

Consultation

Energy Company Obligation (ECO3) Improving consumer protection

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Response deadline: 3 December 2019

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We are consulting on our proposed administration for the changes to the current Energy Company Obligation (ECO3) scheme as a result of the Government’s response to their ECO3 Improving consumer protection consultation. Additionally, the consultation further outlines Ofgem’s position on certain areas of the scheme that require clarification and are separate to the legislative changes outlined in BEIS’ ECO3 Improving consumer protection consultation decision. These are the areas where we are looking for views on our wider administrative approach for some of the legislative changes. We would like views from any stakeholders with an interest in the ECO scheme.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response in whole or in part to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

This consultation will be open for four weeks from 5 November 2019 to 03 December 2019.

We are trialling an online consultation response form with a view to improving the efficiency of our administration of consultations.¹ As such we would prefer responses were made online but will treat all formats of responses equally. **Please send responses by 3 December 2019.**

¹ <https://www.surveymonkey.co.uk/r/ECOConsultation>

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1. Introduction

What are we consulting on?

- 1.1. The ECO3 Order 2018 sets out the requirements for the ECO3 obligation period, which will run until March 2022.² The Department for Business, Energy and Industrial Strategy (BEIS) has consulted on making changes to the current ECO3 scheme. Details of the changes can be found in the Government response to the ECO3: improving consumer protection consultation.³
- 1.2. This consultation is seeking views on Ofgem's ('we', 'us' and 'our' in this document) proposed administration of any new policies outlined in the BEIS consultation response and included in The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2019 (referred to as the 'ECO3.1 Order'), as well as some administrative improvements.⁴

Guide to this consultation

- 1.3. These proposals have been formed on the basis of the information available to us at this time and may change once the amended legislation is finalised.
- 1.4. For each policy area we outline the current situation, what the legislative change is (if any), and how we propose to administer the policy area.
- 1.5. This consultation addresses changes to our administration of ECO3, and focuses on changes that are detailed in the ECO3.1 Order, alongside other administrative improvements.⁵

² The Electricity and Gas (Energy Company Obligation) Order 2018.

³ <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-improving-consumer-protection>

⁴ <http://www.legislation.gov.uk/ukxi/2019/1441/contents/made>

⁵ <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-improving-consumer-protection>

- 1.6. In this document, 'ECO3 Order' refers to the current ECO Order 2018. When we refer to the 'ECO3.1 Order' we are referring to The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2019.

Context and related publications

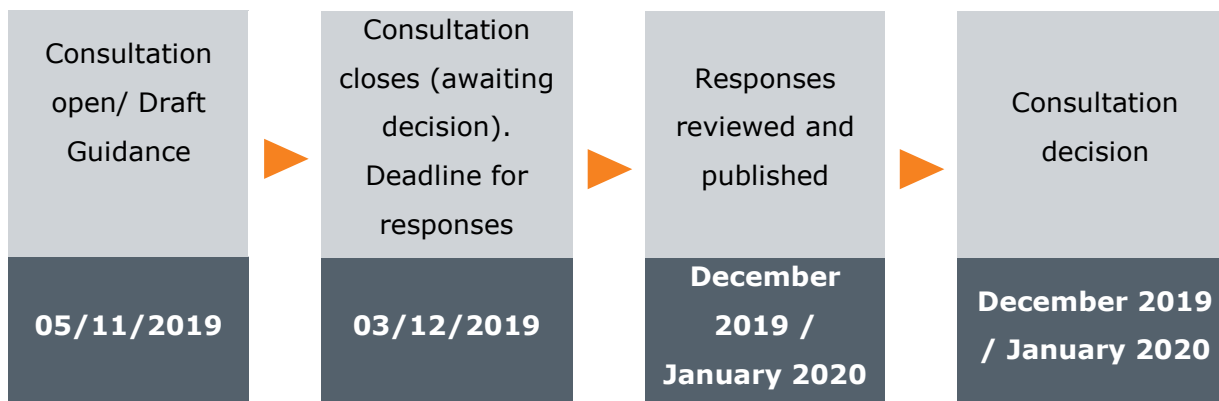
- [BEIS ECO3 Improving consumer protection Consultation](#)
- [ECO3 improving consumer protection Government Response](#)
- [The Electricity and Gas \(Energy Company Obligation\) \(Amendment\) Order 2019 \(ECO3.1 Order\)](#)
- [ECO3 Consultation Stage Impact Assessment](#)
- [Ofgem ECO3 Draft Deemed Scores \(v1.4\)](#)
- [Ofgem ECO3 Guidance: Delivery \(draft for comment\) \(v1.3\)](#)
- [Ofgem ECO3 Guidance: Supplier Administration \(draft for comment\) \(v1.2\)](#)
- [Ofgem ECO3 Guidance: Supplier Administration \(V1.1\)](#)
- [Ofgem ECO3 Guidance: Delivery \(V1.2\)](#)
- [ECO3 consultation methodologies for calculating electricity and gas supply volumes](#)
- [Available for purchase on the BSI website: PAS 2035:2019 Retrofitting Dwellings for Improved Energy Efficiency: Specification and Guidance and PAS 2030:2019 Specification for the installation of energy efficiency measures in existing dwellings and insulation in residential park homes](#)
- [TrustMark's Framework Operating Requirements](#)
- [Online response survey](#)

Consultation stages

- 1.7. Given the time available prior to the commencement of the ECO3.1 Order, our consultation will be open for four weeks from 05 November 2019. This will facilitate early

finalisation of our administrative approach and providing draft guidance which will be made available to stakeholders.

Figure 1: Consultation stages



Draft scheme guidance

- 1.8. Alongside this consultation we have published the ECO3 Guidance: Delivery Version 1.3 and ECO3 Guidance: Supplier Administration Version 1.2 (draft for comment). These documents will apply to measures installed from when the ECO3.1 Order comes into force on or after 1 January 2020.
- 1.9. Any draft guidance may be subject to change. Where a supplier follows any draft guidance they will be carrying out any related scheme administration at their own risk.

How to respond

- 1.10. We want to hear from anyone interested in this consultation. We have set up an online form you can use to respond.⁶ Alternatively, you can send your response to the person or team named on this document's front page.
- 1.11. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

⁶ <https://www.surveymonkey.co.uk/r/ECOConsultation>

1.12. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

1.13. You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.14. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

1.15. If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000.

1.16. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

1.17. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

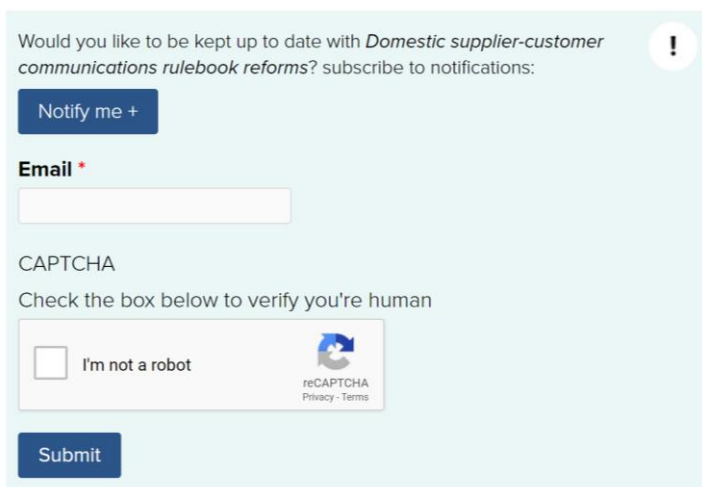
1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

1.18. You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. Ofgem.gov.uk/consultations.

Notifications




Would you like to be kept up to date with *Domestic supplier-customer communications rulebook reforms*? subscribe to notifications: !

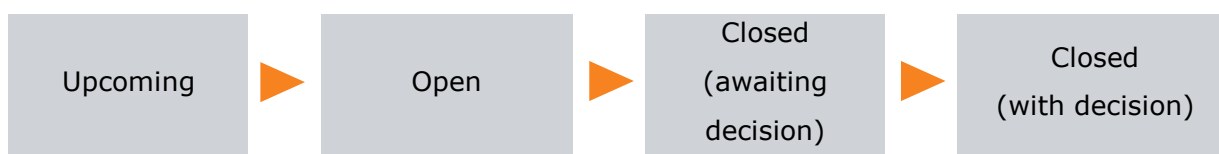
Email *

CAPTCHA

Check the box below to verify you're human

I'm not a robot  reCAPTCHA
Privacy - Terms

1.19. Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:



2. Improving Consumer Protection

Section summary

We are looking to consult on our proposed administrative approach to the inclusion of the new PAS standards into ECO3 and changes to guarantees, financial protection and technical monitoring.

