

# Decision

## Energy Company Obligation (ECO3) improving consumer protection consultation decision

**Publication date:** 18 December 2019

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On 5 November 2019 we published a consultation seeking stakeholder views 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 decision. We also consulted on other areas of the scheme that we considered to require further clarification.

This document summarises the responses to our consultation and details our final administrative position. Where relevant, we also explain where we were unable to incorporate suggestions made.

**The policies set out in this document will apply from 1 January 2020 when The Electricity and Gas (Energy Company Obligation) (Amendment) Order 2019 comes into force.**

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## 1. Introduction

### Context and related publications

- 1.1. The ECO3 Order sets out the requirements for the ECO3 obligation period, which will run until March 2022.<sup>1</sup> The Department for Business, Energy and Industrial Strategy (BEIS) has consulted on making changes to the current ECO3 scheme.<sup>2</sup>
- 1.2. The consultation sought 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.
- 1.3. For each relevant change that the ECO3.1 Order sets out, we consulted on how we proposed to administer the change.
- 1.4. A list of related publications is detailed below:
  - [BEIS ECO3 improving consumer protection response](#)
  - [The Electricity and Gas \(Energy Company Obligation\) \(Amendment\) Order 2019](#)
  - [ECO3 Guidance: Delivery v1.3 \(draft for comment\)](#)
  - [ECO3 Guidance: Supplier Administration v1.2 \(draft for comment\)](#)
  - [ECO3 Deemed Scores](#)

### Our decision making process

- 1.5. We received 30 responses to our consultation from suppliers, managing agents, installers, guarantee providers and other stakeholders. Once the consultation closed,

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<sup>1</sup> The Electricity and Gas (Energy Company Obligation) Order 2018

<sup>2</sup> <https://www.gov.uk/government/consultations/energy-company-obligation-eco3-improving-consumer-protection>.

all responses were collated and reviewed by Ofgem. All responses and views were considered and decisions were collectively made on all of the question areas. A full list of respondents can be found in Appendix 1 and all responses, except those that requested to remain confidential, can be viewed on our website.

- 1.6. This decision document outlines our final position on the policy areas detailed in the consultation. The following chapters consider each consultation area in turn. Each section, relating to a specific consultation question, summarises stakeholder responses. This is followed by Ofgem’s decision on our administration.
- 1.7. In our consultation there were a number of sections which set out an administrative approach that didn’t include any questions. As no question was posed, and no decision needed to be taken, these sections are not featured within this document.
- 1.8. There were some general feedback questions which have been incorporated into the specific areas where relevant, or dealt with separately, communicating via standard means if necessary.
- 1.9. In developing our final policy we carefully considered all of the points raised by respondents, even if they are not specifically mentioned in this document.

**Figure 1: Decision-making stages**



## Your feedback

### General feedback

- 1.10. We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this document. We’d also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
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. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments?

1.11. Please send any general feedback comments to [eco@ofgem.gov.uk](mailto:eco@ofgem.gov.uk).

## 2. Improving Consumer Protection

### Section summary

In our consultation we proposed the creation of three new fields in the notification template, and to verify certain data fields with TrustMark's Data Warehouse.

We also outlined our proposal for the transition of appropriate guarantees, and our proposal that suppliers must conduct monitoring until TrustMark are able to take full responsibility.

### Questions

**Question 1:** Do you agree with our proposal to create three new fields in the notification template to capture an installer's TrustMark licence 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.

