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

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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:	npower
Organisation type:	Obligated Energy Supplier
Completed By:	Andrew Powell
Contact Details:	andrew.powell@npower.com

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.

It does appear reasonable to apply the RdSAP v9.93 updates across those wall types which have had default u-values revised. However, we disagree with the proposal to incorporate the insulating of wall types b & c within the deemed scores relating to the 1.7 starting u-value of wall type a. Within the proposed ECO3 Deemed Scores the measure variants; non-brick solid wall insulation, remain. We suggest that these measure types retain a higher starting U-value than the variants within measure types; Wall Insulation Systems, for: a solid brick wall.

Paragraphs 1.4 & 1.5 of the ECO Consultation: Updating Deemed Scores for ECO3 suggests that wall types b and c exist in relatively few properties across the GB housing Stock. Throughout the ECO programmes notification data suggests that we have promoted the measure type; Non-Brick Solid Wall Insulation, in approximately 60% of all SWI measures.

Table 5 of the ECO3 Deemed Scores Methodology document suggests that for heating measures promoted at a property with Solid Walls a base position wall u-value of 1.6 is used. In order to maintain consistency with the RdSAP updates perhaps the base position ought to be amended to 1.7 or higher to account for the u-values of wall types b, c & d referred to at 1.4 of the Consultation document.

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.

We welcome the proposal that the same fuel price inputs are used throughout the 3.5 years of ECO3. We share the belief that it would be more beneficial to provide a consistent set of deemed scores so that the ECO supply chain are better able to plan. Whilst we recognise that SAP Scored qualifying actions (DHS) are outside of provisions for Deemed Scores we encourage Ofgem to consider providing for similar consistencies. In order to assist the ECO supply chain in better planning we suggest that the version of SAP used at the start of ECO3 be used throughout the 3.5 years of ECO3, for ECO3 purposes.

We should be grateful if Ofgem might consider now the potential to include those ECO2t approved alternative methodologies within the ECO3. Particular consideration might be given to the potential for AM0002 & AM0003 to continue providing HHCRO Cost saving scores throughout ECO3. Particular attention ought to be given to the suitability of AM0002 & AM0003 to provide relevant Scores for qualifying actions installed in multiple occupancy premises, for example student halls or hostels, where these premises meet the definition of domestic premises.

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.

We generally agree with the proposed approach to removing POPT for the majority of measures.

However, we urge Ofgem to consider all aspects of the Deemed Scores process when considering any additional calculation factors which impact on the final notifiable deemed scores. Particular attention should be given to the underlying methods used within the ECO3 Deemed Scores Methodology. These factors include, but are not limited to, the wall areas which were assumed to have been treated in Flats or Maisonettes.

Paragraph 2.1 of the ECO Consultation: Updating Deemed Scores for ECO3, suggests that the current deemed scores were developed based on the assumption that 100% of the property has been treated by a particular measure. Where a measure does not treat the entire property, the deemed score should be scaled down on a pro-rata basis to reflect the proportion of the property which was actually treated. However, Appendix A of the associated ECO2t BRE Deemed Scores Methodology Document includes the following;

'The savings for flats calculated for the initial scores assumed the wall facing a corridor was one of the two or three 'external walls' in the archetypes, and was therefore not insulated. This was not intended and was changed to assume the wall facing a corridor is not one of the 'external walls', so all the external walls can be insulated. (The remaining wall in a two external wall flat is assumed to be a party wall). This was the assumption used for previous Supplier Obligations, e.g. ECO carryover and CERT. This change has had the effect of increasing the wall insulation savings for flats.'

The more recent ECO3 Deemed Scores methodology document contains on page3;

'For flats, there are a large variety of configurations. The deemed scores archetypes for flats have, therefore, been simplified into single and multi-level flats (of different sizes) with either 2 or 3 walls. In
all cases, one wall has been assumed to be a reduced heat loss wall facing a corridor, while the other walls have been assumed to be party or external walls.'

It is vital that Guidance issued by the ECO Scheme Administrator is consistent with the Deemed Scores Methodology. We encourage Ofgem to provide clear guidance on ECO3 and suggest that only 'treated' areas defined in the deemed scores methodology are considered within any POMI / POPT requirements or any additional calculations which affect the ECO3 notifiable deemed score.

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 do not agree with the use of solely English Housing Survey data to identify the average treatable area. We encourage Ofgem to consider only those areas which received insulation via the underlying deemed scores methodology in any POMI or POPT requirements or additional calculations.