Questions

Question 1: Do you agree with our proposal to create three new fields in the notification template to capture an installer's TrustMark license number, lodged certificate ID and TrustMark Unique Measure Reference Number for verification purposes? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Question 2: Do you agree with our proposal to verify certain data fields with TrustMark's Data Warehouse? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Question 3: Do you agree with our proposal on how the transition of appropriate guarantees will be carried out? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Question 4: Do you agree with our proposal that suppliers will be required to conduct technical monitoring and score monitoring until TrustMark are able to take full responsibility of the process? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Introduction

2.1. In July 2015, the then Secretaries of State for the Department for Energy and Climate Change (DECC) and Department for Communities and Local Government (DCLG), commissioned Dr Peter Bonfield to lead an independent review of consumer advice, protection, standards and enforcement for UK home energy efficiency and renewable

energy measures. The outcome was the Each Home Counts (EHC) review which was published in December 2016.⁷

- 2.2. The independent EHC review recommended the introduction of a quality mark that would improve installation quality and customer service across the domestic retrofit industry. The industry-led EHC Implementation Board, with the support of BEIS, established that TrustMark (2005) Ltd was best placed to take forward the development. Under the direction of the EHC Implementation Board, the quality mark was formally established with TrustMark, as the new Government Endorsed Quality scheme.
- 2.3. The development and implementation of the industry quality mark framework through TrustMark aimed to avoid duplication and unnecessary bureaucracy by working within existing schemes to build on good practice, and therefore reduce additional costs for industry and consumers as well as minimising the need for multiple revisits to the consumer. Additionally, the creation of the new and reformed Trustmark scheme, and the development of new Publicly Available Specification (PAS:2019) would be beneficial for the consumer and would provide further assurance and improvement to the industry.
- 2.4. Responses to BEIS' Energy Company Obligation: ECO3 2018 to 2022 consultation showed overall support for the new PAS:2019 standards into ECO3.⁸ The new standards, PAS 2030:2019 and PAS 2035:2019 for the installation of energy efficiency measures in existing buildings, were still in development at the time of the ECO3 consultation. These were developed through the British Standards Institution (BSI) with the help of various industry bodies. The new PAS:2019 standards came into effect on 30 June 2019.
 - **PAS 2030:2019:** is the new industry standard which will be replacing PAS 2030:2017. The new standard sets out how the installation of specific energy efficiency measures should be carried out in existing domestic buildings.
 - **PAS 2035:2019:** is the new overarching document that covers the whole life-cycle of a retrofit project, from the initial engagement with a client, through to the assessment, design, install, evaluation stages and signing off the projects once the whole project has been completed. These standards have been

⁷ <http://www.eachhomecounts.com/>

⁸ <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-2018-to-2022>

introduced to ensure holistic, high-quality domestic retrofit work. The retrofit project and its compliance would be the responsibility of the retrofit coordinator.

2.5. The three key elements which have been outlined in TrustMark’s Framework Operating Requirements (The Framework) are:⁹

- Technical competence will be required to protect consumers and installers, health and safety, and rigorous enforcement procedures for those that fall below the required competence levels;
- Standards in place for quality performance and ensuring measures are installed to the relevant standards; and
- To ensure that those who are interacting with customers on a regular basis have customer interfacing skills, are providing good customer service and operating within people’s homes in a respectful manner.

PAS:2019 Transition

Current situation

2.6. The Publicly Available Specification (PAS:2017) 2030:2017 is prescribed in the ECO3 Order as the current standard that covers the installation of certain energy efficiency measures in existing buildings.¹⁰

2.7. Suppliers must ensure that measures are installed in line with the relevant standards. The ECO3 Order states that where a measure is referred to in PAS:2017 the measure must be installed in accordance with PAS:2017 and by a PAS:2017 certified installer.

2.8. The industry has recognised that it would be beneficial for there to be some transitional arrangements to support the whole supply chain in understanding the new specification. Previously under ECO2t and prior to 1 June 2017, installers were able to be certified to either PAS 2030:2014 or PAS 2030:2017. The ECO3.1 Order states that similar

⁹ <https://www.trustmark.org.uk/aboutus/framework-operating-requirements>

¹⁰ Article 13 of the ECO3 Order.

transitional provisions will be in place for the transition from PAS 2030:2017 to PAS 2030:2019 and PAS 2035:2019.

Legislative Changes

2.9. To ensure there is sufficient time for stakeholders to understand the new PAS:2019 standards BEIS has designated a transition period. The transition period will be for 24 months. The transition period started on 30 June 2019 and will run until 30 June 2021.¹¹ All registered businesses must be certified to and working in accordance with PAS 2030:2019 and must be able to evidence compliance with PAS 2035:2019 from 1 July 2021.

2.10. The ECO3.1 Order sets out that:

- The measure must be installed by, or under the responsibility of, a person who is registered with TrustMark and lodged in the TrustMark Data Warehouse prior to notification of the measure to Ofgem¹². Therefore, all installers must be TrustMark registered businesses from 1 January 2020 in order to be eligible to deliver ECO measures, except in the following circumstances:
 - The measure is a demonstration action, or
 - The measure is a district heating system either registered with Heat Trust or subject to arrangements for consumer protection equivalent to the requirements under the Heat Trust scheme, or
 - The measure is subject to arrangements for consumer protection equivalent to the requirements under TrustMark.
- If the installation of a measure is completed before 30 June 2021 and the measure is referred to in PAS 2030:2017 the measure can be carried out in accordance with PAS 2030:2017 under the responsibility of a PAS 2030:2017 certified installer. All

¹¹ <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-improving-consumer-protection>

¹² Article 18 of the ECO3.1 Order.

installers that will be carrying out measures in accordance with PAS 2030:2017 must be TrustMark registered when the order comes in the force.

- If the installation of a measure is completed before 30 June 2021 and the measure is referred to in PAS 2030:2019 the measure can also be carried out in accordance with PAS 2030:2019 and PAS 2035:2019.
- If the measure is completed on or after 1 July 2021 then the TrustMark registered business must be certified as compliant with PAS 2030:2019, it must comply, and be able to evidence compliance, with PAS 2035:2019.

2.11. BEIS have introduced a 20% uplift for all measures completed by installers who are certified as compliant with both PAS 2030:2019 and PAS 2035:2019, during the PAS transition period. The PAS transition covers measures which are completed between 1 January 2020 and 30 June 2021 (except in the circumstances detailed in paragraph 2.10). On and after 1 July 2021 all installers will need to deliver ECO3 measures in accordance with the new standards and no 20% uplift will apply to these measures.

2.12. BEIS have outlined in their ECO3 improving consumer protection consultation, that the incorporation of TrustMark into ECO3 is sufficient to demonstrate installations are compliant with all relevant PAS:2019 requirements and that installers are certified against the relevant PAS:2019 standards.

Proposed administrative approach

2.13. On and after 1 July 2021, all TrustMark registered businesses will need to be certified to install measures in accordance with PAS 2030:2019. We will continue to collect an installer's PAS 2030 certification number as part of measure notification.

2.14. Given the introduction of a 20% uplift for all measures that are installed in accordance with the new PAS:2019 standards during the PAS transition period, we will be making changes to the ECO Register to amend the current 'Installed_In_Accordance_with_PAS' field to capture the version of PAS of each measure. Once verified / checked the uplift will be applied for measures installed in line with the new PAS:2019 standards.

- 2.15. During the PAS transition period suppliers will be required to notify measures on the ECO Register with the correct PAS standard. Suppliers will need to provide one of the following in the monthly Notification Template:
- a) PAS 2030:2017,
 - b) PAS 2030:2019 and PAS 2035:2019, or
 - c) N/A
- 2.16. The incorporation of TrustMark into ECO is sufficient to demonstrate installations are compliant with all relevant PAS requirements and installers are certified against the correct version of PAS. However as outlined above, we will continue to ask suppliers to notify the appropriate PAS standards through the ECO3 notification template.
- 2.17. We will confirm that ECO measures notified to Ofgem have been installed by an installer that is TrustMark registered (except in the circumstances detailed in paragraph 2.10). We understand that 'certain DHS measures' means (District Heating System) DHS measures which are registered with Heat Trust or an equivalent standard to those provided by Heat Trust. We will create an additional field in the ECO Register so suppliers can notify an installer's TrustMark licence number. This will be validated against TrustMark's Data Warehouse. We will also update the ECO3 Data Dictionary and ECO3 Notification Template to reflect this change.
- 2.18. In addition to verifying the TrustMark Business Licence number, we also intend to verify the following fields against TrustMark's Data Warehouse:
- Date of Completed Installation
 - Measure type
 - Installed in accordance with PAS
 - TrustMark's lodged certificate ID
 - TrustMark's Unique Measure Reference Number
- 2.19. Following the above checks we intend that a processing error file will be created if any mismatches are identified between the two systems. Suppliers will be provided with the error file and will be required to resolve any discrepancies.

Questions

- 1. Do you agree with our proposal to create three new fields in the notification template to capture an installer’s TrustMark license number, lodged certificate ID and TrustMark Unique Measure Reference Number for verification purposes? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

- 2. Do you agree with our proposal to verify certain data fields with TrustMark’s Data Warehouse? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

Guarantees

Current situation

2.20. A wall insulation measure (cavity wall insulation (including party cavity wall insulation) or solid wall insulation) or park home insulation (insulation applied to the floor, wall and ceiling of a mobile home), receives the relevant standard lifetime if the installation is accompanied by an appropriate guarantee.

