

OFGEM Consultation ECO2t part 2.

OFGEM announced the rural sub-obligation on CERO, however no questions were asked at this time, for information only.

What are we consulting on? *Our proposed administration of in-fill for delivery of solid wall insulation to non-fuel poor households and our proposed evidence requirements for evidencing that a local authority published a statement of intent before making any declarations.*

1.1 In our ECO2t consultation Part 1 we consulted on elements of flexible eligibility (see paragraphs 2.90-2.98 of the consultation response). Since we published our Part 1 consultation, BEIS has published the government response to the ECO: Help to heat consultation. This includes further detail on the flexible eligibility provision and as such we are now consulting on how to administer these additions.

1.2 The provision for flexible eligibility allows Local Authorities (LAs) to make declarations determining a private household to be living in fuel poverty (FP), or living on a low income and vulnerable to the effects of living in a cold home (LIVC).

1.3 The issuing of an LA declaration for a list of households allows for measures to be installed in those households that can then be notified against a supplier's HHCRO.

1.4 We propose that an LA declaration should be made prior to the associated measure being installed. We may check this at audit. This is intended to reduce the risk of measures being installed in properties that do not meet the LA's targeting criteria.

1.5 BEIS has confirmed that in the ECO extension a supplier can deliver up to 10% of its ECO2t HHCRO through flexible eligibility.

1.6 BEIS has also confirmed two main additions to their flexible eligibility policy:

- Solid Wall Insulation in-fill – an LA can determine a household as eligible for HHCRO measures, even if it has not been assessed as being FP or LIVC. These households are only eligible for the installation of solid wall insulation (SWI), and
- Statement of intent - Prior to the issuing of any declarations an LA must publish a Statement of Intent (SoI) including details on the criteria used by that LA to determine a household to be FP or LIVC.

SWI in-fill

1.7 An LA can declare households as eligible for HHCRO measures that do not meet the criteria for FP or LIVC where they are:

- i. in the same terrace as in an immediately adjacent building to, or
- iii. are in the same building as a household that does meet those criteria. These households are known as "in-fill".

1.8 Depending on the property type, a minimum percentage of households must be declared as FP or LIVC by an LA to allow delivery to the in-fill households.

1.9 Only solid wall insulation (SWI) can be delivered to households listed in an LA declaration as in-fill.

1.10 In-fill households must be listed in an LA declaration for SWI projects, alongside the FP or LIVC households that meet the relevant criteria. The LA must ensure that for each project the minimum percentages are met for FP or LIVC households against the relevant property types. The relevant percentages are outlined in our draft guidance.

1.11 Where a supplier delivers measures to in-fill households it must be satisfied that the relevant percentage of FP and LIVC households, are met for each project in the declaration.

Statement of intent

1.12 LAs are required to publish a statement of intent (SoI) covering various aspects including how they intend to use the flexible eligibility provision and in particular how they will target vulnerable and fuel poor consumers. BEIS are producing a guidance note that will include detail on the contents of the SoI, and where it should be published.

1.13 The SoI must be published before an LA can make a declaration. Details of the SoI and its public location should be included in the declaration.

1.14 A supplier should check that an SoI is published before it installs any measures in a household listed on the declaration.

1.15 Evidence to demonstrate that the SoI was published prior to the date a declaration was made, and that it includes a methodology for targeting FP and LIVC households, must be made available at audit.

Other requirements

1.16 The LA has responsibility for determining a household to be eligible, and suppliers are not required to undertake supplementary assessment to determine eligibility.

However, if we become aware that LAs are making false declarations or not targeting people as outlined in the statement of intent we will pass this information on to BEIS.

1.17 It is the responsibility of suppliers to provide evidence supporting the notification (eg copies of the LA declarations) to Ofgem for compliance checking and audit purposes. If information is missing or incomplete we will approach the supplier to obtain this, not the LA. When notifying measures to Ofgem, suppliers must indicate the reason that the LA declared the household as eligible. The LA declaration must outline whether a household is FP or LIVC and separately those projects that include in-fill (including whether the declaration meets the appropriate percentage requirements). BEIS will develop standardised declaration templates for LAs to record this information.

1.19 We have updated our draft guidance to reflect the latest regulatory position available from BEIS. In our guidance we have given more detail on our interpretation of the role of each organisation, the regulatory requirements, and how we intend to administer flexible eligibility.

1.20 For more details on our requirements relating to flexible eligibility please see Chapter 3 of our draft ECO2t Part 2 guidance published alongside this consultation.

Questions

1. *Do you agree that an LA declaration should be dated prior to the date of installation of the measure?* Disagree. Local authorities are required to report on the numbers of measures installed under flexible ECO. If declarations are given to companies before installation and there is no requirement to confirm a measure or measures have been installed this information may not be available to local authorities. Additionally in the BEIS Guidance it states that the customer journey for vulnerable residents should be the priority. It is recognised that it is in the interest of installers to check that people will be covered by a declaration and that this has been assessed before work is carried out, but when in the customer journey a declaration is made and dated should be part of the individual negotiations between suppliers / contractors and local authorities to determine when it is most appropriate.

2. *Do you agree with our proposed administration of SWI in-fill?*
The proposed administration of SWI in fill does not state when the measurements of FP and LIVC households needs to take place. People move in and out of FP particularly in areas with a high proportion of dwellings for private rent. There may be a gap between a project being assessed as satisfying the minimum percentage and measures actually being delivered. It would be an undue administrative burden if local authorities were required to redo the assessments and calculations. For clarity it should be specified that any assessments and calculations which take place between now and the end of the transition period would be acceptable for making a declaration, and if this provision carries on into ECO3 a specified time where assessments remain valid should be consulted on.

3. *Do you agree with our proposed administration of evidencing that the Local Authority has published a statement of intent and that it includes the minimum required information?* Agree with publication of the document, and that this should be before declarations are made. Documents can be dated and the date any document is published on a website is easily verifiable. Care would have to be taken when publishing amended versions of the SoI on the webpage to maintain the links for previous declarations, establish links for new declarations and ensure the public could easily identify the current policy. However having spoken to web publishing colleagues this can be done simply and in line with our document publication policy.