

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:	Property Energy Professionals Association (PEPA)
Organisation type:	Trade Association
Completed By:	Philip Salaman
Contact Details:	dawn.wilkinson@pepassociation.org

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.

RdSAP v9.93 included an update that increased the accuracy of U-value for older properties and we agree they should be used for SWI.

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.

Whilst it makes administration easier, fuel prices are currently at historical lows but could rise dramatically, the feedback from the BRE is not clear as "likely to be minimal" is not defined. We would argue that if a large increase in fuel price occurs then it will affect the deemed score. We would like to see a clause added where if the fuel price impacts the deemed scores by > 5% then the fuel prices will need to be updated.

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.

The POPT calculation is straightforward, if the insulation industry struggle with a calculation this simple then we wonder how the insulation makes it onto the walls. By changing the calculation do OFGEM realise that have now created a market for finding all properties with large conservatories across the back wall as these properties will now be able to have wall insulation installed at a significantly lower cost. Strangely whilst the insulation industry seem to struggle with basic sums they do seem exceptionally good at finding and exploiting any opportunity to reduce their operating costs.

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.

We are of the opinion that the data from the English Housing Survey (EHS) is not large enough to use as reliable data. Also the concept of combining property types to increase sample size automatically makes the data invalid and unfit for purpose despite the minimal impact on accuracy. The per measure and by property type also should be a determining factor.

Far larger datasets are available for example the EPC Open data which should be used.

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.

Again we do not believe that the data sample from the English Follow up Survey is large enough to use as reliable and accurate data. As it dates to 2011 it is also not an up to date document.

RdSAP data can/should be used as an identifier as it gives a more accurate measure of likely fuel poverty. The EFUS may allow you to identify the number of rooms in each dwelling which are not heated by a central heating system, but an EPC can also do this and is dwelling specific. Having an EPC as part of the ECO process will allow for information like this to be available without looking at a small amount of data from 2011.

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.

We agree with this approach, room in roof insulation is complex and often cannot be accurately estimated until work is underway, with regard to park homes the uptake has been very small and it would make sense to simplify the measures.

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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.

Where volume of installation is low, we agree with the proposed approach of 100%. However the eco measures mentioned are quite disparate, we would like to see a caveat included that would allow OFGEM to reappraise if the volume of one or more these measures suddenly increased following the introduction of this approach. (Think of the situation where the industry realised that a boiler and Flue Gas Heat Recovery System counted as 2 separate ECO measures and created a national shortage of FGHR systems until this approach was blocked).

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.

We strongly disagree because the consultation as set out becomes very confusing at this point. Our response to Q3 sets out that the industry will game the system and the consultation agrees with the point we have raised in Q3. In 2.33 the consultation mentions that the industry could potentially use either approach but doesn't define if this is solely for properties below 67%. If industry can use either approach then all that will happen is they will calculate both and claim the one that gives them the higher price. In addition table 3 appears to be incorrect, the figures in "Properties with any treatable

area" do not make sense with the rest of the table. We think OFGEM need to offer a clearer path, at present it is not clear what the intentions are.

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.

We agree properties should not be excluded from insulation as the 67% is an arbitrary measure.

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.

We can see no issue with the change in reporting format.

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.

If improved analysis has calculated a more accurate floor area then this value should be used.

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.

We agree with this approach it is more representative of UK housing stock.

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.

This is not our area of expertise, we do not have a comment to make regarding this.

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.

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.

As the volume of installation is low, we agree with the proposed approach of 100%. but we would like to see a caveat included that would allow OFGEM to reappraise if the volume of one or more these measures suddenly increased following the introduction of this approach.

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.

In short, PEPA encourage the use of EPCs as an alternative to deemed scores at the start of the ECO3 process and strongly advocate that they are used post installation as a measure to ensure the tax payer is getting value for money.