2.21. An appropriate guarantee is one which meets the following criteria:

- Financial assurance: there must be a mechanism that gives assurance that funds will be available to honour the guarantee
- Duration: lasts for at least 25 years
- Coverage: provides for repair or replacement of a failed measure where appropriate and covers the costs of remedial and replacement works plus materials, and
- Quality Assurance Framework: there must be an assurance framework for the quality of the installation and the product used in the installation

2.22. We provide a list of ECO3 Appropriate Guarantees on our website that we have reviewed and consider to meet the above criteria.¹³

2.23. Each of these guarantees has an associated code which must be included in the measure notification. If a supplier wishes to use a different guarantee that they consider meets the criteria, we will assess whether it meets the appropriate guarantee criteria before attributing the savings to the measure.

2.24. Where a wall installation measure or a park home insulation measure is not accompanied by an appropriate guarantee, the measure will be awarded a zero-year lifetime and subsequently be rejected.

¹³ <https://www.ofgem.gov.uk/publications-and-updates/eco3-appropriate-guarantees>

Legislative changes

- 2.25. BEIS are satisfied that the current guarantees framework can be incorporated into TrustMark’s financial protection conditions set out in chapter 10 of their Framework.¹⁴
- 2.26. Additionally, BEIS have introduced enhanced financial protection requirements for underfloor insulation (UFI) and room-in-roof insulation (RIRI) which entails having an appropriate guarantee of 25 years or more and which meets the TrustMark financial protection requirements. This change is set out in the ECO3.1 Order.
- 2.27. In addition to the increased financial protection for UFI and RIRI, the financial protection requirements for all other ECO energy efficiency measures has been increased. As detailed in the TrustMark Framework, these measures must be accompanied by a guarantee of at least two years (except in the circumstances detailed in paragraph 2.10).
- 2.28. It is intended for all information on financial protection or guarantees to be submitted to TrustMark for review and where appropriate, subsequently added to the list of appropriate guarantees and published on their website.

Proposed administrative approach

- 2.29. We anticipate that we will continue to administer ECO appropriate guarantees and assess guarantee applications until the ECO3.1 Order comes into force on 1 January 2020. If there are guarantee applications being assessed after the ECO3.1 Order has come into force, then those applications will go through the transition process described below.
- 2.30. Once the ECO3.1 Order has come into force, TrustMark will be responsible for all aspects of the guarantee process including assessing ECO appropriate guarantee applications. The appropriate guarantee list which is currently managed by Ofgem will be only be applicable for measures notified to Ofgem before 1 January 2020 or where the handover date of the measure in the DOCI is before this date. Any measure installed and notified to Ofgem after 1 January 2020 (when the ECO3.1 Order comes into force) should refer to the appropriate guarantee list adopted by TrustMark.

¹⁴ <https://www.trustmark.org.uk/aboutus/framework-operating-requirements>

- 2.31. The transition process will involve Ofgem, TrustMark and guarantee providers working together to enable a smooth process of handing over the guarantee application process to TrustMark. TrustMark will be adopting the current list of Ofgem approved ECO3 appropriate guarantees for Solid Wall, Cavity Wall and Park Home Insulation measures. Ofgem will continue to assess on-going applications for guarantees until the ECO3.1 Order comes into force. We are establishing a process in which any pending appropriate guarantee application will be handed over to TrustMark to continue the review once the ECO3.1 Order comes into force.
- 2.32. Ofgem will continue to collect appropriate guarantee codes as part of a measure notification in order to assess whether the measure should receive the standard applicable lifetime. This also applies to all UFI and RIRI measures which will require an appropriate guarantee. Ofgem intend to check that all UFI and RIRI measures have an appropriate guarantee code once the ECO3.1 Order comes into force on 1 January 2020, however this will not be a mandatory requirement until 30 June 2020. Where completed on and after 1 July 2021, all UFI and RIRI measures must be notified to Ofgem with an appropriate guarantee code to receive the relevant standard lifetime.
- 2.33. TrustMark will provide us with new guarantee codes following their approval of any new appropriate guarantees. We will aim to ensure that the automated validation checks in the ECO Register are updated in line with the addition of new guarantees. This should mitigate a backlog of measure notifications.

Questions

- 3. Do you agree with our proposal on how the transition of appropriate guarantees will be carried out? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

Technical and Score Monitoring

Current situation

- 2.34. We carry out various checks to help ensure that the relevant eligibility requirements have been met and that the savings reported by the suppliers are accurate. Ofgem has been given direction from the Secretary of State for Business, Energy and Industrial Strategy (“the Secretary of State”) to carry out Technical Monitoring (TM), which verifies that measures were installed correctly in ECO3 to satisfy Article 7(6) of the Energy Efficiency Directive.¹⁵ The Energy Efficiency Directive mandates its member states to put in place measurement, control and verification systems under which at least a statistically significant proportion and representative sample of measures are independently verified. In Great Britain, this is implemented through the Secretary of State issuing the letter of direction to Ofgem to carry out this duty. Ofgem also carry out Score Monitoring (SM) to ensure that installers attribute the correct score for a measure.¹⁶ All suppliers are directed to carry out TM and SM on a sample of the measures they notify and report the results of this monitoring to us quarterly.
- 2.35. An obligated supplier must monitor at least 5% of the measures they notify within a quarter, and report the unaltered results of this monitoring to Ofgem (‘the monitoring requirement’).
- 2.36. We consider TM and SM as separate activities and we assess them independently of each other. For example, this means that to meet its 5% monitoring requirement, a supplier must conduct TM on 5% of its measures, and SM on 5% of its measures. A supplier cannot meet its requirement by, for example, conducting 3% TM and 2% SM.
- 2.37. A supplier may conduct both TM and SM on the same measure if they wish.
- 2.38. To ensure that the monitoring conducted by a supplier is representative of the installers used within each quarter a supplier must also monitor at least 3% of measures notified as being installed by a single installer in a quarter (‘installer rate’).

¹⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32012L0027>

¹⁶ Article 26 of the ECO3 Order

- 2.39. Inspections can be conducted at two stages: either during the installation of the measure (mid-installation) or after the installation of the measure has been completed (post-installation). Mid-installation inspections are required for monitoring categories which have mid-installation questions included in the ECO3 Monitoring Questions set. SM is only carried out at the post-installation stage. There are no mid-installation questions for SM.
- 2.40. If a supplier notifies fewer than 100 measures for a single monitoring category or installed by a single installer, the supplier only needs to monitor one measure to meet the monitoring requirement.
- 2.41. If a supplier does not achieve the required monitoring rate for an installer, we will place the set of measures with insufficient monitoring on a pathway to compliance.
- 2.42. Ofgem currently monitor the fail rates for an installer's subset of measures for both TM and SM. If the fail rate is greater than 10%, Ofgem will require suppliers to take further actions to provide us with confidence in the quality and accuracy of the measures concerned.
- 2.43. When a measure fails monitoring, suppliers must take action to address the cause of the failure to avoid losing the savings for that measure. The supplier must complete the relevant actions by the end of the month that is six months later than the month in which it identified the fail.
- 2.44. If a measure fails TM, the supplier must arrange for remedial works. Once the work has been remediated, it must be re-inspected to ensure the cause of the failure has been addressed. A failed measure is only considered to have been resolved once it has passed re-inspection or the supplier has provided suitable non-access evidence for the re-inspection.
- 2.45. If a measure fails SM, the supplier must re-score the measure and the new score must be notified to Ofgem. The supplier may need to submit a measure change request for the score correction to take effect. The fail is considered resolved when the new score has been successfully notified to Ofgem.

Technical Monitoring – Non-legislative Changes

- 2.46. The expectation is that the direction to Ofgem from the Secretary of State to carry out TM will be removed. TrustMark will be directed by BEIS to take on the responsibility for TM. The expected date for this to take place is by the start of 2021. Ofgem will be providing support to TrustMark to help them set up TM to the standards required. We are aware that TrustMark are working towards developing their monitoring framework which outlines how Trustmark will be carrying out technical monitoring in the near future.
- 2.47. Certain DHS measures and demonstration actions are not covered by TrustMark, so suppliers will still have to conduct technical monitoring for these. We understand that 'certain DHS measures' means DHS measures which are registered with Heat Trust or an equivalent standard to those provided by Heat Trust.

Technical Monitoring - Proposed administrative approach

- 2.48. Ofgem will continue to carry out technical monitoring for both PAS 2030:2017 and PAS 2030:2019 registered installers until the planned date of January 2021 when TrustMark are expected to be experienced in carrying out the technical monitoring process.
- 2.49. We will also be considering how the new PAS:2019 standards will affect the ECO3 technical and score monitoring questions.
- 2.50. Ofgem will continue to conduct technical monitoring for certain DHS measures which are registered with Heat Trust or an equivalent standard to those provided by Heat Trust, and demonstration actions in the same way as it is currently being carried out
- 2.51. Ofgem are currently developing a data sharing agreement which will allow TrustMark to carry out a pilot programme. TrustMark will use ECO2, ECO2t and ECO3 data to perform their own analysis and make recommendations based upon the outcomes of their review. We will also be sharing our own monitoring analysis with TrustMark so that, together, we can ensure a consistency of approach.
- 2.52. During this stage TrustMark will continue to communicate with Ofgem to provide an update on how the pilot is progressing. The pilot and the method of working may evolve according to lessons learned. Throughout the pilot TrustMark will be establishing how TM results can be shared with us and understand what the impact may be for non-compliant measures

2.53. We are anticipating that the pilot will begin during Q1 2020 (January – March), and we are anticipating that the pilot will be complete by the end of 2020. Providing the pilot is successful, TrustMark will assume full responsibility of technical monitoring by the start of 2021. However, if we believe the TrustMark framework is identifying non-compliance effectively before this, then Ofgem and TrustMark may agree that Trustmark will take full responsibility earlier.