## PAS:2019 Transition

Figure 2: Summary of stakeholder feedback to Question 1

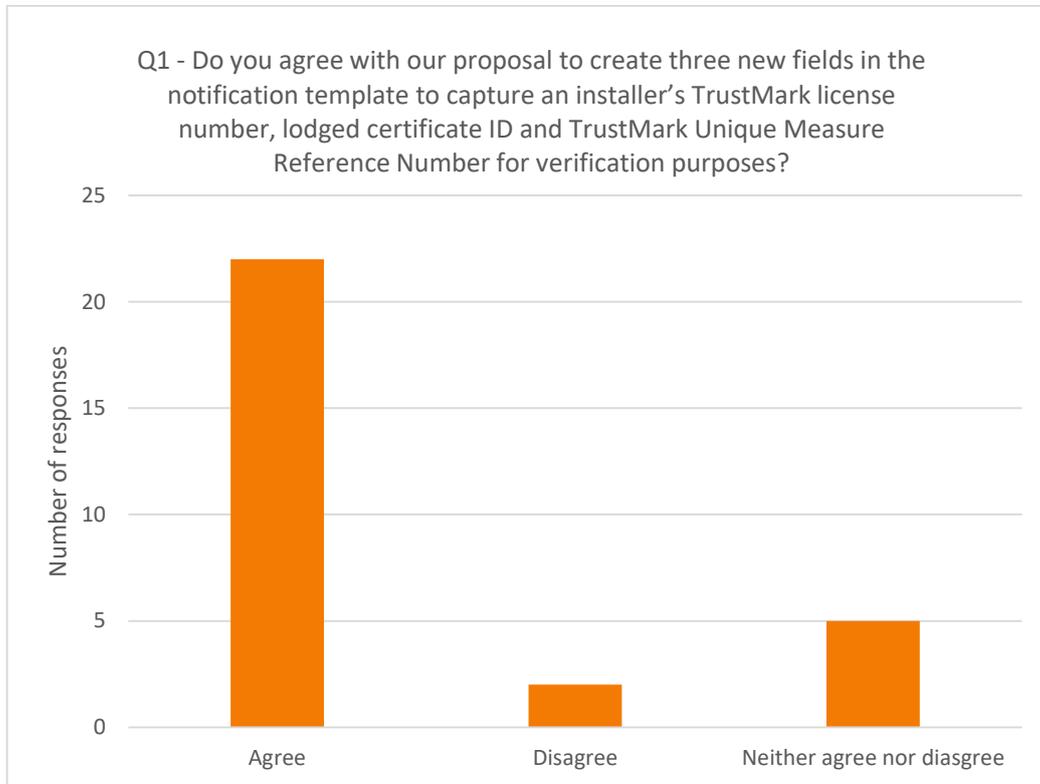
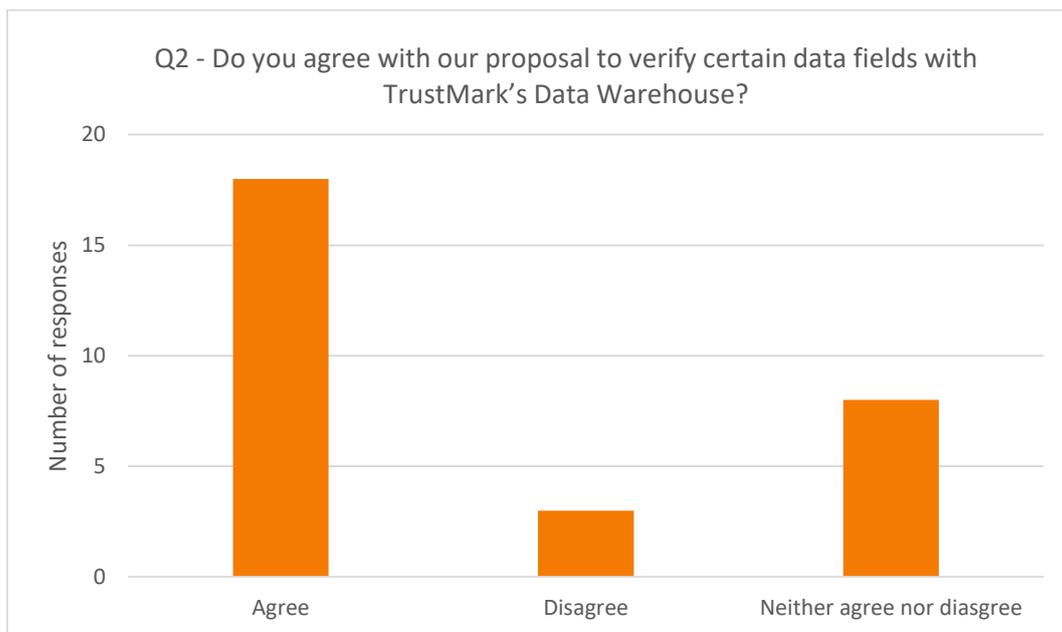


Figure 3: Summary of stakeholder feedback to Question 2



## Summary of responses

- 2.1. The majority of respondents agreed with our proposal to create three new fields in the notification template and one stakeholder stated that this would allow for some traceability and accountability of the works carried out.
- 2.2. Of those that disagreed with our proposal, respondents suggested that the approach creates more administration for the supply-chain especially when there will be a lack of automation and the timescales are tight. One stakeholder suggested the verification process for the three new fields is deferred for a period of three months in order to help supply chain time to prepare for the change.
- 2.3. Six respondents suggested that the requirements for installers to hold evidence for Independent Surveillance of Assessment (ISA) should be widened to include measures such as cavity wall, room in roof, park home, internal and hybrid wall insulation. Furthermore, the unique ISA reference should be captured in the notification template.
- 2.4. Many respondents highlighted concerns around high numbers of errors being generated due to inconsistencies between the two systems. To address this stakeholders suggested that they would like to have the functionalities to verify data fields with TrustMark's Data Warehouse. This would minimise the risk of measures being rejected due to inconsistencies in data and would also help to reduce errors.
- 2.5. Several respondents have raised concerns around getting hold of a TrustMark certificate ID as well as getting hard copies of the certificate.
- 2.6. Three respondents wanted clarification on how address data notified to Ofgem will be checked against the address submitted to TrustMark.

## Ofgem response

- 2.7. We will only require suppliers to notify the certificate ID number, in order to satisfy the criteria contained in the ECO3.1 Order, and not a copy of the certificate. A copy of the certificate may be requested if we were to commission or carry out an audit. We will be monitoring the errors that arise as a result of the inconsistencies between the two systems, and will work closely with obligated suppliers to improve where necessary.

