

Energy Company Obligation (ECO) consultation: Updating Deemed Scores for ECO3 Questions



Background

The questions below relate to the consultation seeking views on our approach to updating the deemed scores for ECO3, should it be introduced as set out in the Government consultation. The consultation can be found on our website.

This consultation is open for six weeks from 4 April to 16 May 2018.

Notes For Completion

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. The questionnaire should be completed in typeface and returned via email to eco.consultation@ofgem.gov.uk by **close of business on Wednesday 16th May 2018**.

1. Respondent Details

Organisation Name:	OVO Energy Ltd
Organisation type:	Gas and Electricity Supplier
Completed By:	Rob Smith and Simon White
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1. Updates related to RdSAP and Fuel Prices

Q1. Do you agree with our proposal to apply the RdSAP v9.93 updates across all wall types which currently use a pre-installation U-value of 2.1 W/m²K?

- ☒ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer and include as much detail and evidence as possible.

OVO Energy disagree with the proposal to apply the updated RdSAP v9.93 u-value for pre-1967 solid brick walls to all wall types which currently use a pre-installation U-value of 2.1 W/m²K.

Whilst we understand the intent to rationalise the number of deemed scores we disagree that this subset of measures should have a specific deemed score removed. System build properties represent a significant portion of homes that would benefit from external or internal wall insulation and often require specialist enabling works alongside implementation of insulation measures, or specialist insulation products. Our own data shows that of the EWI measures OVO Energy installed under ECO2t, 81% of these measures have been EWI_non_solid variants.

As such, we disagree with Ofgem's statement that there are relatively few non-brick solid walls suitable for EWI. The BRE's 2002 document 'Non-traditional housing in the UK' estimates there to be approximately 1,000,000 such properties. Similarly, the Centre for Sustainable Energy's 2005 report 'Fuel Poverty and Non-traditional Constructions' highlights the significant fuel poverty issues found within these properties and desperate need for energy efficiency improvement.

As such, we believe that different starting U-Values should be retained for both types B and C described within section 1.4 of the consultation document. In doing so, this will fairly incentivise delivery of measures to these households and recognise the full value of savings that would be achieved through installation of insulation measures.

Q2. Do you agree with our proposal to use the most up to date fuel prices available from the Product Characteristic Database (PCDB) for the deemed scores throughout ECO3?

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

☐ N/A

Please provide reasons for your answer and include as much detail and evidence as possible.

OVO Energy would welcome this approach to ensure that deemed scores remain the same throughout the obligation period.

2. Proposed Alternative to Percentage of Property Treated

Q3. Do you agree with our proposed approach to removing POPT for the majority of measures by identifying average treatable areas and adjusting the scores accordingly?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable provide an alternative approach including as much detail and evidence as possible.

OVO Energy welcomes the removal of POPT for ECO3 as requested by the supply chain. We hope that this will bring about the expected reduction in administration requirements and that a simpler approach will provide greater assurance across the board, and lead to more accurate scores.

We would like to highlight the need for the clarification of evidence requirements. In particular we would request Ofgem outline clear guidance on how suppliers should ensure and demonstrate compliance with the requirement to install 100% of a measures wherever possible. We retain concerns with the additional administrative burden of this, and recognise the risk that some operatives may be minded not to treat all possible treatable areas, whilst receiving the 100% of the deemed score regardless.

Another key consideration is the role that Technical Monitoring Agents (TMAs) play within ECO. It is important that TMAs know exactly what will be expected of them in the event that the score is between 65-70%. We appreciate that a clear boundary does need to be established with regards to what will and won't be accepted in order to obtain 100% of the score, however we suggest there should be some degree of leniency afforded to scores in the 65%-70% range, unless a clear and deliberate inflation of the score is evident.

Q4. Do you agree with our use of English Housing Survey data to identify average treatable areas for SWI, CWI, loft insulation, flat roof insulation and underfloor insulation?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

OVO Energy agrees that this would be an appropriate data source and approach.

Q5. Do you agree with our use of English Follow up Survey data to identify average treatable areas for heating measures?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

OVO Energy agrees that this would be an appropriate data source and approach.

Q6. Do you agree with our use of Ofgem data and industry opinion to identify average treatable areas for RIRI and park home insulation measures?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach with justification including as much detail and evidence as possible.

OVO Energy are happy that this data source and approach would be appropriate.

Q7. Do you agree with our proposed approach for measures for which there is insufficient data available to identify treatable areas?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☒ N/A

Please provide reasons for your answer, and if applicable suggest an alternative source of data with justification including as much detail and evidence as possible.

OVO Energy have limited experience of other measures, so aren't able to comment on Ofgem's proposals. However, we urge Ofgem to be open-minded with any new measure types installed during the ECO3 obligation period whilst minimising the administration burden and providing the required assurance.

Q8. Do you agree with our minimum requirement that at least 67% of the property is treated in order to qualify for the full ECO3 deemed score?

- ☒ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

OVO Energy agree that 67% is a suitable figure, and is in line with earlier obligations. We welcome early guidance on the compliance and reporting requirements in order to demonstrate this, and would urge Ofgem to ensure they are simple, whilst providing the required level of assurance.