Score Monitoring – Legislative Changes

2.54. No legislative changes are being implemented and Ofgem will retain overall responsibility for Score Monitoring.

Score Monitoring – Proposed administrative Approach

2.55. The intention is for score monitoring inspections to be commissioned and conducted by TrustMark. We are currently exploring the possibility of an appropriate arrangement whereby TrustMark conducts score monitoring inspections but provides the result to Ofgem to analyse. This would remove the responsibility for monitoring from suppliers and will minimise the number of visits to the customer’s property. Ofgem would coordinate with TrustMark where further action is required based upon the Score Monitoring analysis.

2.56. We believe this will decrease the number of inspections to the property, would minimise disturbance to consumers and save costs.

2.57. We intend to provide further detail in our response to the consultation on how score monitoring and any pathways or failures arising from score monitoring will be managed.

Question

4. Do you agree with our proposal that suppliers will be required to conduct technical monitoring and score monitoring until TrustMark are able to take full responsibility of the process? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

3. Changes to heating measures

Section summary

We are consulting on changes to the gas and LPG boiler scores and the introduction of a weather / load compensation measure type.

We are also providing information on changes to the replacement of broken heating systems and first time central heating.

Questions

Question 5: Do you agree with our proposed approach to the administration of FTCH insulation requirements? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Question 6: Do you agree with our proposal that weather / load compensation should be a stand-alone measure type, rather than the savings being included in scores for installing gas and LPG boilers? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

Replacement of broken heating systems

Current situation

- 3.1. Measures which are the replacement of a broken central heating system receive a 400% uplift to the score received.
- 3.2. The ECO scheme includes a cap on the replacement of all broken heating systems. No more than 21.023% of a supplier's total obligation can be achieved by the replacement of broken heating systems. Broken heating system replacements that are installed as a secondary heating measure alongside a primary insulation measure are not capped and still receive the 400% uplift.

Legislative changes

- 3.3. The ECO3.1 Order set out that the 400% uplift for broken heating systems will only apply to boilers replaced under the broken heating system cap.

- 3.4. The recent BEIS response to the ECO3 improving consumer protection consultation confirmed that the 400% uplift for replacement boilers delivered inside the heating cap and for replacements which are renewable heating measures will be retained, but for those delivered outside of the heating cap, such as secondary heating measures, the uplift will be reduced to 200%.

Proposed administrative approach

- 3.5. We have updated the deemed scores to reflect this change. A draft copy of the deemed scores matrix has been published alongside this consultation. We intend for the scores to be deployed on to the ECO Register when the ECO3.1 Order comes into force. This update will only apply to measures completed on or after the 1 January.
- 3.6. **This change is set out in the ECO3.1 Order and we do not have administrative discretion, so we are not consulting on this topic.**

First Time Central Heating lifetimes

Current situation

- 3.7. Scores are based on the cost saving likely to be achieved by a qualifying action when installed in a domestic premises over the lifetime of the measure. The lifetime score for a measure reflects the expected savings that measure will make over its lifetime.
- 3.8. The current lifetime assumption for first time central heating (FTCH) measures depends on the heat source installed. The lifetime for gas, LPG and electric boilers is 12 years, air source heat pumps (ASHP) are 15 years, and ground source heat pumps (GSHP) and biomass boilers are 20 years.

Legislative changes

- 3.9. The ECO3.1 Order sets out that the lifetime for all FTCH will be changed to 20 years. There is an exception for DHS connections installed as first time heating, to allow these measures to continue to receive a 40 year lifetime.

Proposed administrative approach

- 3.10. We have updated the deemed scores to reflect this change. A draft copy of the deemed scores matrix has been published alongside this consultation. We intend for the scores to be deployed on to the ECO Register when the ECO3.1 Order comes into force. This update will only apply to measures completed on or after the 1 January.
- 3.11. **This change is set out in the ECO3.1 Order and we do not have administrative discretion, so we are not consulting on this topic.**

First Time Central Heating (FTCH) insulation requirements

Current situation

- 3.12. District heating system (DHS) connections can be installed in social housing under ECO where certain requirements are met. The property must have an EPC rating of E, F or G, meet the criteria for first time central heating (FTCH), and must also meet certain insulation pre-conditions. These pre-conditions are that **either** cavity wall insulation (CWI) **or** one of flat roof, loft, rafter or room-in-roof insulation (where relevant) must be present.
- 3.13. There are no insulation requirements for the installation of FTCH if the system being installed is not a DHS connection, and none apply in other property tenures.

Legislative changes

- 3.14. The ECO3.1 Order strengthens the DHS insulation pre-conditions and expands them to all FTCH measures. It requires that all FTCH measures across all property tenures must be installed to *insulated* premises. To be considered *insulated*, any exterior cavity walls must be insulated, **and** premises which include the top floor of building should also have flat roof, loft, rafter or room-in-roof insulation. This includes DHS connections delivered to properties which meet the FTCH criteria.

Proposed administrative approach

- 3.15. We will implement FTCH insulation requirements in a similar manner to the way in which we administer the current insulation pre-conditions for DHS. The main difference is that currently **either** cavity wall insulation (CWI) **or** one of flat roof, loft, rafter or room-in-roof insulation must be in place, however these changes require that **both** CWI **and** one of flat roof, loft, rafter or room-in-roof insulation (where relevant) must be in place.
- 3.16. We have updated our draft ECO3: Guidance Delivery to include these FTCH insulation requirements and expect suppliers to collect sufficient evidence to prove that the requirements have been met. These largely mirror the administration currently in place for DHS.
- 3.17. We will be exploring the use of EPCs that identify where cavity wall insulation or loft / rafter / flat roof or room-in-roof insulation is recommended for a household. On the

Domestic Renewable Heat Incentive (RHI) scheme this is used to administrate similar legislative criteria for the accreditation of heating systems onto the scheme.¹⁷

3.18. As part of this, we will require suppliers to notify the Pre_Installation_EPC_RRN for all FTCH measures from 1 January 2020.

Question

5. Do you agree with our proposed approach to the administration of FTCH insulation requirements? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

¹⁷ <https://www.ofgem.gov.uk/environmental-programmes/domestic-rhi/contacts-guidance-and-resources/documents-and-videos>

FTCH Eligibility for private rented sector households

Current situation

3.19. The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 establish a Minimum level of Energy Efficiency Standard (MEES) for private rented sector (PRS) properties.¹⁸

3.20. To reflect the separate minimum standards, the measure type that can be delivered to private rented premises is dependent on the EPC efficiency rating of the property before the installation of the measure being claimed under ECO:

- PRS properties occupied by a member of the help to heat group with an initial EPC efficiency rating of A, B, C, D, or E can receive any measure, except for the installation of a heating system to replace or repair a broken heating system.
- PRS properties occupied by a member of the help to heat group with an initial EPC efficiency rating of F or G (or unrated) are only eligible to receive solid wall insulation or a renewable heating measure.
- First Time Central Heating (FTCH) measures are eligible in PRS properties with EPC efficiency rating of A-E but may only be delivered in PRS F or G (or unrated) properties providing the measure is a renewable central or district heating measure.
- A renewable heating measure will also be eligible as a solid wall alternative measure in PRS F or G (or unrated) properties.

Legislative changes

3.21. The ECO3.1 Order sets out that PRS properties occupied by a member of the help to heat group with an initial EPC efficiency rating of F or G (or unrated) will be eligible to

¹⁸ <https://www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents>

receive first time central heating (FTCH) as well as solid wall insulation or a renewable heating measure.

Proposed administrative approach

3.22. We will continue to administer the rules for private rented sector properties in the same way with the addition of FTCH in PRS F or G (or unrated) properties. We will update our guidance documents to reflect this change.

3.23. **This change is set out in the ECO3.1 Order and we do not have administrative discretion, so we are not consulting on this topic.**

Modification to gas and LPG boiler scores

Current situation

3.24. In April 2018, new standards for boiler installations known as Boiler Plus came into effect.¹⁹ The Boiler Plus standards require that an additional energy efficiency measure is included whenever a gas or LPG combi boiler is installed in England. The energy saving technologies that can be used to comply are:

1. Flue Gas Heat Recovery
2. Load compensation
3. Smart controls
4. Weather compensation

3.25. ECO3 deemed scores for the installation of gas and LPG boilers include an extra efficiency increase to account for the additional energy efficiency measure. The increase was based on an assumption that weather or load compensation would be the typical measure installed.

3.26. We have since introduced scores for the installation of smart controls. When a gas or LPG boiler is installed together with smart controls, the Boiler Plus standard is met without the installation of weather or load compensation, but the extra efficiency increase is still rewarded within the boiler score, leading to double counting in some instances.

