

All obligated parties

Email: eco@ofgem.gov.uk

Date: 12/07/2018

Dear Supplier,

Ofgem's approach during closedown of the Energy Company Obligation transition scheme (ECO2t) – amendments.

Under current legislation¹ the ECO2t scheme will end on 30 September 2018. As such, suppliers can only count ECO2t measures installed up to and including 30 September 2018 towards their ECO2t obligation. Therefore, the purpose of this letter is to update suppliers on our approach to the closedown of ECO2t.

We believe it would be helpful to suppliers and the ECO2t supply chain to understand our approach to some of the decisions that will be required in order for us to make a final determination on ECO2t by 31 March 2019.² As such, this letter and its appendices outlines our proposed approach in general terms. Note that any savings decisions will be based on the individual circumstances of the measure(s).

Appendix 1 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 2 provides a timetable of key milestones and dates for the closedown of ECO2t.

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 that we consider do not meet the eligibility requirements for the scheme.
- 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 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.

¹ The ECO2 Order (The Electricity and Gas (Energy Company Obligation) Order 2014 as amended by The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2017.

² article 31(4)(b) of the ECO2 Order

- We strongly encourage suppliers to ensure that the quality of data submitted to Ofgem is of the required standard and in line with our guidance 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,

A handwritten signature in black ink, appearing to read 'A. Abraham', written in a cursive style.

Andrew Abraham
Head of ECO Operations

Appendix 1: Ofgem guidance on our approach to the closedown of ECO2t³

	Issue	Standard approach
1.	Incomplete installations Installations incomplete at 30 September 2018.	To refuse measures installed after 30 September 2018. Suppliers may be able to count measures completed after 30 September 2018 as part of their ECO3 obligation, if they have one.
2.	Re-election requests Requests to re-elect measures not submitted to Ofgem by 31 December 2018.	To refuse requests submitted after 31 December 2018. Approve request if sufficient evidence provided by 31 December 2018.
3.	Transfer requests Requests to transfer measures not submitted to Ofgem by 31 December 2018.	To refuse requests submitted after 31 December 2018. Approve request if sufficient evidence provided by 31 December 2018.
4.	Automatic Lates (within 5% quota) Late measures to be included within auto-late quota not submitted to Ofgem by 31 December 2018. Suppliers are encouraged to submit auto-late measures earlier where possible.	To refuse requests submitted after 31 December 2018. Approve request if within quota and request received by 31 December 2018.
5.	Extension requests (not within 5% auto-late quota) Requests to extend measures not submitted to Ofgem by 30 November 2018. If request granted, notification of measure must be made by 31 December 2018.	To refuse requests submitted after 30 November 2018 . Approve request if sufficient evidence provided by 30 November 2018 . If measures (with approved extension request) not notified by 31 December they cannot count against ECO2t obligation.
6.	Residual addresses Addresses not verified by 12 December 2018.	To refuse/revoke savings for measures where address has not been verified.

³ 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.

	Issue	Standard approach
7.	Notification errors Measures with notification errors not corrected by 12 December 2018.	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 31 October 2018 (31 December 2018 for auto-lates and approved extensions).	To adjust lifetime for wall insulation measures as per ECO2 Technical Requirements Consultation ⁴ . Measure savings will be changed as a result.
9.	De-duplication Duplicate measures are unresolved by 12 December 2018.	If intra supplier (or within a group of suppliers) – refuse/revoke savings for measures notified second. 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 12 December 2018. <i>(excluding Re-elections, Monitoring and Counter Fraud measures – approach for these processes are detailed separately)</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) Additional Monitoring and/or Additional Assurance for pathways not provided by 25 January 2019.	Quarter 6 reporting deadline will be brought forward to 23 November 2018. Core analysis of Quarter 6 will be returned to suppliers by 7 December 18. Additional Monitoring (AM) and/or Additional Assurance (AA) and associated documentation, for measures on a pathway to compliance, must then be provided by 25 January 2019. We will shorten the response period from 14 days to 7 days on "Minded to Notices" issued after 18 January 2019. We strongly encourage suppliers to make provision for monitoring of measures that may be subject to an extension request after 31 October 2018, so we do not have to repeat our core analysis to allow for these measures.
12.	Monitoring (technical fails) measures not remediated and evidence	To be treated on a case-by-case basis. If a fail is not completely remediated, to refuse/ revoke savings for the measure.

⁴ <https://www.ofgem.gov.uk/publications-and-updates/response-our-eco2-technical-requirements-consultation>

	Issue	Standard approach
	submitted to Ofgem by 25 January 2019.	We will shorten the response period from 14 days to 7 days on "Minded to Notices" issued after 18 January 2019.
13.	Monitoring (scoring fails) measures not re-scored and evidence submitted to Ofgem by 25 January 2019.	To be treated on a case-by-case basis. If a fail is not accurately re-scored, to refuse/revoke savings for the measure. We will shorten the response period from 14 days to 7 days on "Minded to Notices" issued after 18 January 2019.
14.	Counter Fraud measures Insufficient information to resolve measures involved in Counter Fraud investigations by 14 January 2019.	Suppliers with ongoing ECO2t 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 31 January 2019, will be treated on a case by case basis.
15.	Counter Fraud cases raised post final determination Counter-fraud cases are raised after final determinations have been made.	Counter-fraud concerns raised post-scheme will be considered on a case by case basis to determine if we wish to open an investigation.
16.	Installers/3rd parties go into administration or liquidation Suppliers unable to evidence that measures comply with ECO2t 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 ECO2t⁵

Date	Milestone/Action	Action by
31/05/18	Ofgem to issue measure reconciliation No. 1 collating unresolved measures by supplier.	Ofgem
30/06/18	Suppliers to review measure reconciliation No. 1 contacting Ofgem as required to resolve measures.	Suppliers
31/08/18	Ofgem to issue measure reconciliation No. 2 collating unresolved measures by supplier.	Suppliers
30/09/18	Last installation deadline. Suppliers to review measure reconciliation No. 2 contacting Ofgem as required to resolve measures.	Suppliers
31/10/18	Final notification deadline.	Suppliers
23/11/18	Final ECO2t monitoring quarterly report deadline (Q6) to be submitted.	Suppliers
30/11/18	Final date for submission of extension requests (not auto-lates).	Suppliers
07/12/18	Ofgem to issue monitoring Q6 Core Analysis to suppliers.	Ofgem
12/12/18	Last date for suppliers to upload measure amendments/submit evidence/verify scores. Duplicates to be resolved.	Suppliers
31/12/18	Last date for submission of auto-late measures. Last date for submission of re-elections & transfers.	Suppliers
25/01/19	Deadline for resolution of monitoring pathways and fails. Final Measure Change Date – following resolution of pathways.	Suppliers
31/01/19	Final date to approve/reject outstanding ECO2t measures.	Ofgem
27/03/19	Issue final determination letters to suppliers. Publish ECO2t final report.	Ofgem
31/03/19	Final determination deadline.	Ofgem

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