Q9. Do you agree with our proposed approach of using POPT to score measures which do not meet the 67% minimum requirement?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

OVO Energy agree it necessary to have a clear approach to scoring measures under the 67% minimum POPT requirement. We would agree that the existing ECO2t POPT approach would be suitable. However, we urge Ofgem to ensure that any POPT applied in this instance is used to adjust the full deemed score for 100% of a measure, and not the already reduced ECO3 deemed score that already accounts for an average untreated area.

3. Updates to the format of deemed scores

Q10. Do you agree with our proposed format for deemed scores?

- ☒ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable alternative suggestions with justification including as much detail and evidence as possible.

OVO Energy agree that the new proposed format is much more system-friendly and should allow suppliers to integrate it.

4. Updates to Room-in-Roof Insulation Scores

Q11. Do you agree with our proposal to update the assumed size of the floor area of the room-in-roof used to develop the RIRI score?

- ☐ Strongly Agree
- ☒ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable please suggest an alternative approach including as much detail and evidence as possible.

OVO Energy are happy that this data source and approach would be appropriate.

Q12. Do you agree with our proposal relating to the assumed levels of insulation in the elements of the room-in-roof used to develop the RIRI score?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☒ Strongly Disagree
- ☐ N/A

Please provide reasons for your answer, and if applicable an alternative approach including as much detail and evidence as possible.

OVO Energy disagree with the proposal relating to assumed levels of insulation in the elements of the room-in-roof used to develop the RIRI score. It is our view that there is very limited technical potential to install insulation to those already insulated and deemed scores should therefore reflect the whole value of savings resulting from insulation works undertaken.

As such, in line with the existing ECO2t deemed score, we would urge Ofgem to continue to utilise the assumption that there is no insulation present in the ceiling, walls or a room-in-roof prior to implementation of an insulation measure. Having consulted RdSAP, we understand that any uninsulated room-in-roof should be considered to have a U-value of 2.3 W/m²K, regardless of age.

If age is to be considered, then anecdotal evidence suggests that any building constructed, or roofspace converted, prior to 1980 is unlikely to be insulated. As such, as a minimum adjustment to the proposals we would suggest that all post-1983 properties be removed from the weighted average U-value to ensure that this best represents the U-values of properties with insulation potential. This would bring the approach in line with cavity wall and solid wall insulation measures where the existing U-value of newer build cavity wall (as built) and solid wall (as built) is not included in the weighted U-value of untreated walls.

5. Updates to scores for heating measures

Q13. With regard to upgrades for inefficient mains-gas and LPG boilers, do you agree with the assumptions we have used to identify the pre-installation efficiency for non-condensing boilers?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☒ N/A

Please provide reasons for your answer, including as much detail and evidence as possible.

OVO Energy are comfortable with the proposed approach and urge Ofgem to ensure that any proposed scores in this area recognise the full extent of poor performance of old and inefficient heating systems.

Q14. Ofgem are responsible for determining what constitutes a similar efficiency rating to non-condensing boilers and for electric storage heating with a responsiveness rating of 0.2 or less. We are in the initial stages of developing our position on this area and we welcome views from stakeholders. In responding you may have regard to the following non-exhaustive examples of issues to consider;

- (i) A methodology for determining this rating for each heating type
- (ii) Data sources that we could use

Please provide reasons for your answer, including as much detail and evidence as possible.

OVO Energy are comfortable with the proposed approach and urge Ofgem to ensure that any proposed scores in this area recognise the full extent of poor performance of old and inefficient heating systems.

6. Updates to scores for Park Home insulation measures

Q15. Do you agree with the proposed update to the park home insulation deemed scores?

- ☐ Strongly Agree
- ☐ Agree
- ☐ Neither Agree Nor Disagree
- ☐ Disagree
- ☐ Strongly Disagree
- ☒ N/A

Please provide reasons for your answer, including as much detail and evidence as possible.

OVO Energy have limited experience of Park Home Insulation measures, so aren't able to comment on Ofgem's proposals.

7. Invitation to Provide General Comments

Q16. We are also interested in high-level and material issues which are relevant to and likely to have a substantive impact on our approach to improving deemed scores for ECO3, for example, you may have views on:

- (i) How could we streamline our administrative processes to further the main objectives of the deemed scores;
- (ii) How could we amend the underlying assumptions or methodology to improve the deemed scores.

Please provide as much evidence and detail as possible in your response.

OVO would welcome the publication of guidance for the proposed innovation element of the ECO3 obligation, and would urge Ofgem to ensure that this is streamlined as much as possible to ensure that cost-effective delivery proves possible in this area.

Looking ahead, we have already highlighted to BEIS the importance of considering the benefits of energy efficiency measures to the whole energy system rather than those limited to the building performance improvement only. The Government's Clean Growth Strategy states that there are £40bn of system savings to 2050 available if we move to greater demand side flexibility. Quantifying the additional longer-term financial benefit to consumers within supplier obligations will serve to support measures that unlock this additional longer-term reduction in home energy costs.