- 2.8. We shared an initial draft of the Data Dictionary with obligated suppliers on 29 November and have published a final version alongside this consultation decision.<sup>3</sup> We are aiming to have the key aspects of the IT development completed by mid-January. Measures that are completed in January 2020 and notified in February 2020 will require the new fields to be populated.
- 2.9. As outlined in our consultation 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 continue to notify individual measures without the certificate ID. The measure will remain in 'notified incomplete' status until the TrustMark Certificate ID has been notified.
- 2.10. We have been developing an application programming interface (API) with TrustMark which enables us to share, receive and verify data for the measure which has been notified to us. Any requests for further APIs should be discussed with TrustMark directly as it does not fall within Ofgem's remit to manage development of external systems.
- 2.11. If a mismatch of addresses is found between the two systems, then through the API, TrustMark will be notified. TrustMark will adopt the addresses which would have gone through our residual process. The residual process checks will still remain with us and obligated suppliers should continue to provide relevant evidence where required. This process should minimise the errors that may be generated due to address issues between Ofgem and TrustMark systems.

### **Final administrative approach**

- 2.12. As outlined in the ECO3.1 Order, installers must be TrustMark registered from 1 January 2020 in order to be eligible to deliver ECO measures.
- 2.13. We require suppliers to obtain the TrustMark licence number and TrustMark Unique Measure Reference Number in order to notify the measure to the ECO register. The

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<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/eco3-data-dictionary>

measure will remain in “notified incomplete” status on the ECO Register until the certificate ID number is notified.

- 2.14. As outlined in our consultation, BEIS have introduced a 20% uplift for all measures (except demonstration actions and certain DHS) up until 30 June 2021. This uplift will apply to measures completed by installers who are certified as compliant with both PAS 2030:2019 and PAS 2035:2019. Suppliers will be required to submit the measure with the 20% uplift calculated in the Cost Score field. Our register will verify the score and check that the installer has the correct PAS standard in order to receive the uplift.
- 2.15. For measures completed before the 1 January 2020 ECO Order 2018 will apply.<sup>4</sup>
- 2.16. The independent Each Home Count Review, recommended the introduction of a new comprehensive quality mark for the retrofitting of energy efficiency measures. Moving forward TrustMark’s Data Warehouse has been designated as the single repository for measure installed under ECO, hence we will be checking against their database. Installers will need to ensure they have lodged the correct information on the Data Warehouse.
- 2.17. We will be ensuring that the data notified to us aligns with the information that has been submitted to TrustMark. As proposed in our consultation, we will be adding three new fields to the notification template. When a supplier notifies the ECO measure to us, it will go through the normal validation checks they go through currently.
- 2.18. Once the measure has gone through all the internal process checks, at stage three we will be calling an API with TrustMark’s Data Warehouse. At this stage, the following checks will be conducted as a final confirmation of what we expect to be an approved measure:
- TrustMark business licence number – suppliers will need to provide the business licence number when notifying the measure to the ECO register, this will be verified against TrustMark’s Database.

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<sup>4</sup> Article 15 of the ECO3.1 Order

- TrustMark unique reference number – will be allocated by TrustMark, this will be a unique number which will be generated per measure installed. Suppliers will need to provide this unique number when notifying the measure to the ECO register. This field will be verified with TrustMark’s Data Warehouse.
- Measure type – field will also be checked to ensure measures are PAS compliant and that the correct measure type has been notified.
- PAS edition – will remain on the notification template, however there will now be an option for measures installed in accordance to PAS2030: 2019 and PAS2035: 2019. This field will be verified with TrustMark’s Database to check the correct PAS standards have been notified and subsequently trigger an uplift for certain measures installed in accordance to the new PAS.
- Date of Completed Installation – suppliers will continue to provide the date of completed installation (DOCI) which indicates the date on which the installation of the measure was complete. This field will be verified with TrustMark’s Database to check that the dates match. For more information on the definition of a ‘complete’ measure please refer to paragraph 4.4.
- TrustMark lodged certificate ID – will be required in order for the measure to be approved on the ECO register (see paragraph 2.9 for more information). Through an API we will also check if the measure notified to Ofgem corresponds with the measure on the certificate.

2.19. The above checks will take place once a month during the monthly measure processing. This usually takes place during the first week of the month when the measures have gone through all the internal process checks. Any mismatches for the above fields will be found during this stage.

