

Energy Company Obligation (ECO3) Summary of amendments in the ECO3 Guidance: Innovation v1.1

Introduction

This document outlines the amendments we have made to our ECO3 Guidance: Innovation that was initially published on 5 February 2019. All amendments are included in version 1.1 of the document.

Overview of amendments to ECO3 Guidance: Innovation

Throughout document

- Added section summaries at start of each chapter, replacing explanatory opening paragraphs.

Chapter 1

- Paragraph 1.2: Amended wording on Innovation measures from 'supplier energy efficiency obligations' to 'energy efficiency schemes' to correspond with Footnote 2.
- Paragraph 1.3: Added wording 'within ECO3' at end of paragraph for clarity.
- Paragraph 1.6: Removed sub-paragraphs detailing the contents of this guidance due to being repetitive information.

Associated Documents

- Included link to ECO3 (Amendment) Order 2019.
- Replaced wording 'ECO3 Innovation Application Forms' with 'ECO3 Innovation website'.
- Footnote 4: Added footnote with information on the amendments to the ECO3 Order.
- Footnote 5: Added footnote describing what is included on the ECO3 Innovation webpage.

Chapter 2

- Paragraph 2.1: Added wording that excess innovation measures are outside the innovation cap.
- Paragraph 2.2: Added paragraph detailing that suppliers are responsible for monitoring delivery in relation to their caps.
- Paragraph 2.3: Added wording clarifying that excess innovation measures also only count to HHCRO if installation is complete by 31 March 2022.
- Paragraph 2.6: Amended wording on the extent approval is revoked when sub-cap is exceeded for demonstration actions.

- Paragraph 2.7: Amended wording on the extent approval is revoked when sub-cap is exceeded for innovation measures.
- Paragraph 2.8: Added paragraph detailing that contribution of innovation measures to caps is inclusive of innovation score uplift.
- Paragraph 2.9: Amended wording on the extent approval is revoked when the innovation cap is exceeded.
- Paragraph 2.19: Amended wording to clarify application should contain list of notified measures.
- Paragraph 2.20: Added paragraph explaining how a supplier may deliver innovation measures beyond their cap.

Chapter 3

- Paragraph 3.3: Added paragraph detailing requirements for innovation and monitored measures to be installed in accordance with TrustMark requirements from 1 January 2020.
- Paragraph 3.3: Moved wording referring to ECO3 Guidance: Delivery from previous paragraph.
- Paragraph 3.7: Amended wording from 'to social housing' to 'in social housing'
- Paragraph 3.7: Added wording stipulating monitored measures can only be delivered to social housing if insulation or first time central heating measures.
- Paragraph 3.8: Added wording on EPC requirements for monitored measures, and clarification that this differs from demonstration actions and innovation measures.
- Paragraph 3.8: Added wording on EPC validity.
- Paragraph 3.14: New paragraph from splitting out Paragraph 3.13 of Innovation Guidance v1.0.
- Paragraph 3.14: Added wording that where a measure generates heat partially from a non-renewable source, the renewable aspect must be integral to its functionality.
- Paragraph 3.16: Added wording that information on how the number of premises for a demonstration action was determined is required.
- Heading 'Material Difference' updated to 'Material difference and improvements.
- Paragraph 3.21: Added paragraph that the length of time the technology has been on the market is a factor taken into consideration.
- Paragraphs 3.22–3.26: Added wording on paragraph 3.22 and added paragraphs on application advice.
- Paragraph 3.28: Reworded for clarity.
- Paragraph 3.29: Reformatted subsections a) and b) as bullet points.
- Paragraph 3.31: Added wording that if a measure is made up of multiple components, the system as a whole must be tested at the required TRL.

- Paragraph 3.32: New paragraph split out from previous paragraph.
- Paragraph 3.32: Added wording that TRLs are also used to ensure technologies work reliably.
- Paragraph 3.33-3.34: Added further guidance on technology readiness levels 8 and 9.
- Paragraph 3.36: Added wording that the reduction in cost of heating is to specific temperatures.
- Paragraph 3.37: Added paragraph that required information and evidence differs depending on product.
- Paragraph 3.38: Added paragraph for further clarity on what contributes to satisfactory evidence a demonstration action is reasonably expected to provide cost savings.
- Paragraph 3.39: Added paragraph for further clarity on what contributes to satisfactory evidence an innovation measure is capable of providing cost savings.
- Paragraphs 3.40-3.44: Added paragraphs on application advice.
- Paragraph 3.44: Removed wording from paragraph 3.29 of Innovation Guidance v1.0 that a supplier must provide information on how measure is capable of cost savings as this is now set out in more detail in other paragraphs.
- Paragraph 3.45: Rewording of opening line for clarity.
- Paragraph 3.47: Updated 'the monitoring and assessment methodologies' to 'the performance monitoring and assessment methodologies'.
- Footnote 15: Added footnote referencing relevant amendment in legislation.
- Footnote 16: Added definition of 'certificate of lodgement'.
- Footnote 23: Added footnote referencing article of the ECO3 Order.
- Footnote 24: Added footnote defining previous ECO schemes.
- Footnote 28: Amended reference to refer to BEIS Innovation Policy Guidance.
- Footnote 30: Amended article referred to.
- Footnote 31: Added footnote to National Energy Efficiency Data Framework.

