

ECO 3: - Ofgem consultation response

Co-op Energy would like to thank Ofgem for the opportunity to respond to their consultation. Co-op Energy has participated in discussions with Energy UK in the production of their industry response. Where identified we refer to their responses within this document and where applicable their responses should be accepted as Co-op Energy's response.

Since our involvement in the delivery of ECO we have seen an increase in the scheme complexity and administrative requirements. Our general view is that the changes imposed on suppliers for the delivery of ECO3 are going to dramatically increase cost for suppliers and hence our customer base at a time where energy wholesale costs are at their highest.

The added delays in final clarification of the scheme requirements and formal legislation has again led to uncertainty within the supply chain which will only result in increased risks on suppliers and dwindling supply chain networks.

Carry-over and early delivery

1. **Do you agree with our administration of carry-over? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

See Energy UK response.

2. **Do you agree with our administration of early delivery? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

It is disappointing that the delays in the scheme design has led to the strong possibility that there will be a hiatus between ECO2t and ECO 3. Whilst the proposed early delivery administration proposed by Ofgem is of benefit to suppliers it is concerning what impact this delay will have on both the supply chain and smaller independent obligated suppliers. The risk to the supply chain is that there is insufficient work volumes available resulting in more of the supply chain moving away from the delivery of ECO as it becomes even more difficult and costly to operate within the regulatory environment.

Obligation targeting and household eligibility

3. **Do you agree with our proposal that child benefit should only be used as evidence of eligibility where it is the only available route to eligibility? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

In addition to Energy UK's response, Co-op Energy would like to add that we are concerned at the lack of clarity regarding the declaration situation so close to the end of ECO2t / potential ECO 3 start date.



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We are also concerned at the implications of potential future Ofgem audits of said declarations that could result in measures submitted on the basis of the declaration requiring further evidence or being rejected by Ofgem. This will only increase uncertainty and risk with the scheme delivery for both suppliers and the supply chain.

4. Do you have any suggestions for verifiable means of evidencing household income & Child Benefit, or other means of evidencing the new Ministry of Defence benefits? If you have a suggestion, please provide evidence to support your response.

In addition to Energy UK response, Co-op Energy would like to add that the introduction of new Data Protection legislation (GDPR) has added increased complications to the data collected by installers / management agents and suppliers and any final requirement on suppliers needs to minimise the impact on data protection legislation whilst also recognising the different delivery models of suppliers for ECO delivery.

5. Do you agree with our administration of the new PRS rules? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

We agree with the concept and the idea of what this point stands for, however there is purely not enough governance around enforcing private landlords to ensure that their properties are up to standard. The ECO Scheme allows tenants, who are mainly in fuel poverty, to receive a measure which they need, from a landlord who may not be wanting to install or upgrade the heating system. With the routes that the landlord can be reported to the Local Authority, in reality this doesn't always happen, and we feel that heating systems should still be allowed on privately rented properties as we now run the risk that these measures will no longer be installed.

In addition, the landlord may have put a heating system in place meaning they are in the correct age band, however this may not be an efficient heating system and may be increasing the tenant's level of fuel poverty, when they could benefit from a more efficient heating system.

Solid wall insulation and the in-fill mechanism

6. Do you agree with our proposal that where measures that provide equivalent savings to solid wall insulation are installed, all relevant measures would need to be installed within a six-month period to count towards the SWMR? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

In addition to Energy UK's response, Co-op Energy would like to add that we are concerned at how this going to be administered. Tracking multiple measures associated with the property and ensuring all measures are installed within the 6 month window is going to be an administrative burden.

7. Do you agree with the other elements of our administration of SWMR? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Co-op Energy are unsure on the administrative process for linking the URNs if there are several installers and Energy Suppliers?

For Managing Agents and Energy Suppliers, this will be an administrative burden grouping the measures together.

If this is the approach which is likely to be enforced, then there needs to be an incentive (in the same way as innovation) to encourage the installer to group a number of measures together, whilst using the whole house approach and in return receive an uplifted score e.g. 10% incentive, meaning the installer would only need to visit the property once but allows them to carry out maximum measures available to that household and may encourage the development of other installers coming together.

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8. Do you agree with our proposal that transferring in-fill measures would not be possible until all connected measures are approved? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

9. Do you agree with the other elements of our administration of in-fill for SWI and DHS? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

Changes to heating measures

10. Do you agree that we should continue to use the same criteria for determining if a heating system is broken as we currently use (as detailed in paragraph 6.15)? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

11. Do you agree with our proposal to continue to use the definitions and tables in the boiler assessment checklist and electric storage heater checklist to determine if broken heating systems can be economically repaired? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

12. Do you know of any heating systems (other than boilers or electric storage heaters) for which we would need to develop a definition for inefficient? If you do, please provide evidence to support your response.