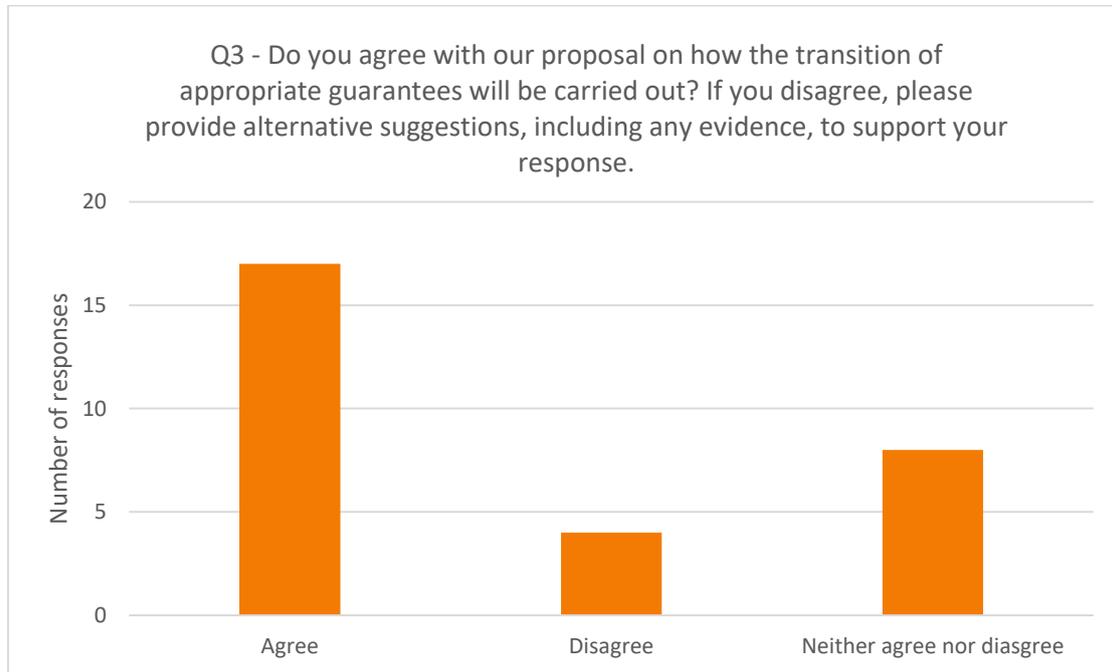
2.20. Once the mismatches have been found suppliers will be able to download the file that will outline all the mismatches. A measure will remain in an editable status until it has been re-notified. If we find that large number of measures have been amended and need to be processed, then we may consider carrying out measure processing nearer

to the middle of the month. We will review our processing periodically to promote an effective administration.

- 2.21. We are currently discussing if further checks will be required once the measures have been approved on the ECO register. There could be cases where fields outlined in paragraph 2.18 are amended on TrustMark Data Warehouse but the changes may not be notified to us.

## Guarantees

Figure 4: Summary of stakeholder feedback to Question 3



### Summary of responses

- 2.22. The majority of respondents agreed with the proposal, but also highlighted that a list of approved guarantees should be provided in order for the installers to register.
- 2.23. There were requests for further clarifications, with some suggestions that these should be included in the final ECO3 Guidance: Delivery. A few respondents were unclear around the two-year warranty aspect for all ECO measures and whether they should be classed as an appropriate guarantee. Some of the supply chain outlined that the measure requiring a two-year warranty could potentially constrain delivery for certain measures such as loft insulation, whilst others were concerned about delivery if they were not in place for some measures by 1 January 2020.
- 2.24. There were also further concerns about the timetable for the administration of appropriate guarantees and the impacts on delivery.

### Ofgem response

- 2.25. The three types of mechanism in place are as follows:

1. Appropriate warranty for cavity wall, park home and solid wall insulation will continue as set out in the ECO3.1 Order.
    - As per the ECO3.1 Order from 1 July 2020 all room in roof and underfloor insulation measures must be accompanied by an appropriate warranty of 25 years or more.
  2. The one year warranty requirement for replacement boilers and electric storage heaters will change to two years once the ECO3.1 Order comes into force. The suppliers will be required to continue to complete the standard Ofgem notification template with the relevant information. However, going forward if the measure has a TrustMark certificate ID, and thus meet's their Framework Operating Requirement, we would be satisfied that the boiler warranty requirement have been met as set out in the ECO3.1 Order. The changes will be updated in the relevant documents, eg Boiler Assessment Checklist and Electric Storage Heater Assessment Checklist.
  3. From 1 January 2020 all ECO3 measures (in addition to replacement boilers and electric storage heaters but with the exception of demonstration actions and certain DHS measures) delivered by a TrustMark registered business must be accompanied by a guarantee of at least two years including room in roof and underfloor insulation measures. We are unable to comment on this two year warranty mechanism which is part of TrustMark's Framework Operating Requirement as it does not fall within Ofgem's remit, and will deem this to be in place if the notified organisation is TrustMark registered.
- 2.26. We will continue to administer ECO appropriate guarantees and work with TrustMark to assess applications until the ECO3.1 Order comes into force on 1 January 2020. Going forward TrustMark will be responsible for all aspects of the guarantee process including assessing all new guarantee and any pending guarantee applications. We will continue to support TrustMark and work with guarantee providers to enable a smooth transition.
- 2.27. As proposed in the consultation TrustMark will be adopting the current list of Ofgem approved ECO3 appropriate guarantees for solid wall, cavity wall and park home insulation measures.

- 2.28. We 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. Suppliers have the option to notify to us the guarantee code for UFI and RIRI measures, where a 25 year guarantee exists, from 1 January 2020. It is not a mandatory requirement until 1 July 2020, however we will work with BEIS, TrustMark, and guarantee companies to monitor this situation.
- 2.29. The changes highlighted in the responses will be outlined in the ECO3 Delivery guidance where relevant.

## Technical and Score Monitoring

Figure 5: Summary of stakeholder feedback to Question 4



### Summary of responses

- 2.30. The majority of the respondents agreed with our proposal, and four of the respondents that agreed raised concerns around the TrustMark lodgement fee. It was outlined that TrustMark should charge a reduced fee until the transition has taken place.
- 2.31. Two of the respondents questioned if timelines for the pilot will be extended if TrustMark required more time and whether we will continue to conduct technical and score monitoring.
- 2.32. A few respondents outlined that there needs to be clear information on the transition with timelines and detailed communication needs to take place with the supply chain.
- 2.33. The majority of the respondents outlined that they would like to engage closely with us throughout the transition process.
- 2.34. There were also questions raised around whether the pilot would create duplicated inspections and whether the result would have an impact on supplier's results.