Legislative Changes

3.27. This proposal is not related to the amendments made by the ECO3.1 Order.

¹⁹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/651853/Boiler_Plus_final_policy_and_consultation_response.pdf

Proposed administrative approach

- 3.28. We propose to modify the scores for the installation of gas and LPG boilers, to remove the extra efficiency increase.
- 3.29. At the same time, we have created a new measure type, Compensation [wall type]_[preHCs/nopreHCs], which can be used for eligible installations of weather or load compensation.
- 3.30. These changes are incorporated in the draft scores published with this consultation. We propose this change under the duty placed on us by the ECO3 Order to publish a scoring methodology for ECO; it does not relate to any new provisions in the ECO3.1 Order. For simplicity, however, we would implement the new scores at the same time as the changes related to the ECO3.1 Order. They would therefore apply to installations carried out from the date the ECO3.1 Order comes in to force.

Questions

- 6. Do you agree with our proposal that weather / load compensation should be a stand-alone measure type, rather than the savings being included in scores for installing gas and LPG boilers? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

4. Notifying measures and approving qualifying action

Section summary

This section seeks to clarify the administrative approach to notifying measures and subsequently approving qualifying actions.

Notifying measures and approving qualifying actions

Current situation

- 4.1. The ECO3 Order sets out that the measure is completed:
 - a. In the case of a demonstration action, when the planned monitoring of the demonstration action is completed;
 - b. In any other case, when the installation of the measure is completed.
- 4.2. Currently Ofgem clarifies in the guidance that the installation of a measure is deemed to be complete on the date it can deliver savings at the level expected for the measure. This will normally be the date on which the installer finishes work on the measures.
- 4.3. However, for the purpose of monthly notification of measures we would consider the measure to be complete on the date on which it is effectively handed over to the occupants of the premises or, if unoccupied at the time of handover, to the landlord.
- 4.4. As outlined in our guidance, for measures installed in accordance with PAS 2030: 2017, the date of handover must be specified in a Declaration of Conformity and Complete Installation (DOCC).²⁰

²⁰ Chapter 8 of PAS 2030:2017.

Legislative changes

- 4.5. The ECO3.1 Order details that the certificate of lodgement means a document entitled “TrustMark Certificate of Lodgement” which sets out the address at which a measure has been installed and the type of measure. It also notes that in order to become a qualifying action a certificate of lodgement must be issued by TrustMark for that measure. This would also demonstrate PAS compliance.

Proposed administrative approach

- 4.6. To avoid any confusion Ofgem will continue to administer the scheme by following the ECO Order first and foremost, followed by any other specifications either referred to in the legislation or otherwise.
- 4.7. As such, whilst PAS:2019 defines overall handover and completion to be when all of the measures within a project are completed, we will consistently interpret completion to be as defined by the ECO3 Order. In order to align with the ECO3 Order we will refer to the date of installation to be when the individual measure is completed and capable of making savings. This is supported in part by PAS which also details that the installer must carry out a handover for each installation.
- 4.8. For the purposes of notification, each individual measure must continue to be notified to Ofgem by “the end of the first month immediately following the month in which the measure was completed”, ie installation completed, regardless of any other measures deemed to be within the project.
- 4.9. The measure will not be approved as a qualifying action until the certificate ID has been generated demonstrating that the measure adheres to PAS 2030. We therefore expect suppliers to notify individual measures to us demonstrating the completion of a measure.
- 4.10. The above change will be reflected in guidance and we will continue to work with wider industry stakeholders to ensure that any changes requested to the working group documents are updated accordingly.
- 4.11. **This change is set out in the ECO3.1 Order and we do not have administrative discretion, so we are not consulting on this topic.**

5. Multiple measures

Section summary

This section seeks to highlight the changing circumstances around multiple measures. We are seeking feedback on how to score measures where multiple measures are installed into a property.

Questions

Question 7: Do you think that a change in approach is necessary for scoring multiple measures? If so, please indicate your alternative approach, including any evidence, to support your response.

Multiple measures in the context of PAS 2035

Current Situation

- 5.1. All measures are notified individually to Ofgem upon completion. Multiple measures may complete the handover on the same date allowing the measures to be notified at the same time. Measures must be notified within one calendar month from the date of completion. Each measure is assessed independently of other measures notified, although some measures such as boilers will still need to meet additional requirements such as those specified in Boiler Plus.

Legislative Changes

- 5.2. The introduction of PAS 2035:2019 sees the introduction of a design plan for each property. In addition to the installation standards, measures must be installed in accordance with the design plan outlined in PAS 2035:2019 to be compliant with PAS 2030:2019.
- 5.3. The installation control and the process control plans are used by the retrofit installer and retrofit co-ordinator to document and demonstrate that any installations in the property conform to the design plan. Handover of individual measures cannot be completed until all the measures in the design plan have been completed. The project is considered complete once the project co-ordinator has signed off the project.

- 5.4. To ensure measures are installed in accordance with PAS 2030:2019 and PAS 2035:2019, TrustMark will issue a Certificate of Lodgement once the retrofit co-ordinator has signed off the project and submits a lodgement. For PAS 2030:2017 the installer submits the lodgement that will generate the Certificate of Lodgement.

Administrative Approach

- 5.5. The ECO 3.1 Order dictates that measures can only be approved once the certificate of lodgement has been issued by TrustMark. Proof of this lodgement will be via the certificate data record containing the certificate ID.
- 5.6. For individual measures there will be little change to processing in the ECO Register except to include this additional field, the certificate ID, which will prove that a certificate of lodgement has been issued.
- 5.7. For multiple measures within the same project each individual measure must still be notified within the same timeframe that currently exists (ie by the end of the month after completion), regardless of the completion of the project. However, these measures cannot be approved until proof that a certificate of lodgement has been issued. As such they will remain notified but unapproved on the ECO Register until they are updated with the relevant certificate ID.
- 5.8. Measures that are unapproved on the ECO register with the certificate ID missing, will require suppliers to re-notify the measure once the project is complete and the certificate ID is generated.
- 5.9. **This change is set out in the ECO3.1 Order and we do not have administrative discretion, so we are not consulting on this topic.**

Scoring multiple measures

Current situation

- 5.10. The current ECO3 Deemed Scores require that the pre-main heating source is provided when scoring an insulation measure. The score for insulation measures will vary significantly depending on the pre-main heating source that is notified. This is to reflect that the running costs of the heating system in the property will affect the savings of the insulation measure.

- 5.11. Similarly, the savings made by a heating measure depend on the level of insulation present in the property. However, the deemed scores do not differentiate a heating measure score based on whether there is insulation in the property or not. This decision was made in the ECO2 Consultation: Deemed Scores because it would be difficult to check the accuracy of heating measures should they be split between 'insulated' and 'non-insulated'. Additionally, it would contradict two key objectives for the deemed scores: that the scores are easy to use and easy to verify. Therefore, heating measure scores are based on an average savings achieved and do not account for different levels of insulation. On the whole this should average out across households due to the nature of the heating scores.
- 5.12. However, this approach has led to an issue for the calculation of scores when two or more measures are installed into the same property. Under the ECO3 scoring system, the scores for each measure must be calculated separately and sequentially. This means that the first measure to be installed will achieve a higher score than it would if it was calculated in combination with the second measure (ie if both measures were calculated at the same time). This is because the cost-saving achieved by an insulation measure is influenced by the efficiency of the heating system.
- 5.13. To reduce the inaccuracy in scores when multiple measures are installed we have provided some guidance on the delivery of multiple measures in a single project in the ECO3 Guidance: Delivery. Where the main heating source is changed and one or more insulation measures are also installed as part of a single project, the score for the insulation measure(s) should reflect the new heating source.
- 5.14. The selection of the appropriate pre-main heating source when notifying an insulation measure and the definition of a 'single project' has led to queries from industry. The scenario most frequently raised is where an insulation measure is installed followed by a first time central heating (FTCH) measure in the same property some time later. The queries have sought clarification on whether the insulation measure would need to be re-notified to reflect the new heating system installed into the property.

Heating Scores for insulated and non-insulated premises

- 5.15. The most accurate way to ensure scores are reflective of the actual savings in the property is to split out heating measure scores for measures installed to insulated properties and measures installed to non-insulated properties. This would reflect the fact that existing insulation in a property can have an impact on the savings achieved. Therefore, if, for example, a FTCH measure is installed six months after an insulation measure it would be given a more representative score to reflect the lower savings achieved due to the insulation in place.
- 5.16. This approach was considered when developing the ECO2 Deemed Scores and was not incorporated. It was thought that this could overly complicate the scores and could be difficult to verify on site. We retain this position currently and will not be seeking to implement such changes at this time. However, we note that Ofgem holds records of insulation installed under the ECO schemes (particularly when a secondary heating measure is notified with a primary insulation measure), and TrustMark will be building a database of household data. Further, EPCs identify where insulation is required in a property. As such, in future it may be possible to determine whether some households are reasonably insulated or not and, in some instances, move away from heating measures that represent an average score across insulated and non-insulated homes.

Proposed administrative approach

- 5.17. To ensure that the scores are as accurate as possible, as well as retaining the key objective of being easy to use and verify, for cases where there are multiple measures installed in a property we are exploring whether a change of approach would be of benefit.²¹ There are multiple approaches that could be taken to ensure accuracy of scores. These are outlined below.

Retain the existing approach

- 5.18. Retaining the existing approach provides the most accurate representation of savings averaged out across the scheme and is the simplest approach in the short term. Whilst there are some scenarios where the benefits are less or some amendments to

²¹ Article 33 of the ECO3 Order.

notifications may be required, these are respectively absorbed into the overall cost effectively or are managed on a case by case basis.

