

Energy Company Obligation (ECO) U-Value Consultation Questionnaire – Feb 16



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for energy consumers

Background

The questions below relate to the consultation on requirements for over-writing U-values for cavity wall insulation measures which can be found on our website :

<https://www.ofgem.gov.uk/publications-and-updates/eco2-consultation-requirements-overwriting-u-values-cavity-wall-insulation-measures>

Our proposals consist of three main parts:

- a. introducing an upper limit for overwritten U-values,
- b. stipulating the evidence that we expect to be in place when a U-value is overwritten and how we expect inputs to be collected, and
- c. a regime to monitor these measures; we suggest three approaches for implementing monitoring.

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. If you do not wish to answer a question please select 'N/A'. The questionnaire should be completed in typeface and returned via email to eco.consultation@ofgem.gov.uk by close of play **7 March 2016**.

Respondent Details

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1. U-value Limit

1.1 Do you agree that it is unreasonable for the U-value of a cavity wall measure to exceed 1.6 W/m²K in premises in the age bands B-K?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide details and supporting evidence for your response below.

Our analysis of differing density of inner blocks, inner plaster and outer render and outer blocks suggests that a cavity wall can exceed 1.6W/m²K in certain circumstances. For example dense blocks result in a U-value of more than 1.6W/m²K.

1.2 Do you agree that we should implement a limit of 1.6 W/m²K for overwritten U-values for cavity wall measures in premises in age bands B-K?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Dont Know
- N/A

Please provide details and supporting evidence for your response below.

Without taking a core sample of the wall it is difficult to provide supporting evidence for U-values exceeding 1.6W/m²K, and customers are usually unwilling to allow a core sample to be taken. Our analysis shows that most amended U-values are 1.6W/m²K or below, and setting an upper limit of 1.6W/m²K would still enable U-value amendments for most construction types.

Before implementing the proposed upper limit we ask Ofgem to assess whether this proposal has any impact on property's EPC rating, and other policies relying on EPCs. We ask Ofgem to engage with DECC and DCLG on this.

2. Evidence Requirements

2.1 Do you agree that relevant inputs should be collected for the U-value calculation via an intrusive inspection, using a borescope for example?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Such inspection is standard practice for cavity wall insulation measures.

2.2 What types of evidence do you suggest would support the inputs used for a new U-value calculation?

Please provide reasons for your response below.

Below we provide suggestions for types of evidence used to support each input used for a new U-value calculations:

- Layer 1 – render description - photo of each elevation, site notes with an outer leaf width
- Layer 2 – outer leaf description - photo of each elevation, site notes with an outer leaf width
- Layer 3 – cavity - site notes showing whether a cavity is reasonably clear of rubble and has not been insulated
- Layer 4 – inner leaf description - photo of a gable wall, photo of a wall width measurement, site notes with an outer leaf width and cavity width
- Layer 5 – plaster description - photo of a wall width measurement, site notes with an outer leaf width and cavity width

We believe that our suggestions are consistent with the type of evidence Domestic Energy Assessors (DEA) collect already.

2.3 Do you agree that the types of evidence listed in paragraph 2.5 are practical to provide?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We believe that this is standard practice for amending U-values, and we already collect such evidence to support U-value amendments.

2.4 Do you agree that the evidence listed in paragraph 2.5 is sufficient to support an overwritten U-value?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We believe that this is consistent with standard practice for amending U-values. Quality of supporting evidence is likely to have a big impact on the accuracy of U-value calculations. To ensure consistency in the quality of evidence provided, we would welcome a best practice guide from Ofgem setting out the type of evidence needed to support a U-value calculation.

2.5 Do you agree that the inputs for a U-value calculation should be collected by an independent person to increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree

- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

On-site information is collected by certified DEAs, and this alone should provide confidence about evidence quality. The fact that the evidence is checked by a qualified person to inform a U-value calculation should provide additional confidence of the accuracy of inputs and overwritten U-values for cavity walls.

2.6 Do you agree that an independent person collecting the inputs for a U-value calculation would be practical to implement taking into consideration cost, time and customer journey implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We have an internal operation providing on-site assessments and installing measures under ECO. If Ofgem were to implement this rule, we would not be able to use our internal DEAs to take on-site measurements. To meet this proposed rule, we would need to arrange another site visit – the logistics of co-ordinating these visits would render a joint visit unlikely. This would significantly inconvenience customers, and their dropping out would have an adverse impact on our conversion rate. Additional site visits and lower conversion would increase our obligation delivery costs, and put us at a commercial disadvantage to other suppliers who do not have an internal operation.

3. Option 1 – Additional Monitoring Questions

3.1 Do you agree that option 1 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We understand that Ofgem's technical monitoring proposal would require Technical Monitoring Agents (TMA) to:

- Be on-site and check whether the evidence collected by a DEA matches the property, and
- Perform a desktop audit to assess whether, based on the evidence collected by a DEA, an On Construction Domestic Energy Assessor (OCDEA) / Non Domestic Energy Assessor (NDEA) made a reasonable judgement about the characteristics of the cavity wall.