- 2.35. The supply-chain would also like clarification on what happens when the process has transferred to TrustMark; specifically they asked if suppliers would be responsible for any remediation.
- 2.36. A few respondents highlighted that the Technical and Score Monitoring Questions Set will require updating for the new PAS standards.

### **Ofgem response**

- 2.37. We are unable to comment on TrustMark’s lodgement fee, and would recommend the supply chain communicate with TrustMark directly.
- 2.38. We are confident that TrustMark will be able to take on full responsibility of technical monitoring (TM) that we currently carry out by the start of 2021. As outlined in our consultation the expectation is that the direction to Ofgem from the Secretary of State to carry out TM will be removed, however we will continue as is until directed otherwise. TrustMark will assume full responsibility of technical monitoring from the date BEIS confirm to both Ofgem and Trustmark.
- 2.39. We are looking at publishing a separate document which should provide information on timelines, processes and responsibilities. We are currently discussing the pilot programme with TrustMark. We will look to engage and work closely with the supply chain to facilitate a smooth transition on technical monitoring.
- 2.40. During the pilot Ofgem will continue to administer technical and score monitoring, however TrustMark will use this data to perform their own analysis and make their own recommendations based upon what they discover. We will share the monitoring analysis we produce with TrustMark and work with them to ensure that where we have concerns they are also identifying that action needs to be taken.
- 2.41. During this transition TrustMark will be in continued communication with Ofgem to provide updates on how the pilot is progressing. The pilot and method of working may evolve according to lessons learned. The pilot will not create duplication as only Ofgem’s technical monitoring results will be shared with the suppliers.
- 2.42. We are aware that the questions set will require updating due to the new PAS standard. We are currently looking at this and will keep the supply chain updated in advance of the changes coming into place.

## **Score monitoring**

2.43. As outlined in our consultation the intention is for score monitoring (SM) 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 results to Ofgem to analyse. We will look to engage and work closely with the supply chain on this approach. As outlined in paragraph 2.39 we intend to provide further detail in a separate document on how monitoring will be managed, including any pathways or failures.

### 3. Changes to heating measures

#### Section summary

In our consultation and ECO3 Guidance: Delivery (draft for comment) we proposed changes to insulation requirements for first time central heating (FTCH) measures. We asked for feedback on whether roof insulation should be a requirement as well as cavity wall insulation.

We also outlined proposed changes to gas and LPG boiler scores in our consultation and ECO3 Deemed Scores (draft). In this section we asked if weather / load compensation should be a standalone measure type. A large volume of responses did not support this proposal, but our decision is to continue with the proposed changes. It is not seen as adding significant administrative burden.