Clarification of a 'single project' and re-score

5.19. The definition of a 'single project' in our ECO3 Guidance: Delivery has led to uncertainty within the supply-chain on the expected time frame of a project. We understand it may be simpler for the supply chain if a timeframe for a 'single project' was defined. With the incorporation of the latest changes to PAS there should be an increased knowledge of what work is likely to be carried out on the property in the short and long term. As such, there's a logic in allowing the project to be defined by the project co-ordinator. This would have the benefit of utilising their expertise and being able to tailor the length of the project depending on the specific scenario for that household. Or, similarly to primary and secondary measures, a six-month rule could be applied whereby any insulation measure would be notified based on the existing heating system in place and would need to be re-scored to account for any heating measures installed in the subsequent six-months to its installation. Otherwise it would remain as currently notified. This would have the effect of being notified correctly as a single measure, and then changing to our current approach (ie notified based on the new heating source) if a subsequent measure is notified within the agreed project timeframe.

Insulation score based on original heating source

5.20. To avoid confusion surrounding the definition of a 'single project' the insulation measure score could be determined by the heating system present on the date the measure is completed, assuming no secondary heating system installation takes place. This would reduce the administrative burden of retrospectively changing scores, particularly when the insulation and heating measures are installed by and notified to separate parties.

5.21. However, the deemed score, on average, should reflect the typical lifetime cost savings associated with each measure type and this approach would undermine that. The ECO2 Consultation: Deemed Scores identified 'primary heating systems' as one of the three key variables when calculating savings for energy efficiency measures.²² If for example

²² See <https://www.ofgem.gov.uk/publications-and-updates/eco2-consultation-deemed-scores>.

a FTCH measure is installed subsequent to the insulation measure this would reduce the lifetime cost savings the heating measure would be expected to achieve (based on the sequentially based scoring methodology in place). However, as the heating measure deemed score is based on an average, it doesn't change. This would result in the combined scores for the measures applied to this specific premise overestimating the actual savings.

Proportionate scoring

5.22. To account for changes in heating systems (and the averages they have introduced) following the installation of an insulation measure the scores could be calculated according to the length of time each pre-main heating system was in the property. This method would involve calculating the savings achieved by the insulation separately for each pre-main heating source in the property to compensate for the averages of the heating measures. The scores would need to be changed when a new heating system was put in and apportioned based on lifetimes. Whilst this would produce a more accurate score (by reducing the complete jump to either side of the average heating score), it would introduce substantial complexity.

Questions

- 7. Do you think that a change in approach is necessary for scoring multiple measures? If so, please indicate your alternative approach, including any evidence, to support your response.**

6. Underfloor Insulation

Section summary

We are consulting on the introduction of a solid underfloor insulation measure.

Questions

Question 8: Do you agree with our proposal to split out the existing underfloor insulation score into solid underfloor insulation and suspended underfloor insulation? If you disagree, please provide alternative suggestions, including any evidence to support your response.

Underfloor Insulation

Current situation

- 6.1. Underfloor insulation (UFI) can only be installed to the floor in the property that is either in contact with the ground, above an unheated space (ie a cellar), or suspended and in contact with the outside air.
- 6.2. Currently to determine which level should be insulated the lowest heated level of the property needs to be identified. For example, if there is a boiler in the basement but no radiators, or other heat emitters, then the basement should not be classified as heated.
- 6.3. Insulation of the underfloor can include insulating the uninsulated underfloor void.
- 6.4. Whilst UFI has been an eligible ECO measure since ECO1 there has been little delivery in comparison to other measure types. There haven't been any guarantees available for it, and it has been treated as a single measure type despite there being clear differences in the implementation between suspended and solid floors. Our aim is to add clear information in our guidance, however there is currently very little information available in the industry.
- 6.5. Since the start of ECO3 there has been an increase in the delivery of UFI with a greater number of measures notified. This has also prompted an increase in the number of queries relating to UFI, concerns about the quality of the installations/measures being

delivered, and a general request for further guidance. There has also been an increase in technical monitoring fails.

- 6.6. In a similar manner to solid wall and cavity wall insulation, we recognise that different methods and skillsets are required to insulate solid and suspended flooring. Therefore, we have been advising stakeholders that where there is a combination of solid and suspended floor types in a property, we would consider the presence of solid flooring reasonable grounds for not completing 100% of the measure and the percentage of property treated (POPT) would need to be reduced to account for the uninsulated solid floor. For example, if the property is 60% solid floor, and this is not treated, the measure would not reach the 67+% POPT it would thus need to be notified as 40%.

Legislative changes

- 6.7. The ECO3.1 Order sets out that an underfloor insulation measure receives the 42 year standard lifetime if the installation is accompanied by an appropriate guarantee.

Proposed administrative approach

- 6.8. We will assess guarantees for underfloor insulation in the same manner as we do for other insulation measures which have a guarantee dependent lifetime specified by the legislation. Further details can be found in paragraph 2.32 of this consultation.
- 6.9. Additionally, we propose to split out the existing underfloor insulation measure into two separate measures: solid underfloor insulation and suspended underfloor insulation, to aid administration and provide more accurate scores for the measures. This would mirror the approach taken with wall insulation measures which are split into solid and cavity variations that require different installation techniques. It will also reduce the confusion about the current approach to POPT by treating it in a similar way to how solid walls and cavity walls are currently treated.
- 6.10. The score for a solid underfloor insulation measure is slightly less than for suspended floor insulation, primarily due to the fact that the measure does not result in reduced floor infiltration. Both will receive the 42-year standard lifetime as specified by the legislation.
- 6.11. We have expanded our draft ECO3 Guidance: Delivery to include further details on the above administrative proposal. We have also updated the guidance following stakeholder

feedback and we will seek to incorporate the latest information and best practice relating to quality and installation standards.

Questions

- 8. Do you agree with our proposal to split out the existing underfloor insulation score into solid underfloor insulation and suspended underfloor insulation? If you disagree, please provide alternative suggestions, including any evidence to support your response.**

7. Cavity wall insulation extraction

Section summary

We are providing information on the extraction of pre-existing cavity wall insulation and replacement with new CWI or solid wall insulation.

Questions

Question 9: Do you know of any other situations where failed cavity wall insulation would need to be removed that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required.

Current situation

- 7.1. Extraction of insulation from a cavity wall is not an ECO measure. However, there are exceptional legitimate reasons where pre-existing CWI must be removed, for example it is causing a health and safety risk to the occupants of the premises and / or the structural integrity of the building in which it is located.
- 7.2. In these circumstances, a suitably qualified independent professional must provide appropriate explanation for removal and replacement including:
 - a) detailed reasons for why the insulation has to be removed,
 - b) the problems it is causing for the premises, and
 - c) recommendation for the best insulation for the premises (if any).
- 7.3. It may then be possible to claim a deemed score for new replacement insulation, subject to meeting all other ECO requirements.
- 7.4. It is important that the exceptional circumstances relating to the 'before' case for the ECO measure are well documented and all evidence is retained in case of audit or in case the measure should be identified as a duplicate with an ECO1, ECO2 (including ECO2t) or ECO3 measure. Extraction of cavity wall insulation must follow all relevant standards and requirements. We expect in a situation where an appropriate insulation guarantee is still valid, that any remedial works should be covered by the guarantee. The measure

will not be eligible under ECO where there is already a guarantee in place covering the replacement of the existing work.

Changes

- 7.5. Since the start of ECO3 we have been receiving an increasing number of queries from suppliers, industry and consumers on the extraction and re-insulation of failed cavity wall insulation.
- 7.6. ECO3 is aimed at providing additional measures that adhere to a minimum quality standard to reduce the cost of heating for vulnerable consumers. We believe it is appropriate to ensure that the scheme delivers to all relevant standards, and where mechanisms are in place such as guarantees to ensure compliance to these standards, then these mechanisms should be utilised where relevant.
- 7.7. As such, we have reviewed our position and engaged with industry to better understand their concerns and to consider which circumstances we would deem as eligible for failed CWI to be extracted and re-filled. We have also considered any conditions whereby we would deem the re-insulation of an extracted cavity ineligible.

Proposed administrative approach

- 7.8. Following engagement with industry we recommend that where there is no guarantee in place to cover remedial work and evidence is provided to demonstrate this (ie confirmation from guarantee providers) the following situations may be suitable for cavity wall extraction and, where suitable, the re-insulation of the wall to replace the failed insulation:
- i. Where the extraction is recommended by a suitably qualified independent professional and either the installation of CWI was completed prior to the guarantee requirements or the guarantee has expired. Evidence should be provided to support the reason for removal (ie C1 monitoring survey, pre-installation building inspection (PIBI) or an inspection report),
 - ii. Where the existing cavity wall insulation has failed as a result of poor building maintenance (mould and / or cold spots are not reasons alone) and the issues with the building have been rectified to ensure that the cavity is suitable to be refilled. Evidence should be provided to support the reason for removal (ie C1 monitoring

survey, PIBI or an inspection report) and to evidence that the building is suitable for new insulation,

- iii. when a material is causing or exacerbating structural damage to a property (ie foam products expanding and causing bowed walls, or exacerbating rising damp in the cavity). Evidence should be provided to support the reason for removal (ie C1 monitoring survey, PIBI or an inspection report).

