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:	Anesco Limited
Organisation type:	Managing Agent
Completed By:	Ian Beedham
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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.

Firstly, we have to take into account that BRE's 'Thermal Properties of Building Materials' has not changed, and secondly, a SAP assessor when calculating U-Values hasn't changed (2.11Wm2K). So why has it changed for domestic RdSAP EPC's and Deemed Scores?
We are concerned that the 19% benefit of the energy/CO2 emissions being removed from a solid wall have been claimed against a target, without members of the supply chain seeing the benefit. The reduction in this paticular U-Value will see the PSWMR target becoming almost impossible to deliver.
Only LA owned E, F or G EPC rated properties will qualify for LA Flex funding, by reducing the starting u-values for solid walls from 2.1W/m2K to 1.7W/m2K has removed 19% of the energy usage from a property, this in turn has increased the energy rating of all solid walled properties.
Previously without the U-Value reduction supply chain would comfortably survey end-terraced or semi-detached properties and achieve an 'E' but now that will not happen. We also need to take into account that the majority of current EWI works come from tower blocks, however due to the assumed heating above/below elements within an EPC, an 'E' energy rating is already difficult to achieve, without now reducing the U-Value. Serious consideration has to be given to revisiting this U-value reduction within the deemed scores, especially as PSWMR will continue to be in the scheme, it is going to make it so difficult to actually deliver. There are already concerns that as you are not able to use CERO, you are going to have to find a HHCRO customer (already a difficulty in itself) as well as now looking and targetting the correct property type with the worst heating/insulation level.

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.

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.

This seems to be a good idea, as is any idea of removing or reducing the need for having POPT. A concern is how installers will be expected to evidence, as we as a business can imagine the energy suppliers requesting all kinds of evidence and need to remember we need to simplify the scheme and make it more attractive for installers to approach any property, rather than cherry picking the easier ones or ones without untreatable extensions etc. We will see a change in technical monitoring scoring failures and should hopefully see a reduction in failures and remedial works, however we can see no change to the submission process, as there will still need to be an evidence check depending on each energy suppliers requirement.

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 neither agree nor disagree with the data set to be used, the data covers a reasonable number of years.

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.

We feel that using the same data set for all measure types adds consistency, and the data set is large enough to give an average treatable area

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 are concerned that there has not been enough Park Home measures to determine a true value through ECO2t, which is a small amount of data, and not enough Park Home measures have been submitted, considering status data shows only 11 park homes have received external wall insulation. We need to encourage installers to attempt to install new measures, we believe that Park Homes has never been a measure which has been trialled, and probably won't be moving forward. It's disappointing that for Park Homes to receive any kind of insulation, they must insulate every area rather than just the loft, underfloor. It would seem no installer really wants to attempt the external wall elements.
An even greater concern is RIRI meaures, we are all aware of the issues surrounding RIRI historically and a lot of installers avoided RIRI during ECO2t, so again, potentially there is not enough data to allow a fair score to be produced. Those that have carried out RIRI have focused a serious amount of

time and effort in to it over the past year in order to make it 100% compliant. It would be wrong to use the limited data, and instead, should start a fresh for ECO3 going on what has been resolved. However, if it does not change, the concern is that RIRI measures will no longer be installed in ECO3 as the deemed scores are now dramatically lower, especially on electric heated properties. When determining the scores we need to be careful not to cease RIRI measures being installed and aim to retain the current level of installers (which 12 months ago, we saw an exodus from the ECO industry). Installers of RIRI who are ensuring 100% compliance need to be encouraged to continue (which had been revisited and reworked for ECO2t), otherwise, if the proposed new scores are implemented, we will see a dramatic reduction in RIRI being installed in ECO3 especially as it will not be commercially viable. Both SWI & RIRI deemed scores need serious consideration and revisited in order to continue delivery of these measures.

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.

These measures are very low in volumes, and collectively, they account for less than 0.25% of the whole scheme. My belief is that these measures do not have a big enough score, so no real interest. In essence this won't make a real impact. These measures should still receive 100% of the score, and we need to consider looking at how we incentivise the supply chain to install measures other than the regular measure we see coming through.

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 see this as a good move, as not every property is the same and we should now see an increased volume, for example if two properties next to each other, one has an extension and the other doesn't, an installer would complete the measure of the property without an extension and the property with the extension could be left. It should also make it commercially viable to the installer and is realistic because not every measure can actually have 100% installed. However, we should still look at giving them the full score to incentivse them. This scheme needs to be about bringing members of the supply chain back and retaining the existing ones. Members of the supply chain will appreciate this rule as it

should mean they no longer have to cherry pick, and consumers can actually benefit from having as many measures as possible installed.

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.

This is too much work for the installer, we should maybe look at it as being 67 percentage and above or below. We need to stay away from making too much work for the installers, as we want to incentivise and make measures commercially viable to install for everyone, rather than missing certain people out. Installers appear to have got to grips with POPT, but we are going to have the difficulty of explaining how this is expected to work, along with each energy suppliers requirements of evidencing.

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.

It would appear to be easier to use for an installer, however not many installers actually use the spreadsheet. As a Managing Agent, we rely on the software platforms to produce and predict the score. The spreadsheet doesn't really make an impact, but we need to make sure the software platforms are running correctly.

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.

We agree on this, however the proposed deemed scores are going to be far too low for this measure to be commercially viable for the installer to carry out.

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.

Most RIRI properties tend to be older properties due to the newer properties being installed to the building regulations / standards. Decreasing the U-Value to this extent makes the work not viable to carry out. More importantly, we don't see the huge reduction in the deemed score as a true reflection of what the properties are actually like. We are looking at a 50% reduction and our concern is that RIRI will not be a measure that is going to be installed due to not being commercially viable for the installer. Bringing it back to the reality that it is mainly older buildings with RIRs that are not up to standard, it appears that this reality has not been taken into account and that assumptions have been made and U-Values have been decreased.

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.

We agree that an efficiency of 72%, is representative of the average pre boiler efficiency.

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.

Not Applicable

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.

Park Home insulation is not a measure which is commercially viable to installers. The fact that you must install all elements, including the walls seems irrelevant and another reason why it is avoided. Loft Insulation and Under Floor Insulation would in our opinion increase in volumes if the deemed scores are viable.

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.

Some of our main concerns are around SWI & RIRI which overall will be reduced if the new scores are implemented, and will result in them being not commercially viable to install.
The installers that are still left in the industry have learned and adapted to the new requirements of ECO2t e.g. deemed scores, CASS, POPT etc. and are starting to look ahead at ECO3. The real concern is that the removal of the multiplier, the new reduced deemed scores will require a rate increase and we need to ensure that the rates offered by the energy suppliers reflect these significant changes. If not, we could see another exodus of installers moving into other industries, which is what we encountered at the start of the ECO2t scheme.
We cannot stress the importance of how much we actually should be looking at supporting members of the supply chain and retaining the existing ones as well as attracting new members into the scheme.
The documentation required to evidence the claimed deemed score places a high administration burden on the business. The ambiguous nature of the standardised document templates leads to Energy Companies publishing different requirements. Examples of completed documents used to evidence the deemed scores would standardised requirements across the whole industry.