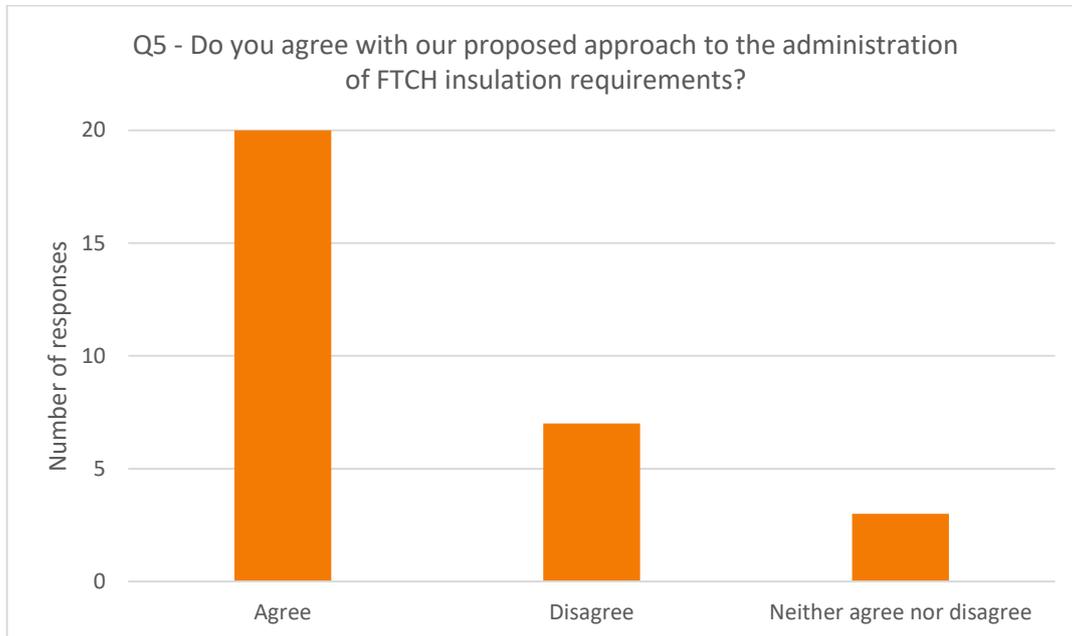
#### Questions

**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.

## First Time Central Heating (FTCH) insulation requirements

Figure 6: Summary of stakeholder feedback to Question 5



### Summary of responses

- 3.1. While two thirds of respondents agreed with the proposed approach, some concerns were expressed around whether changes to the FTCH insulation requirements could prevent the delivery of some FTCH measures.
- 3.2. Respondents who disagreed with the proposed approach were generally in support of ensuring properties are adequately insulated before installing FTCH measures. The main concern raised was that some households could miss out on FTCH measures because they are unable to meet the new insulation requirement. They suggested that consumers should have the option to make themselves exempt from the requirements if there are sound reasons to not have insulation installed. It was also suggested that additional costs of insulation could result in some consumers being unable to afford a FTCH measure, and that the insulation should be 100% ECO funded, with no consumer contribution.
- 3.3. Of those who agreed with the approach, a large number expressed concerns that using EPCs to identify recommended insulation measures may not be a very reliable approach, particularly given that pre-installation EPCs may be up to ten years old. It was suggested that a more reliable approach may be to utilise an appropriately

qualified chartered surveyor or a structural engineer's report. Stakeholders also requested further guidance on the use of EPCs if this approach is used.

3.4. A number of stakeholders who agreed with the approach also voiced concerns around administering the new requirement, in particular:

- Difficulties of consistently evidencing minimum standards for pre-existing insulation. It was noted that there is no standard process for evidencing U-values for measures scored using deemed scores, and that this approach only works for DHS installations which have scores based on full SAP assessments.
- Further clarification on differences between administering FTCH requirements and DHS requirements.
- Further guidance on evidencing requirements and defining what can be considered 'sufficient evidence' to demonstrate that insulation requirements have been met. It was suggested that updates to the FTCH checklist would be required, and one stakeholder suggested introducing a FTCH equivalent to the DHS pre-condition factsheet.

3.5. Five respondents recommended that further guidance should be published regarding technical exceptions to the requirements; in particular when it is not possible to install 100% of the insulation measure(s).

### **Ofgem response**

3.6. We are required by the ECO3.1 Order to introduce checks to ensure that both cavity walls and one of flat roof, loft, rafter, or room-in-roof insulation is in place for a FTCH measure to be installed. We understand that there are likely to be scenarios in which a household may be, for a number of reasons, unable to meet these pre-conditions. Our ECO3 Guidance: Delivery v1.3 (draft for comment) includes a non-exhaustive list of scenarios which would result in a property being exempt from this requirement, as well as further guidance on technical exceptions for not installing 100% of a measure, which we will continue to assess these on a case-by-case basis.

3.7. With regards to ECO funding, Ofgem do not have sight of how measures are funded or who pays for them, this is down to the obligated suppliers who promote the

measures. However, it is anticipated that our approach to multiple measures detailed in Chapter 4 would reduce the number of concerns around the need for consumer contributions in this area.

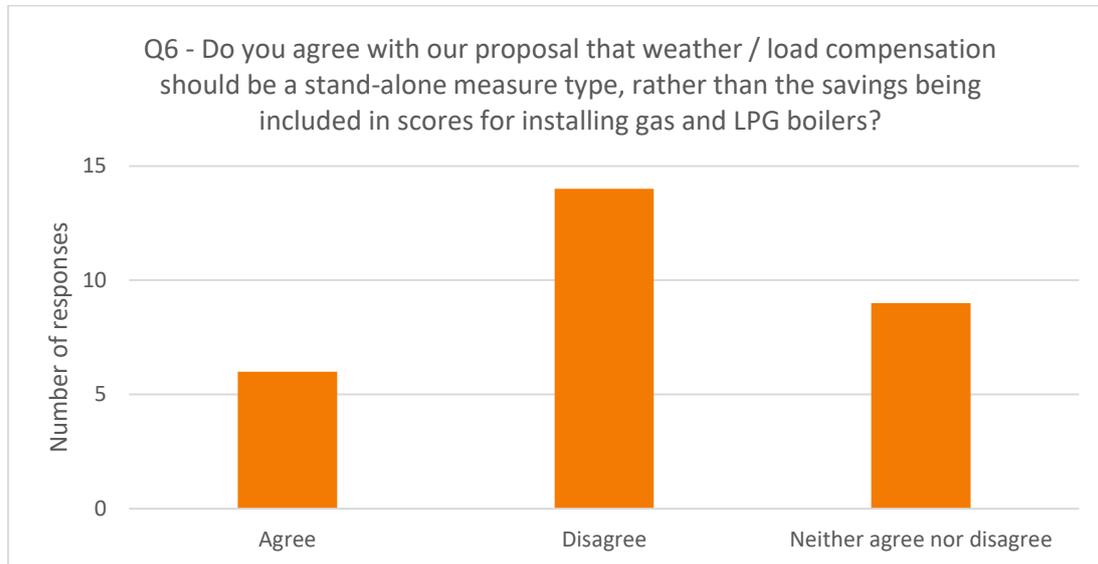
- 3.8. As a result of the feedback discussed above, we will be updating the evidence requirements for demonstrating that a property meets the minimum insulation standards. With regards to evidencing that any pre-existing CWI meets the required standards, we will accept evidence of a guarantee for CWI being in place for the property. We will also accept confirmation from Trustmark, or if a supplier is confident that a CWI measure has already been notified to Ofgem at that premise, confirmation by Ofgem during measure processing that a CWI measure has been approved on the ECO Register. Additionally, physical evidence such as a borescope survey would also be accepted. We will continue to discuss alternative evidence with industry.
- 3.9. To aid the administration of these requirements, we are aiming to circulate a new FTCH checklist in January. This will include sections on assessing whether the property meets the insulation pre-conditions. We will not require detailed U-value calculations and will update our guidance to clarify this, as well as any other differences to DHS requirements.
- 3.10. While this requirement will only apply to properties with cavity walls, it may be more appropriate in certain circumstances to install external / internal wall insulation. This will be acceptable as long as the insulation meets the minimum requirements set out in our draft guidance.
- 3.11. We agree that the use of EPCs may not be suitable for the purposes of evidencing CWI. We will explore the potential for their use further prior to publishing draft guidance. However in the short term we will require suppliers to notify the Pre\_Installation\_EPC\_RRN for all FTCH measures from 1 January 2020. We will consider the feedback provided when assessing the usefulness of EPCs for this purpose.