7.9. **The insulation of a previously extracted cavity wall will not be eligible under ECO3 where there is already a guarantee in place (including where a guarantee is held but claims against it due to ineligibility may have been refused) covering the replacement of the existing work.** We expect that where a property has an appropriate insulation guarantee which is still valid, that any remedial works should be covered by the guarantee.

7.10. We only expect pre-existing insulation to be replaced in exceptional circumstances.

7.11. Once the failed cavity wall insulation has been removed remedial work must be completed, where necessary, to address any building issues that may have caused the initial insulation to become ineffective or to remediate any damage caused to the property. The wall may then be insulated with cavity wall insulation or solid wall insulation (either IWI or EWI) where this is deemed appropriate for the building by a suitably qualified independent professional. The installation of SWI will not count as solid wall insulation for the purposes of a supplier's solid wall minimum requirement (SWMR) or PRS F&G eligibility. Solid wall insulation can also be applied to a wall with a filled cavity. In this instance, the correct deemed scored should be claimed based on the starting u-value of the wall.

7.12. It is the responsibility of suppliers to work with industry to define a suitably qualified independent professional, as this will vary depending on the nature of the job. Suppliers should consult the measure specific PAS annex.²³

7.13. The assessor must visit the site to complete their inspection. It is important that the assessor considers the cause of the issues, in particular why the pre-existing insulation

²³ <https://shop.bsigroup.com/ProductDetail?pid=00000000030390699>

has failed, and that any associated issues are rectified before the re-insulation of the property. It is not acceptable to use representative sample surveys of properties (ie borescope images of the elevation of a building) to understand what issues are affecting the pre-existing insulation and if it has failed. Measures installed under ECO should be notified by 'household', and not per building, therefore only the flats that are experiencing exceptional circumstances that mean the cavity wall insulation must be removed and potentially replaced with new CWI can be claimed under ECO. If all properties were affected by issues which were causing a health and safety risk to the occupants of the premises and / or the structural integrity of the building, then evidence should be provided for each property.

- 7.14. We will not be producing a deemed score for the replacement of failed cavity wall insulation. As the extraction of pre-existing insulation is not a measure, any insulation that is installed following the extraction of any failed material should be treated as an uninsulated cavity wall.

Questions

- 9. Do you know of any other situations where failed cavity wall insulation would need to be removed that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required.**

8. Solar PV scores

Section summary

We are providing information on new solar PV scores for scenarios where no deemed score is available such as ground source heat pumps (GSHP) and air source heat pumps (ASHP).

Current situation

- 8.1. We have been receiving queries on solar PV as there are currently no deemed scores available for installing solar PV to a property which is heated by a GSHP or ASHP.

Proposed administrative approach

- 8.2. We propose to commission new solar PV scores with the heat pump proxy heat source “Gas room heaters” to cover this scenario.
- 8.3. We have published the scores in a draft updated deemed scores matrix which has been published alongside this consultation document. We intend for the scores to be deployed on to the ECO Register when the ECO3.1 Order comes into force, however they will be available for use as soon as they are published.

9. Non-mains gas insulation uplifts

Section summary

We are consulting on changes to the non mains gas insulation uplift variants of scores.

Questions

Question 10: Do you know of any heat sources which would fall within the 'Gas room heaters' pre main heat source category which are not fuelled by mains gas? If you do, please provide evidence to support your response.

Current situation

- 9.1. In specific circumstances, the score awarded to a measure is multiplied by an uplift.²⁴ For example, scores for insulation measures installed to properties in which the primary heat source is not fuelled by mains gas receive the 'non mains gas insulation uplift', which has a value of 1.35.
- 9.2. Where a measure may be eligible for a particular uplift, there will be a version of the score for that measure in the deemed score matrix which incorporates the uplift.²⁵ Where a measure would definitely not be eligible for a particular uplift, there should not be a version of the score which incorporates the uplift.
- 9.3. In line with this, the current deemed scores matrix contains variants of insulation measure scores including the non mains gas insulation uplift where the pre main heat source is not fuelled by mains gas. However, it does contain insulation measure scores including the non mains gas uplift where the pre main heat source is 'gas room heaters'.
- 9.4. Insulation measures in properties with gas room heaters which are fuelled by mains gas should not receive the non mains gas uplift. Room heaters fuelled by bottled or bulk LPG

²⁴ For more information, see paragraph 6.37 of the ECO3 Guidance: Delivery (v1.2).

²⁵ <https://www.ofgem.gov.uk/publications-and-updates/eco3-deemed-scores>

are a separate heating source category within ECO, and should not be notified as Gas room heaters. We are not aware of heat sources which would fall within the Gas room heaters category which are not fuelled by mains gas.

Proposed administrative approach

9.5. We propose to remove the non mains gas insulation uplift variants of insulation scores with the pre main heat source 'gas room heaters' from the deemed scores matrix.

Questions

10. Do you know of any heat sources which would fall within the 'Gas room heaters' pre main heat source category which are not fuelled by mains gas? If you do, please provide evidence to support your response.

10. Houses in Multiple Occupation (HMOs) and Bedsits

Section summary

Due to variations in property types, there are a number of scenarios for HMOs and bedsits which can be managed differently. There are three key areas which have led to questions from stakeholders; eligibility, notification and scoring. We are providing further clarifications where possible and also seeking feedback on each area.

Questions

Question 11: Do you know of any other categories of HMO that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required.

Current situation

- 10.1. Our ECO3 Consultation Decision confirmed that care homes would not be eligible to receive measures under the scheme. This was due to the fact that care homes are predominantly commercial enterprises and the ECO3 Order is exclusively targeted at domestic customers.²⁶ Subsequently we have also clarified that student halls of residence are not eligible under ECO3. This is in line with our ECO3 Consultation where we stated all predominantly commercial properties, including student halls of residence, would be ineligible.²⁷
- 10.2. Whilst predominately-commercial multiple occupancy premises have been excluded from ECO3, residential Houses in Multiple Occupation (HMOs) have not. We specified in our ECO3 Consultation that whilst HMOs are excluded from receiving DHS measures, HMOs will continue to be eligible for other heating measures, such as boilers, if they meet the relevant scheme criteria.

²⁶ See <https://www.ofgem.gov.uk/publications-and-updates/eco3-consultation-decision>.

²⁷ See <https://www.ofgem.gov.uk/publications-and-updates/eco3-consultation>.

- 10.3. As specified in the Housing Act (2004), an HMO is a building that contains living accommodation where 'two or more of the households who occupy the living accommodation share one or more basic amenities or the living accommodation is lacking in one or more basic amenities.'
- 10.4. As defined by section 254 (2)(f) of the Housing Act (2004) and section 125 of the Housing (Scotland) Act 2006 basic amenities are:
1. a toilet
 2. personal washing facilities, or
 3. cooking facilities
- 10.5. Paragraph 2.21 of the ECO3 Guidance: Delivery states that premises will only be considered self-contained, and therefore meet the domestic premises criteria, if they contain private cooking facilities. Therefore, the arrangement of kitchen facilities within an HMO is critical in determining eligibility under ECO3.
- 10.6. Questions surrounding the criteria of 'cooking facilities' have been asked. To confirm, a stove or microwave that is plugged into a wall socket will meet the definition providing that there are other permanent kitchen facilities, eg a kitchen sink, present.
- 10.7. There has been uncertainty on how to deliver measures in HMOs under ECO3.²⁸ The questions we have received on HMOs can be grouped into three categories; eligibility, notification, and scoring. Each of these categories have been addressed below and for each we have broken down the discussion into the two key types of HMO:
- An HMO with shared cooking facilities (eg a house share).
 - An HMO with private cooking facilities for each occupant (eg a bedsit).

²⁸ An HMO is the whole residential building which is occupied by a number of persons who do not form a single household, who share facilities such as a kitchen or a bathroom.

Proposed administrative approach

Eligibility

10.8. We have received questions on the eligibility requirements for an HMO due the differences in their tenure and configuration.

10.9. The Housing Act (2004) and section 125 of the Housing (Scotland) Act 2006, states that an HMO is 'occupied by persons who do not form a single household'.²⁹ Since the tenants of an HMO are not a single household or family there has been a lack of clarity about the eligibility requirements within these properties.

HMO with shared cooking facilities

10.10. Where an HMO contains individual bedrooms with shared cooking facilities, the wider shared premises meets the definition of a domestic premises.

10.11. This means that for the HMO to be eligible through the Help to Heat Group, the HMO would need to have one occupant who is eligible under one of the eligibility routes.

HMO with private kitchen facilities

10.12. Where an HMO contains individual bedrooms which themselves have cooking facilities (eg a bedsit) each tenant's eligibility would only extend to their individual bedsit rather than the HMO as a whole. This means that one occupant in receipt of benefits would qualify their individual room, but not the whole property.

10.13. In this case, for a whole HMO to be eligible all bedsits within the HMO would need to have an occupant who is eligible under one of the eligibility routes.

10.14. Additionally, individual rooms may be eligible for solid wall insulation under the Affordable Warmth (AW) in-fill mechanism. For example, AW in-fill could be used to

²⁹ Article 254 (2)(b) of the Housing Act (2004).

provide solid wall insulation to the entire HMO if two-thirds of the occupants are members of the Help to Heat Group.