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.

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 do not agree with Ofgem's proposed treatable area for insulating park homes; 80%. ECO2t notification data suggests that >91% of a park home is typically treated. Notification data should be the only data used in setting the treatable area for Park Home measures in ECO3.

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.

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.

Whilst we do generally agree with the proposed minimum requirement, we encourage Ofgem to consider fully any additional factors that may generate uncertainty regarding the proposed requirement. Any associated Guidance must be comprehensive, clear and available from the start of the ECO3. Please also see response to Question 3.

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.

In order to avoid further potential difficulties with calculating POPT we suggest that there are two separate deemed scores for each measure type where an average POPT factor is applied. For simplicity this may be one score for cases where 67% POPT or greater is treated and then a second lower score for cases where less than the minimum requirement is met.

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.

Whilst we agree that the ECO2t deemed scores format was not particularly useful for some stakeholders, particularly those wishing to input the scores into IT systems, there does appear to be some merit in retaining that format. We appreciate that the format of the current ECO2t deemed scores was chosen on the basis that it would be easy to use. In many circumstances it is easy to use. We also recognise that from an Ofgem perspective, the current format is also time consuming to prepare. However, we believe that it would be operationally beneficial to provide the deemed scores in both the current ECO2t & the proposed ECO3 flat excel file formats.

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.

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 do not agree with the proposed weighted average U-value of 1.14 for the pre-installation position for ceilings and walls of a room in the roof. Having regard to SAP appendix T, table T1, it appears that room in roof insulation applied to those roof rooms constructed from 1991 onwards would not be cost effective energy efficiency measures. We recognise however that the current and proposed deemed scores processes do not differentiate construction dates. We also recognise the potential challenges associated with evidencing dates of construction, particularly for individual building parts or elements. Ofgem ought to consider re-calculating the weighted average U-values for the pre-installation position of roof rooms by taking into account only those roof rooms which were constructed in accordance with the relevant standards prior to 1991. Please see response to Q16.

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.

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.

We do not agree that Ofgem should eliminate the park home insulation II deemed scores in ECO3. Crucially this is the only available park home insulation measure which provides an appropriate deemed score for park homes. With this measure we have been able to insulate over 100 of the UK's most energy inefficient park homes. It should be noted that it has not been possible to promote any park home insulation using the standard park home insulation deemed scores.

By continuing with the park home insulation II measure type into ECO3 (and assuming delivery as per ECO2t) then we estimate that between 800-1000 park homes will be able to benefit from improved insulation under ECO3. The majority of those measures would also be promoted via Flexible Eligibility and therefore would assist in the policy intent to enable fuel poor households outside of the benefits system to receive measures.

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.

1. POPT and existing thermal performance of more modern dwellings.
Further consideration, definitions and guidance needs to be given to the wider issues of POPT. The current ECO2t Guidance provides some 'Principles' for wall and roof insulation;

Walls
7.40. Where some of the external heat loss wall area is already 'fully insulated' prior to the installation of an ECO wall insulation measure, the percentage of the previously insulated wall should be removed from the POPT.
7.42. When installing additional insulation to a heat loss wall which is already partially insulated, where the existing insulation does not meet the 'relevant standards', the POPT does not need to be reduced.
Roofs
7.49. When installing additional insulation to a roof area which is already partially insulated, where the existing insulation does not meet the 'relevant standards', the POPT does not need to be reduced.

We should be grateful for further detailed clarification in ECO3 to include; definitions of 'fully insulated' and detailed guidance as to what does and what does not meet the 'relevant standards'. Associated guidance must give clear guidelines for all situations where any POPT reduction may be necessary. This issue appears to relate to CWI & RIRI measure types where average performance values are used for dwellings across all age bands, including those constructed post 2012.

2. Appropriate Loft Insulation deemed scores for Inefficient heating system upgrades delivered alongside insulation.

Paragraph 103 of the BEIS ECO3: 2018 – 2022 Consultation document includes requirements for a primary insulation measure to be eligible to support a secondary heating system upgrade. This refers to loft insulation that is: installed in a loft which has no more than 150mm of insulation before the installation takes place. The proposed deemed scores however distinguish Loft Insulation as Greater than 100mm or less than or equal to 100mm. We should welcome further clarification regarding the most appropriate score for this combination of measure types.