### **Final administrative approach**

- 3.12. We will be administering FTCH pre-conditions as outlined in our consultation, applying from 1 January 2020.
- 3.13. The legislation effectively means that FTCH is delivered as a combination of measures. Any eligible household must receive cavity wall insulation (unless it already exists), and those premises which include the top floor of building must also receive flat roof, loft, rafter or room-in-roof insulation (unless it already exists) before the FTCH can be installed. Definitive evidence that any insulation already exists is outlined in paragraph 3.8.
- 3.14. With regards to technical reasons for not installing 100% of a measure, we will continue to administer this as outlined in our guidance. Stakeholders should contact us if it is unclear as to whether the reason 100% of a measure cannot be installed constitutes reasonable grounds.
- 3.15. We will clarify in our guidance that the wall insulation requirement only applies to properties with exterior facing cavity walls. Properties made up entirely of solid external walls will still need to meet the roof insulation requirement.

## Modification to gas and LPG boiler scores

Figure 7: Summary of stakeholder feedback to Question 6



- 3.16. Currently, the deemed scores for gas and LPG boiler installation include an efficiency uplift that is intended to represent weather or load compensation that is installed to meet the 'Boiler Plus' regulations, as required in England by the Domestic Building Services Compliance Guide (2018 amendment). Where weather or load compensation is not installed, for example where Boiler Plus is not applicable, the score received is greater than it would if the boiler score did not include the energy efficiency increase. Additionally, where a smart thermostat is installed to meet the Boiler Plus regulations, the energy efficiency increase due to Boiler Plus is effectively double counted (as weather / load compensation is not installed, but the efficiency increase is).
- 3.17. This has the unintended effect of incentivising the installation of smart thermostats to meet Boiler Plus, and disadvantaging the installation of weather / load compensation. This is because there is currently no weather/load compensation score, and the savings are assumed where a gas or oil boiler is installed.
- 3.18. Our proposal was to separate out the weather / load compensation energy efficiency increase from gas and LPG boiler installations. This would slightly decrease the score for these boilers, and would result in a new score for weather / load compensation.

### **Summary of responses**

- 3.19. Responses to this question were mostly negative. Six respondents agreed with our proposal to separate out weather and load compensation from boiler scores while 14 disagreed. Respondents who agreed with this proposal noted that weather and load compensation are important energy saving measures and thought that this change could increase the delivery of these measures.
- 3.20. Respondents who disagreed provided a range of reasons. A key concern among respondents was that the administrative costs would be disproportionate to the increase in accuracy this proposal would cause. Respondents noted that the purpose of the deemed scores is to simplify the scoring process, and suggested that this proposal would complicate the scores further. Others stated that reducing the current scores as a result of separating out weather and load compensation would lead to greater customer contributions.
- 3.21. Respondents also expressed concerns that this proposal would lead to additional administration where a boiler is installed with weather or load compensation. This is because the proposal would require the compensation to be recorded as a separate measure for the compensation score to be awarded.
- 3.22. Respondents also noted that the Boiler Plus regulation only applies to boilers installed in England.

### **Ofgem response**

- 3.23. As set out in our consultation, the current gas and LPG boiler scores include an efficiency increase to account for the Boiler Plus regulations.
- 3.24. We recognise that the proposed change in score would be relatively minor, and that this proposal comes at a time of wider changes to the scheme (although we are also simplifying some aspects of our administration). However, we are not satisfied that separating out weather / load compensation as a separate score would add a significant administrative burden. This proposal means that, where installed, weather and load compensation will be treated as an additional measure, in the same way as smart thermostats.