Notification

10.15. The notification of HMOs has been difficult to determine as the configuration of HMOs and bedsits can vary significantly. As specified above, the eligibility of an HMO will need to be considered on a case-by-case basis, but there is potential for either the whole HMO or individual bedsit to be notified.

HMO with shared cooking facilities

10.16. ECO3 treats a HMO with shared cooking facilities as if it were a single domestic premises. This means that it should be notified as a whole property, incorporating all individual bedrooms.

HMO with private cooking facilities

10.17. If the HMO contains individual bedrooms with their own private cooking facilities and not all occupants are eligible, then individual rooms of eligible occupants should be notified on a room-by-room basis.

10.18. If all occupants are eligible, the HMO should be notified as a whole property.

10.19. In some cases a measure may be installed to a property as a whole rather than to each room, particularly when the HMO is a converted property. If, for example, the property is a converted house receiving a boiler measure it is likely that the whole HMO will be heated by one boiler. It would therefore not be possible to separate out the measure to each bedsit.

10.20. Additionally, individual rooms may be eligible for solid wall insulation measures under the Affordable Warmth (AW) in-fill mechanism. For example, where a private HMO is a whole building comprised of bedsits, AW in-fill could be used to provide solid wall insulation to the entire HMO if two-thirds of the occupants are members of the Help to Heat Group.

Scoring

10.21. Lastly, there has been uncertainty around how to score an HMO or bedsit under ECO3. Depending on the configuration of a particular HMO, deemed scores may or may not be suitable.

HMO with shared cooking facilities

10.22. Where an HMO does not contain individual self-contained domestic premises (eg shared house), deemed scores are to be used to calculate the score for the whole property.

HMO with private cooking facilities

10.23. Where an HMO contains individual self-contained domestic premises (eg bedsits), deemed scores are not suitable.

10.24. As there is currently no scoring mechanism in place and the appropriate methodology will vary by property type we have asked suppliers to submit an appropriate methodology when they wish to install measures in this type of HMO.

Summary

10.25. For the purposes of ECO3, we recognise two broad types of HMO: those with shared cooking facilities (eg a shared house), and those with individual private cooking facilities (eg bedsits).

10.26. ECO3 considers HMOs with shared cooking facilities as if they were a private domestic premises. No differentiation is made between these properties and private domestic premises for the purposes of eligibility, notification, and scoring.

10.27. The approach to HMOs with individual private cooking facilities is more complex. This is summarised below:

1. Eligibility: The eligibility of each occupant only extends to their individual room. Where all occupants are eligible, the whole property is eligible.

2. Notification: The whole property could be notified if all occupants are eligible. Individual rooms within the bedsit may need to be notified individually if not all occupants within an HMO are eligible.
3. Scoring: Deemed scores could not be used. We ask suppliers to contact us with an alternative methodology application if they wish to install measures in this type of HMO.

Questions

11. Do you know of any other categories of HMO that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required.

11. Change to insulation measure category

Section summary

We are consulting on an update to the measure categories in the ECO3 Measures Table including a change to external and internal wall insulation on cavity walls.

Questions

Question 12: Do you agree with our proposal to rename the measure categories and to move the measure types “Cavity Wall – External Insulation” and “Cavity Wall – Internal Insulation” into the measure category “Cavity Walls”? If you disagree please provide alternative suggestions, including any evidence, to support your response.

Current situation

11.1. Within the ECO3 Measures Table we currently designate external or internal wall insulation taking place on cavity walls as “Cavity Wall – External Insulation” and “Cavity Wall – Internal Insulation”.³⁰ Both of these measures are housed in the measure category of “Solid Wall Insulation”. We have had feedback from stakeholders that this is confusing as the measure category is more to do with the wall than the type of insulation.

Proposed administrative approach

11.2. We propose to rename the measure categories as follows:

Current name	New name
Solid Wall Insulation	Solid Walls
Cavity Wall Insulation	Cavity Walls

³⁰ <https://www.ofgem.gov.uk/publications-and-updates/eco3-measures-table>

11.3. We then propose to move both measure types “Cavity Wall – External Insulation” and “Cavity Wall – Internal Insulation” into the measure category “Cavity Walls” to aid communication and ultimately administration.

Questions

12. Do you agree with our proposal to rename the measure categories and to move the measure types “Cavity Wall – External Insulation” and “Cavity Wall – Internal Insulation” into the measure category “Cavity Walls”? If you disagree please provide alternative suggestions, including any evidence, to support your response.

12. Measure lifetimes

Section summary

We are consulting on proposed changes to the application process for new scores. The changes relate to the way lifetimes are determined for measures whose savings have a strong behavioural element.

Questions

Question 13: Do agree that the approach of introducing a separate and transparent behavioural usage factor would be an effective way of recognising that systems might be turned off or removed? If you disagree please provide alternative suggestions, including any evidence, to support your response.

Current situation

- 12.1. The legislation specifies the lifetime of most measures, however some are not specified. Where this is the case the guidance notes that it is possible to apply for a non-standard lifetime to the one prescribed by Ofgem. Separately, the guidance also sets out a process for applying for an alternative methodology, which can be used to obtain a new score for a measure where no suitable score currently exists. Non-standard lifetimes can also be considered as part of this process.
- 12.2. Additionally, all lifetimes are meant to be representative of the cost savings that they deliver on the scheme. Largely they represent the actual usage of a functional system, due to being permanent or requiring a qualified technician to operate, but in a small number of cases other factors are involved such as whether a system could be switched off or removed.

Legislation changes

- 12.3. There are no legislation changes to the approach to non-standard lifetimes
- 12.4. The industry landscape is changing and there is an increasing number of products coming onto the market which could be removed by the householder or cease operating, for example, they may require batteries that aren't replaced. So whilst a product could in

theory last and produce cost savings for a particular lifetime, household behaviour might influence that in practice. It's important to note that this is only applicable for a particular subset of technologies.

Proposed administration

- 12.5. We have reviewed this portion of the guidance to incorporate any alternative lifetime applications into the general alternative methodology section where there is a clear process.
- 12.6. We are considering introducing a behaviour factor for any technologies introduced to ECO through innovation or alternative methodology routes for which we consider the lifetime to fundamentally differ from the lifetimes listed in the deemed scores matrix. The standard lifetime would be multiplied by this behaviour factor to give the specific measure lifetime. This would be determined based on the system in question, but largely for all standard measures such as insulation or heating measures we would expect this to equate to 100%. It's worth noting that for timers and thermostats, 100% would include an operable system that was correctly stopping the operation of heating, and would correctly switch the heating back on as designed or desired.
- 12.7. This would mean that the system lifetime would still be based on the same approach that is currently used, however the visibility of when this additional factor diverges from 100% would be more transparent.

Questions

- 13. Do you agree that the approach of introducing a separate and transparent behavioural usage factor would be an effective way of recognising that systems might be turned off or removed? If you disagree please provide alternative suggestions, including any evidence, to support your response.**

13. General administration

Questions

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

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

16. Did you use our response tool? If not, please could you outline the reasons for not using the tool?

1. Appendix 1 - List of questions

Questions

- 1. Do you agree with our proposal to create three new fields in the notification template to capture an installer’s TrustMark license number, lodged certificate ID and TrustMark Unique Measure Reference Number for verification purposes? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 2. Do you agree with our proposal to verify certain data fields with TrustMark’s Data Warehouse? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 3. Do you agree with our proposal on how the transition of appropriate guarantees will be carried out? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 4. Do you agree with our proposal that suppliers will be required to conduct technical monitoring and score monitoring until TrustMark are able to take full responsibility of the process? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 5. Do you agree with our proposed approach to the administration of FTCH insulation requirements? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 6. Do you agree with our proposal that weather / load compensation should be a stand-alone measure type, rather than the savings being included in scores for installing gas and LPG boilers? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**
- 7. Do you think that a change in approach is necessary for scoring multiple measures? If so, please indicate your alternative approach, including any evidence, to support your response.**
- 8. Do you agree with our proposal to split out the existing underfloor insulation score into solid underfloor insulation and suspended underfloor insulation? If**

you disagree, please provide alternative suggestions, including any evidence to support your response.

- 9. Do you know of any other situations where failed cavity wall insulation would need to be removed that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required.**
- 10. Do you know of any heat sources which would fall within the 'Gas room heaters' pre main heat source category which are not fuelled by mains gas? If you do, please provide evidence to support your response.**
- 11. Do you know of any other categories of HMO that we should be aware of that would help us to clarify the guidance? If so, set out any examples, and provide supporting evidence as required**
- 12. Do you agree with our proposal to rename the measure categories and to move the measure types "Cavity Wall – External Insulation" and "Cavity Wall – Internal Insulation" into the measure category "Cavity Walls"? If you disagree please provide alternative suggestions, including any evidence, to support your response.**
- 13. Do you agree that the approach of introducing a separate and transparent behavioural usage factor would be an effective way of recognising that systems might be turned off or removed? If you disagree please provide alternative suggestions, including any evidence, to support your response.**
- 14. Are there any areas where you think further guidance would be useful?**
- 15. Do you have any further comments on our proposed administration for ECO3?**
- 16. Did you use our response tool? If not, please could you outline the reasons for not using the tool?**