Chapter 4

- Paragraphs 4.1-4.2: Added paragraphs providing information on eligibility for the PAS uplift.
- Paragraph 4.3: Added subsection a) on calculating a score including uplift.
- Paragraph 4.6: Added additional element to formula for calculating uplift, and altered formula lettering for elements.
- Paragraph 4.9: Added paragraph signposting to relevant paragraphs for guidance where there is no existing deemed score, or applicant believes measure is sufficiently different.
- Paragraph 4.12: Added paragraph on receiving the PAS uplift.

Chapter 5

- Paragraph 5.2: Replaced wording 'supporting documents should' with 'supporting information should'.
- Paragraph 5.5: Added information on the details of an innovation measure which we will publish.
- Paragraph 5.6: Added paragraph that suppliers should contact us where a product which may meet innovation measure descriptions is not listed as an approved product.
- Paragraph 5.7: Added paragraph due to splitting out content of paragraph 5.5 in Innovation Guidance v1.0.
- Removed paragraph 5.10 of Innovation Guidance v1.0.
- Paragraph 5.12: Added wording on applying for a new score using the alternative methodology process.
- Paragraph 5.13: Added paragraph on circumstances where a proposed innovation measure cannot receive both a new score and the innovation uplift.
- Paragraph 5.14: Rewording on submitted an alternative methodology application, and additional wording encouraging early engagement with Ofgem in such cases.
- Paragraph 5.15: Replaced wording 'In these circumstances' with 'In some circumstances'.
- Paragraph 5.18: Added wording that the TAP recommendation process map in Annex 3 also includes expected timeframes.
- Paragraph 5.19: Added paragraph detailing that TAP information can be found on our website.
- Paragraphs 5.20-5.21: Added paragraphs on application advice.
- Paragraph 5.22: Added wording that assessed non-technical aspects are not limited to those listed.
- Paragraph 5.22: Added wording under subsection b) to include examples.
- Paragraph 5.22: Added wording under subsection c) to clarify what explanations are assessed.
- Paragraph 5.22: Added wording under subsection d) that project costs and level of detail will be assessed for demonstration actions.
- Paragraph 5.22: Removed wording under subsection d) on the reasonableness of staff and overhead costs.
- Paragraph 5.22: Added subsection e) on assessing performance monitoring proposal.
- Paragraph 5.22: Added subsection g) on assessing suitability of proposed technical monitoring.

- Paragraph 5.22: Added wording under subsection h) on what overall completeness refers to.
- Paragraph 5.23: Added paragraph detailing how additional evidence and supporting documents must be provided.
- Paragraph 5.26: Replaced wording 'will meet quarterly' with 'will meet regularly'.
- Paragraph 5.26: Added wording that frequency of TAP meetings may increase dependent on volume of applications received.
- Paragraph 5.26: Added wording under subsection a) to clarify it is 'performance' monitoring methodology that is considered, and that this includes samples size.
- Paragraph 5.26: Added wording under subsection d) to provide clarity.
- Paragraph 5.28: Updated wording from 'subject to minor issues being resolved' to 'subject to clarifications'.
- Paragraph 5.28: Updated wording to "referred back to applicant".
- Paragraph 5.33: Updated wording to reflect TAP meetings are no longer necessarily quarterly.
- Footnote 52: Added footnote linking to innovation webpage.

Chapter 6

- Paragraph 6.2: Removed wording on arrangements for assessing the effectiveness of the action having ended before demonstration actions are considered complete.
- Paragraph 6.3: Added paragraph on notifying demonstration actions and using the notification template for these.
- Paragraph 6.4: Added wording clarifying that it is for innovation measures, demonstration actions and monitored measures that suppliers must complete the "Innovation_Measure" field.
- Paragraph 6.5: Added paragraph on completing fields for innovation measures.
- Paragraph 6.6: Added paragraph containing wording on relevant route combination split out from paragraph 6.3 in Innovation Guidance v1.0.
- Paragraph 6.7: Moved paragraph 6.4 of Innovation Guidance v1.0 to after heading 'Additional notification requirements'.
- Paragraph 6.7: Replaced opening wording from 'Because' to 'As'.
- Paragraph 6.7: Added wording signposting to paragraphs containing further information.
- Paragraph 6.7: Added wording to subsection a) that total cost includes 'VAT where applicable'.
- Paragraph 6.7: Added wording to subsection b) that the breakdown of cost should be 'comprehensive'.