Currently all TMAs are DEAs, therefore they would be qualified to check whether the evidence collected by DEAs matches the property. However, we believe that this check alone would not achieve the objectives of this monitoring proposal.

DEAs are not currently qualified to make a reasonable judgement about the wall characteristics based on on-site measurements and photos. OCDEA or NDEA qualifications are needed for this purpose.

Unless TMAs obtained OCDEA/NDEA qualifications, we believe that the proposal would not increase confidence in the accuracy of U-value calculation inputs. This is because we would be relying on those who are not suitably qualified to determine whether a qualified person has interpreted the evidence correctly. In fact, we believe Ofgem's proposal would have the opposite effect and lead to false fails and disputes, as we experienced this at the start of ECO when TMAs did not hold DEA qualifications but we asked to assess DEAs' work.

3.2 Do you agree that option 1 would be practical to implement, taking into consideration cost and time implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We are unclear on how long it would take TMAs to up skill to OCDEA or NDEA, any additional technical monitoring cost, and the onward impact on process and dispute resolution.

3.3 Do you agree that a score monitoring agent is suitably qualified to answer the proposed questions relating to the U-value inputs?

- Strongly Agree

- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

TMA's are qualified DEAs, therefore they are only certified to check the following:

- a) Whether the wall thickness shown in the evidence match the property to a +/- 10% tolerance
- b) If a property is not rendered, whether the outer wall construction in the evidence match the property
- c) If a loft is accessible, whether the inner wall construction in the evidence match the property

DEAs are not certified to make any assumptions about wall characteristics and material densities. As stated in the RdSAP conventions, OCDEA or NDEA qualifications are needed for this purpose. Currently TMA's do not hold either of these qualifications.

3.4 Do you agree that the proposed additional score monitoring questions are appropriate for identifying where overwritten U-values are incorrect?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

Currently TMA's are not qualified to answer most of the questions. We provide more details below:

- a) Is the age band stated in xml files the same or within one age band of the premises?
 - i) Are DEAs certified/able to answer this question? - Yes
 - ii) Does this question support U-value calculation inputs? - No as property age is irrelevant when calculating a new U-value
- b) Is there any evidence of pre-existing insulation?
 - i) Are DEAs certified/able to answer this question? - No as they are not allowed to drill into the wall post installation; even if they were, as a cavity is fully insulated, any pre-existing insulation would not be visible

- ii) Does this question support U-value calculation inputs? - No as each U-value calculation assumes that a cavity is empty
- c) Does the wall thickness shown in the evidence match the property to a +/-10% tolerance?
 - i) Are DEAs certified/able to answer this question? - Yes
 - ii) Does this question support U-value calculation inputs? - Yes
- d) Does the density of the inner block match that used in the U-value calculation?
 - i) Are DEAs certified/able to answer this question? - No
 - ii) Does this question support U-value calculation inputs? - Yes
- e) Does any of the inputs in the U-value calculation differ from those identified on site?
 - i) Are DEAs certified/able to answer this question? - No
 - ii) Does this question support U-value calculation inputs? - Yes

3.5 Are there any additional questions that you think would help to identify inaccuracies in overwritten U-value calculations?

Please provide reasons for your response below.

As DEAs, in addition to the question "Does the wall thickness shown in the evidence match the property to a +/- 10% tolerance", TMAs would also be able to answer the following questions:

- a) If a property is not rendered, does the outer wall construction in the evidence match the property?
- b) If a loft is accessible, does the inner wall construction in the evidence match the property?

If Ofgem decided on this option, we suggest that Ofgem should provide a further opportunity to discuss and agree technical monitoring questions. The process that suppliers, other stakeholders and Ofgem went through to agree the technical monitoring questions for ECO2 was very valuable. It significantly reduced ambiguity of the questions as well as the number of false fails, leading to a reduction in failure rates. To build on this experience, we suggest that a similar process is followed to agree the technical monitoring questions for U-value amendments.

As OCDEA/NDEAs, we would expect TMAs to review the evidence collected on-site and assess whether each input made by the original OCDEA/NDEA was reasonable. We would welcome a further opportunity to discuss technical monitoring questions for this type of audit, if Ofgem decided to adopt this option.

3.6 Can you please estimate how long you think it will take for these new questions to be implemented into your systems?

Please provide reasons for your response below.

We would need between 3 and 6 months from the date technical monitoring questions are agreed. This includes the time needed for system changes and staff training.

3.7 Do you foresee any issues if the questions were implemented during a monitoring quarter?

- Yes
- No
- Don't Know
- N/A

Please provide reasons for your response below.

We do not foresee this impacting British Gas directly. We believe that this could inconvenience TMAs as they may need to use two different sets of technical monitoring questions during that quarter.

