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:	eTech Solutions Limited
Organisation type:	ECO Software Provider
Completed By:	Rob Cartwright
Contact Details:	rob@etech.net 07894 211963

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.

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.

You should aim to use the July 2018 prices (published last week of June).
I'd suggest you reserve the right to update these during the period of the Scheme though, as fuel prices could change significantly in a 3.5 year period. Below I have listed the fuel price changes from Jan '15 to Jan '18 for the main fuel types.

Main Gas	-4.07%
Heating Oil	-36.35%
House Coal	4.81%
Wood logs	0.00%
Standard Electricity	8.85%
Electricity 7hr Low Rate	8.78%
Electricity 7hr High Rate	8.52%

Electricity Sold to Grid	8.85%
Bulk LPG	-22.63%
Bottled LPG	-2.88%

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 need to ensure that this leads to the simplification intended though. If suppliers still require detailed calculations/floor plans to prove the POPT is at least 67% then this defeats the object and POPT might as well be retained.

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.

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.

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.

For simplicity, it would be far better if the threshold for insulation measures supporing a heating upgrade and claiming 100% score were the same - I've given this feedback on the BEIS Consulation, but suggesting they use 67% not 50%. However, if they stick with 50%, this then merits consideration for the POPT threshold. Similarly for loft insulation - 100mm versus 150mm - inconsistency between BEIS proposal and deemed score threshold - will lead to additional data being captured and monitored, and leading to confusion and errors in the supply chain.

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 need absolute clarity though on the calculation methodology for a score when the POPT is less than 67%, or wherever the threshold ends. The consultation states 'current approach', but there was discussion at the consultation event I attended around the rounding; would it remain at 20%, or revert to 10%, or even 5% or no rounding at all. There was also a suggestion that the score should be adjusted by the difference between actual POPT and 67%, not the absolute POPT, so 57% POPT would lead to a score of 90% of the POPT Adjusted score.

Also, is the POPT adjustment applied to the 100% score, or the Average POPT Factor score? If it's applied to the 100% score, how is that calculated, and when is rounding applied during the calculation? To see how important this is, let's take an example - Loft insulation (<=100mm) for a 3-bed semi with gas CH.

The cost score for this is £2,061; the annual score is £50.59; the lifetime is 42 years and the uplift is 1. So I'm assuming the calculation for the cost score is annual score x lifetime x uplift and then rounded to the nearest £ - this gives £50.59x42x1, which is £2,061.0366, which rounds to £2,061. If the POPT is < 67% (likely for measures supporting heating upgrades) and we need to apply a POPT factor to the 100% score, how do we arrive at the 100% score as a starting point? Two options would be:

Divide the cost score by the POPT factor and round to the nearest £ - this gives £2,061 / 0.97, which is £2,124.74227, which rounds to £2,125.
Multiply the annual score by the lifetime and uplift, then divide the result by the POPT factor and round to the nearest £ - this gives (£50.59x42x1) / 0.97, which is £2,190.49485, which rounds to £2,190.

The difference between these two approaches is 3.06%. When you apply these two approaches to all the published scores, the average delta is 4.8%, most being around 5%, but can be as high as 25% for Park home insulation and 16% for RIRI.

I don't have strong views on which of these approaches (or another) should be used, but it's critical that Ofgem clearly define the calculation steps and at what point rounding is applied, so that our systems match the Register scores.

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.

Now they are published in a new format, I'd strongly request that this format is retained, as we've already started development for our revised deemed scores engine, and will be writing a routine to consume the scores in this 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.

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.

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.

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.

There are a couple of measure names that could be amended:
- XXX_non_solid_a_b should be XXX_solidnonbrick_a_b

- XXX_solidbrick_pre_a_b and XXX_solidbrick_post_a_b should be amalgamated into XXX_solidbrick_a_b as there is no relevance to the _pre_ and _post_ element of the name. If necessary for analysis, _pre_ always applies when a is 1.7 and _post_ always applies when a is any other value

- B_Upgrades should be B_Upgrade

You should consider removing the concept of heating proxys, and simply publish scores for every possible pre main heating source. Appreciate this would mean a significant increase in rows in the scores spreadsheet, but the new format allows scores to be found easily via filtering so this isn't really an issue; also most organisations use software that calculates the scores for them anyway. The benefits of this would be:

- Simplification for the supply chain, and reduction in incorrect scores being claimed due to misunderstanding.
- Additional data granularity / richer data set for Ofgem.

If proxys are not removed, the complexity of two different gas back boiler heating types should certainly be reviewed and simplified (single back boiler option, or none at all) if at all possible as it leads to confusion for the supply chain and potentially incorrect scores being claimed.

You should consider removing the concept of a proxy property type for park homes for non-park home insulation measures. As above, the new format of your scores spreadsheet would mean there isn't an issue with the increased number of scores this would result in. The benefits of this would be:

- Simplification for the supply chain. In our ECO Hub product we simply require installers to report the actual property type and we apply the 'park home proxy' of detached bungalow, but many get confused and report them to suppliers as detached bungalows to begin with, which gives the supplier a poorer/less accurate data set. We're now considering putting in system changes to highlight and warn them of this, but it would be a lot easier if your scores were consistent.
- A richer and more accurate data set for Ofgem.

You should consider simplifying the way you hanlde property types, and simply capture property type, detachment and number of bedrooms. We do this anyway and then convert it into your property type for the notification file, but this is additional complexity for suppliers that increases testing levels and therefore costs, and could lead to errors.

You should consider simplifying your measure names. Adding a few more columns to the notification file, which would only be required based on measure type, would allow far simpler measure names. We apply this approach in our software to make things simpler for the supply chain. For example, for

solid wall insulation we only have 6 measure names as below. We then capture country, wall type, age band and installed insulation thickness to generate your appropriate measure name.

IWI_solidbrick
EWI_solidbrick
IWI_non_solid
EWI_non_solid
IWI_cavity
EWI_cavity

The benefits of this would be:

- Simplification for suppliers in their software systems and an associated cost reduction
- A richer and more accurate data set for Ofgem
- A simpler measure table for Ofgem

Finally, these template response Word documents are very frustrating to use - a lot of text formating/selection options are lost, and sometimes paging up/down within a question box or using the up/down arrow keys changes your selected bullet point answer. Also the up/down arrows in an answer box move the the previous/next answer box, not one line within the current one.