- Paragraph 6.7: Added subsection e) that information provided must include a report on findings from technical and score monitoring, and any learnings.
- Paragraph 6.7: Added subsection f) that information provided must include information on specific timeframes.
- Paragraph 6.10: Removed reference to innovation measures.
- Paragraph 6.12: Clarified 'in excess of their cap' and placed 'excess innovation measures' in quotation marks.
- Footnote 60: Added footnote referring to relevant article.
- Footnote 63: Added footnote with link to Ofgem ECO3 innovation documents.

Chapter 7

- Paragraph 7.1: Added wording 'or' between subsections a) and b).
- Under the heading 'Performance monitoring', new sub-headings have been introduced and paragraphs re-ordered to provide clarity.
- Paragraph 7.6: Added wording to clarify it is 'performance' monitoring.
- Paragraph 7.7: Removed reference to overall project costs.
- Paragraph 7.7: Added wording that details of performance monitoring arrangements requirements are below.
- Paragraph 7.8: Added subsections setting out what points should be addressed as part of an application.
- Paragraph 7.11 – 7.22: Reworded to provide clarity on sample size which should be included in the application.
- Paragraph 7.13: Added paragraph detailing Ofgem expectations for performance monitoring methodology.
- Paragraph 7.13: Added line detailing requirement for supplier to explain any proposal to monitor less than 100% of measures.
- Paragraph 7.14: Amended paragraph detailing what proposed monitoring methodology should contain.
- Moved paragraph 7.13 of Innovation Guidance v1.0 to paragraph 7.6.
- Paragraph 7.17: Added wording to clarify it is 'performance' monitoring.
- Paragraph 7.22: Replaced wording 'alongside our wider assessment' with 'as part of our wider assessment'.
- Paragraph 7.22: Removed reference to assessment being 'as part of notification'.
- Paragraph 7.22: Added wording that further information on notification requirements is in Chapter 6.
- Paragraph 7.23: Separated one sentence out for clarity.

- Paragraph 7.25: Added paragraph specifying that demonstration actions, innovation measures, and monitored measures have different technical and score monitoring requirements to standard ECO measures.
- Paragraph 7.26: Added paragraph that additional information on technical and score monitoring of innovation measures and monitored measures will be included in ECO3 supplementary guidance.
- Paragraph 7.27: Added paragraph detailing that demonstration action measures are not monitored through the normal process, and do not count to monitoring measure category or installer analysis.
- Paragraph 7.28: Additional wording setting out the main aim of the technical and score monitoring methodology.
- Paragraph 7.28: Additional wording clarifying proportion of measures to be monitored must be at least 5%.
- Paragraph 7.29: Added paragraph on requirements for results of technical and score monitoring to be part of the demonstration action final report.
- Paragraph 7.30: Added wording clarifying it is demonstration actions being referenced.
- Paragraph 7.31: Added wording directing attention to the 'ECO3 Technical and Score Monitoring Question Set'.
- Paragraph 7.35: Added paragraph detailing that alternative requirements, once approved, will be added to 'ECO3 Approved Innovation Measures' document.
- Paragraph 7.37: Added paragraph on which measures count towards innovation monitoring measure category, and an example.
- Footnote 67: Added definition for the National Energy Efficiency Data-framework.
- Footnote 68, 75: Added footnote with link to Ofgem ECO3 innovation documents.
- Footnote 73, 74: Added footnotes with link to Ofgem ECO3 monitoring documents.

Chapter 8:

- Paragraph 8.8: Under subsection d) added wording 'that' for clarity.
- Paragraph 8.10: Under subsection c) added wording 'points' for clarity.
- Paragraph 8.19: Amended wording to identify correct paragraph to refer to for list of information to include in the application form.
- Added heading 'Risks' after paragraph 8.26.
- Paragraph 8.27-8.31: Added paragraphs that risks should be considered, and providing further information.

Appendices:

- Annex 1: Added insulation measure 'Higher performance external doors'.

- Annex 2: Changed orientation of flowchart to portrait.
- Annex 3: Changed orientation of flowchart to portrait.
- Annex 3: Added explanatory wording that timeframes provided are intended as a guideline only.
- Annex 5: Added definition for 'TrustMark'.