See Energy UK Response

13. Do you agree with our proposal to use a declaration to evidence first time central heating? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

Innovation, in-situ performance monitoring and scoring

14. Do you have any suggestions for our administration of demonstration actions? If you do, please provide further information, including any evidence, to support your response.

In addition to Energy UK's response we would like to highlight as we did in our BEIS ECO3 consultation response that there is already an established route for innovative 'products/techniques' to obtain recognition within the Government's approved energy rating Methodologies (SAP and RdSAP) – this is via the following groups: -

1. Robust Details Limited (RDL) recently won the SAP QA contract (from BEIS) and so they manage 2 groups:
 - i. SAP-IF (Industry Forum) – which is a method for manufacturers and industry to get recognition of the product/technique. If this is accepted, this is ultimately then passed to;

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- ii. SAP-SIG (Scientific Integrity Group) – who independently ensure that appropriate scrutiny takes place.
2. The BRE have the contract (from BEIS) to manage the methodologies (SAP and RdSAP)

Whilst we recognise the benefit of innovation, consideration is needed to assess whether the proposed format is the most effective means of introducing new innovative products, services and installation methods into an already complex administrative scheme. We would recommend that the above mentioned routes are explored further to develop a comprehensive process whereby innovation can be introduced into ECO for all suppliers to be able to benefit from without unnecessarily increasing delivery costs.

15. Do you have any suggestions for our administration of innovation measures? If you do, please provide further information, including any evidence, to support your response.

See above

16. Do you have any suggestions for our administration of in-situ monitoring? If you do, please provide further information, including any evidence, to support your response.

See Energy UK Response

Local Authority Flexibility (LA Flex) EPC F & G uplift

17. Do you agree with our administration of the uplift? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Consumer protection

18. Do you agree with our proposal that measures installed in accordance with PAS 2030: 2017 Edition 1 must be notified to an organisation (such as a certification body) accredited to EN 45011 or EN ISO/IEC 17065:2012? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

In addition to Energy UK response Co-op Energy would also like to add that as no current processes or contractual relationships exist for this proposal we are deeply concerned at the additional financial implications and administrative requirements being proposed by Ofgem to enforce other industries and the additional delays these proposals could cause in both ECO 3 mobilisation and measure submissions with the supporting documentation.

19. Do you agree with our proposal that, where a supplier does not wish to register a DHS project with Heat Trust, they must arrange an audit by a third party and the result of the audit must confirm that the arrangements are equivalent to the requirements under Heat Trust? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

See Energy UK Response

Definition changes and our administration

20. Do you agree with our administration of the new definition of 'cost saving'? Please provide further information, including any evidence, to support your response.

See Energy UK Response.

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21. Do you agree with our revised interpretation of 'domestic premises'? If you disagree, please provide evidence that the premises outlined in paragraph 9.18 should be treated as domestic premises.

Co-op Energy does not have a view on this question.

22. Are there any areas where you think further guidance would be useful?

Co-op Energy would like to see Ofgem develop the guidance documentation to include the use of a delivery matrix that details the obligation / measure type requirements. This would assist not only the delivery but also capture the changes associated with the scheme for all parties. This should include links to Ofgem guidance and also the documents that need to be used to administer the scheme.

23. Do you have any further comments on our proposed administration for ECO3?

Co-op Energy would like to reiterate Energy UK response. In addition Co-op Energy would like to add that we would like to see the following: -

1. Clearer guidelines on all areas of the scheme delivery in the form of an eligibility matrix
2. Clearer guidelines on future audit requirements
3. Clearer guidelines on the declaration requirements within the scheme.
4. Regular up to date Ofgem organograms of Ofgem's delivery structure including contact telephone numbers.
5. Improvements in the data used for discussions within the Ofgem monthly bi-lateral meetings. As we find that the data being discussed is out of data and not the most recent leading to additional administration actions in clarification of the differences.
6. Clear defined SLA's from Ofgem on timeframe for responding to supplier queries for each section / area of the scheme delivery.
7. Improved supplier delivery performance reports with up to date (live) accurate data used.

24. Did you use our online response tool? If you used our online response tool, do you have any feedback?

No, easier to use Word format and submit via email.

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