitted in a timely manner. Poor quality data significantly impacts our ability to make savings decisions in a timely way.

Should any of the information contained within this letter change, we will communicate this to suppliers as quickly as possible.

Please contact eco@ofgem.gov.uk should you have any questions.

Yours sincerely



Mary Smith
Head of ECO Operations

⁴ See paragraph 6.14 of ECO2 Guidance:

Administration: https://www.ofgem.gov.uk/sites/default/files/docs/final_volume_1.1_guidance_update_administration_-_final.pdf

Appendix 1: Ofgem guidance on our approach to the closedown of CSCO and CSCO Rural under the ECO2⁵

Unless indicated otherwise, this table relates to CSCO measures only.

	Issue	Standard approach
1.	Incomplete installations Installations incomplete at 31 March 2017	To refuse measures installed after 31 March 2017. Suppliers should consider eligibility for another obligation.
2.	Re-election requests Requests to re-elect measures into CSCO not submitted by 30 June 2017 We have requested suppliers aim to notify outstanding re-election requests by 31 May 2017	To refuse requests submitted after 30 June 2017. Approve request if sufficient evidence provided by 30 June 2017.
3.	Transfer requests Transfer requests not submitted by 30 June 2017 We have requested suppliers aim to notify outstanding transfer requests by 31 May 2017	To refuse requests submitted after 30 June 2017. Approve request if sufficient evidence provided by 30 June 2017.
4.	Extension requests Insufficient information to make decision on extension requests by 1 June 2017 All measures subject to extension request must be notified by 23 June 2017	To refuse requests submitted after 31 May 2017. Approve request if sufficient evidence provided by 31 May 2017.
5.	Score verification Scores not verified for measures by 23 June 2017	To refuse/revoke savings for measures where the score has not been verified.
6.	Residual addresses Addresses not verified by 23 June 2017	To refuse/revoke savings for measures where address has not been verified.
7.	Notification errors Measures with notification errors not corrected by 23 June 2017	To refuse/revoke savings for measures where 'Core' or 'Required' notification information is incorrect. If error does not relate to 'Core' or 'Required' eligibility criteria, to attribute savings for the measure.
8.	Wall Insulation Guarantees Wall insulation measures notified without an appropriate guarantee by 23 June 2017	To adjust lifetime for wall insulation measures as per ECO2 Technical Requirements Consultation ⁶ . Measure savings will be changed as a result.
9.	De-duplication Duplicate measures still exist	If intra supplier (or within a group of suppliers) – refuse/revoke savings for measures notified second.

⁵ Certain of the functions set out below are matters of discretion for Ofgem. As such, Ofgem reserves the right to either vary or revoke the guidance set out in this letter as required.

⁶ <https://www.ofgem.gov.uk/publications-and-updates/response-our-eco2-technical-requirements-consultation>

	Issue	Standard approach
	on 23 June 2017	If inter supplier (and not part of a group of suppliers) – refuse/ revoke savings for both suppliers.
10.	Measure amendments Amendment not approved (outstanding queries with request) or still 'with supplier' (measure not resubmitted) by 7 July 2017 (<i>excluding Monitoring and Counter Fraud measures – approach for these processes are detailed below</i>)	If amendment request relates to eligibility criteria and a supplier has not satisfied us that these are met, to refuse/revoke savings for the measure. If amendment request does not relate to eligibility criteria, to attribute savings for the measure.
11.	Monitoring (pathways) Assurance and associated documentation for measures not provided by 17 July 2017	Quarter 8 will be extended to include March 2017 installations (4 month quarter). Therefore core analysis of Quarter 8 will include all CSCO and CSCO Rural measures installed under ECO2 and notified on time and will be conducted and returned to suppliers by mid-June. Assurance and associated documentation for measures on a pathway to compliance must then be provided by 17 July 2017. We strongly encourage suppliers not to submit extension requests for CSCO measures on a pathway as late as 31 May 2017 as this will delay core analysis.
12.	Monitoring (technical fails) measures not remediated by 17 July 2017	To be treated on a case-by-case basis. If a fail is not completely remediated, to refuse/ revoke savings for the measure.
13.	Monitoring (scoring fails) measures not re-scored by 17 July 2017	To be treated on a case-by-case basis. If a fail is not accurately re-scored, to refuse/revoke savings for the measure.
14.	Adjoining areas Volume of carbon installed in adjoining area exceeds permitted percentage at time of final adjoining area determination - 31 July 2017	To revoke savings for measures which exceed the limit, with suppliers to select the measures. If suppliers do not provide their selection, measures will be removed in order of date installed, working backwards from the most recent.
15.	Counter Fraud measures Insufficient information to resolve measures involved in Counter Fraud investigations by 30 June 2017	We will contact all suppliers in March 2017 to outline the process and deadlines for cases. In addition, suppliers with ongoing CSCO suspected fraud cases will be contacted to agree a plan for expediting cases and receiving regular updates. Any measures involved in cases not resolved by 30 June 2017, will be treated on a case by case basis.
16.	Affordable Warmth Group eligibility	We will refuse/revoke savings if AWG eligibility criteria is not met where Rural_Area = 'Upper Rural'
17.	Installers/3rd parties go into administration Suppliers unable to evidence that measures comply with ECO2 requirements	To be treated case by case. Allow suppliers opportunity to provide alternative evidence; if suppliers are unable to produce relevant documentation then savings will be refused/revoked.

Appendix 2 – Key milestones for CSCO and CSCO Rural measures⁷

Date	Milestone	Action by
31/03/17	Last installation date for measures	Suppliers
30/04/17	Last notification date of measures	Suppliers
31/05/17	Last date for submission of extension requests for measures	Suppliers
31/05/17 (legislative deadline: 30/06/17)	Last date for transfers and re-elections for CSCO and CSCO Rural measures	Suppliers
23/06/17	Last date for suppliers to upload measure corrections/submit evidence/verify scores	Suppliers
23/06/17	Duplicates resolved	Suppliers
07/07/17	Last date for measure amendments (<i>excluding monitoring pathways and fails and measures within Counter Fraud</i>)	Suppliers
17/07/17	Last date for resolution of monitoring pathways and fails	Suppliers
31/07/17	Adjoining area determination	Ofgem
Jul-17	Provisional decision to approve/reject measures	Ofgem
30/09/17	Final determination of CSCO and CSCO Rural	Ofgem
31/12/18	Transfer of CSCO and CSCO Rural measures to another ECot2 obligation, ("CSCO excess measures") ⁸	Suppliers

⁷ Certain of the functions set out below are matters of discretion for Ofgem. As such, Ofgem reserves the right to either vary or revoke the guidance set out in this letter as required.

⁸ Note that the capacity to transfer any CSCO excess measures assumes the commencement of the related provisions in draft The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017, (Article 21).

As such, these provisions are subject to parliamentary scrutiny, and could change.