4. Option 2 – Ongoing Monitoring

4.1 Do you agree that option 2 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We understand that Ofgem's proposal for a new, ongoing regime would involve Ofgem staff undertaking desktop checks to assess whether OCDEA/NDEA made a reasonable judgement about the characteristics of the cavity wall based on the evidence supplied by DEAs.

In the consultation, Ofgem did not state whether Ofgem staff undertaking these checks would be OCDEA or NDEA qualified. This option would increase the accuracy of overwritten U-values only if Ofgem staff undertaking these checks were OCDEA/NDEA qualified.

Otherwise, this proposal would have the opposite effect, as we would be relying on those who are not qualified to determine whether a qualified person has interpreted the information correctly.

4.2 Do you agree that option 2 would be practical to implement, taking into consideration cost and time implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

This option would be practical to implement provided that:

- a) Ofgem can demonstrate that Ofgem staff reviewing the evidence are OCDEA or NDEA qualified, and
- b) Ofgem commit to confirming within 10 working days from receiving the evidence whether a U-value has been overwritten correctly

The advantage of this option is that we would have ongoing assurance that measures are qualifying, and a reasonable turnaround would help us manage our commercial exposure.

4.3 If we were to implement a new monitoring regime in order to verify the accuracy of overwritten U-values for CWI measures, do you agree with the sample size and reporting timeframes outlined in paragraph 2.12?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

However, if we continue to use SAP/RdSAP to score measures under ECO after 31 March 2017, we ask that the proposed sample size is periodically reviewed and adjusted in accordance with monitoring results. If after a period of 6-12 months Ofgem were comfortable that U-values were correctly overwritten, we would ask that the sample size is reduced to 1%.

5. Option 3 – Audit Regime

5.1 Do you agree that option 3 would increase confidence in the accuracy of overwritten U-values for CWI measures?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree
- Strongly Disagree
- Don't Know
- N/A

Please provide reasons for your response below.

We understand that Ofgem's proposal for an audit regime would involve an independent desktop review of evidence to assess whether OCDEA/NDEA made a reasonable judgement about the characteristics of the cavity wall based on the evidence supplied by DEAs.

In the consultation, Ofgem did not state whether the independent reviewers would be OCDEA or NDEA qualified. If the independent reviews undertaking these checks were OCDEA/NDEA qualified, we agree that this option would increase confidence in the accuracy of overwritten U-values.

5.2 Do you agree that option 3 would be practical to implement taking into consideration cost and time implications?

- Strongly Agree
- Agree
- Neither Agree Nor Disagree
- Disagree

Strongly Disagree

Don't Know

N/A

Please provide reasons for your response below.

We are concerned that an ad hoc or one off audit towards the end of the obligation period would increase the level of our commercial exposure. If measures were found non-compliant a long time after their installation, we may experience difficulties in recovering costs. As market conditions are likely to change as we move towards a fuel poverty focused obligation, we may see some installers going into administration. We would also have a limited time to rectify any problems which could put our ability to comply with ECO obligations at risk.

6. Additional Questions

6.1 Do you have concerns with U-values being overwritten for other ECO measure types?

Please provide details and supporting evidence for your response below.

We do not have any concerns with overwritten U-values for other measures.

6.2 If you do not agree with any of proposals outlined, could you please suggest an alternative approach which you consider would provide assurance that U-values are being accurately overwritten for CWI measures?

Please provide details and supporting evidence for your response below.

We believe that the proposal discussed at the Ofgem U-value workshop has a merit. Implementing new default U-values by age band where a cavity wall is not insulated would reduce evidencing requirements and help keep administration costs down. While we would still be required to evidence that no insulation is present in the cavity, we would not be required to evidence each element of the wall required for a U-value calculation.

On the face of it, this proposal seems pragmatic and we would support it. However, we are concerned about unintended consequences of this proposal, and we ask Ofgem to assess whether this proposal would have any adverse consequences on property's EPC rating and other policies relying on EPCs.

If the default U-value option cannot be implemented, we believe that any monitoring proposal would need to meet the following principles:

- a) Those assessing OCDEA/NDEAs' work should be appropriately qualified
- b) Monitoring should be carried out regularly
- c) Decisions about whether U-values have been overwritten correctly should be made within a reasonable timeframe

Out of the three monitoring proposals set out in this consultation, we believe that option 2 is the closest to meeting these principles provided that:

- d) Ofgem staff tasked with reviewing evidence and determining whether the evidence has been interpreted correctly by OCDEA/NDEA are OCDEA/NDEA certified, and
- e) Ofgem commit to confirming within 10 working days from receiving the evidence whether a U-value has been overwritten correctly

Option 2 is followed by option 1, provided that TMAs qualify to become OCDEA/NDEA.

6.3 Do you agree that the proposals outlined above will enable U-values to continue to be overwritten for CWI measures where this is appropriate?

Please provide reasons for your response below.

The default U-value option as well as options 1 and 2 provided that TMAs and Ofgem staff respectively were to up skill to OCDEA/NDEA would enable U-values to continue to be overwritten.