- 3.25. Furthermore, currently where a boiler is installed with a smart thermostat (to meet Boiler Plus) but not weather / load compensation, the score received will be greater than it would otherwise be. This unintentionally disincentivises weather / load compensation, and incentivises the installation of smart thermostats (to meet Boiler Plus regulations).
- 3.26. This proposal would require an additional measure to be recorded for the compensation score to be awarded with a boiler installation. However, our intention is to move toward a whole house approach to the installation of energy efficiency measures. We see this proposal as a simplification of boiler scores as it removes a 'hidden' efficiency increase due to compensation, that is made visible as a separate measure.
- 3.27. We recognise that this proposal will decrease boiler scores in Scotland and Wales, where no additional energy efficiency measure is required to be installed. However, the aim of ECO is to support the installation of energy efficiency measures. This proposal would support the installation of weather / load compensation, including in Scotland and Wales. Additionally, it ensures boiler scores are now consistent for the actual measures installed across all countries.
- 3.28. We also recognise that there is currently no score for flue gas heat recovery, which is another option to meet Boiler Plus. Flue Gas Heat Recovery (FGHR) captures heat lost through flue gases and uses the recovered energy to pre-heat the incoming mains water. This reduces the energy required by the boiler to heat domestic hot water. We are currently considering whether FGHR can fit within the requirements of ECO3 which specifies that cost savings need to relate to savings on the cost of providing space heating.

### **Final administrative approach**

- 3.29. This change to split out weather and load compensation from gas and LPG boiler scores will be implemented.

## 4. Multiple measures

### Section summary

Our consultation sought feedback on how to score measures where multiple measures are installed into the property. We provided four potential approaches to scoring the measures. The responses to these and our final administrative approach is outlined below.

### 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

4.1. Although we were not consulting on this section, we have summarised some of the relevant comments from the general administration section below.

### Summary of responses

4.2. A number of respondents expressed concern that measures will not be approved until the project is complete. This may provide an incentive for projects to be defined to consist of only one measure, undermining the intent of PAS 2035:2019 to promote a whole house approach.

4.3. The additional administration involved in notifying measures once installed rather than when the project is complete was noted.

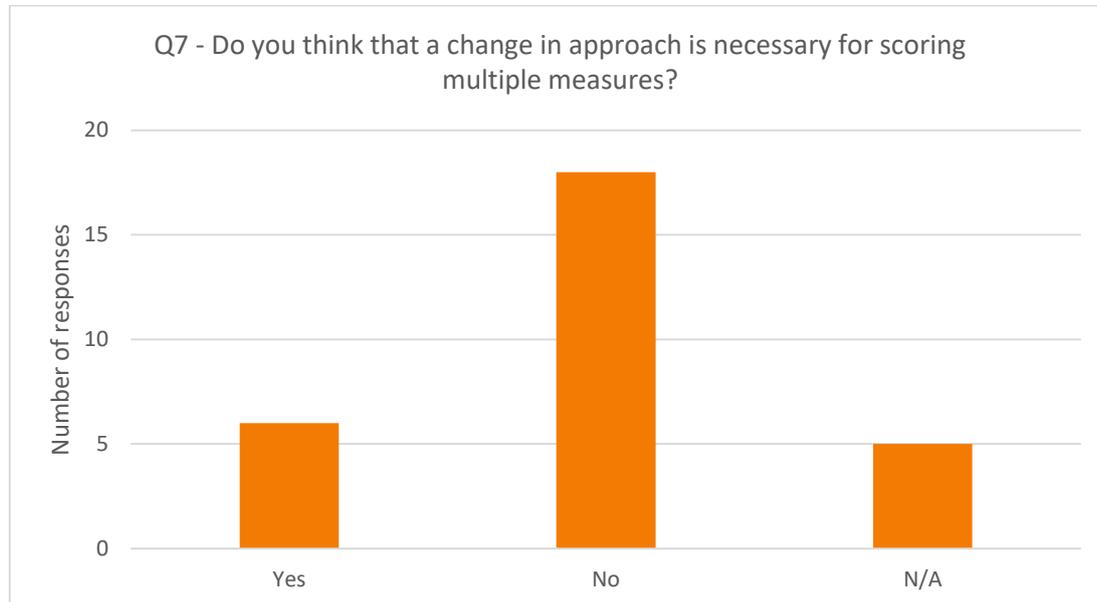
### Ofgem response

4.4. The definition of a completed measure, and the deadline for notification of a completed measure have been set by the ECO3.1 Order (articles 24 and 25). Therefore, measures must be notified within a month of the measure being completed. The ECO3.1 Order specifies that a certificate of lodgement must be issued before the measure can be considered a qualifying action.

4.5. We will explore options to make the administration of this easier in future.

## Scoring multiple measures

Figure 8: Summary of stakeholder feedback to Question 7



- 4.6. In our consultation we outlined several potential approaches to scoring where multiple measures are installed as part of the same project. This is particularly relevant for insulation and heating measures installed as primary and secondary measures.
- 4.7. The current deemed score for boiler measures does not take account of the insulation level of the property. However, insulation scores are significantly affected by the pre-main heat source for the property.
- 4.8. This means that if we know there is insulation present due to delivery on ECO, then we would know that the heating measure score would be inflated compared to the savings delivered.
- 4.9. Our current administrative approach tries to compensate for this by adjusting the insulation score by basing it on the final heating source, however our consultation provided several potential alternative approaches. These included:
- continuation with the current approach,
  - clarification of a single project and rescore,
  - base the insulation score on the original heating score, and

- proportionate scoring.

4.10. Our consultation asked whether a change in approach was necessary to address this.

### **Summary of responses**

4.11. As the question asked was quite open, the way in which respondents have answered it has varied meaning that the bar graph above does not fully represent the range of the responses received. The majority of respondents agreed that the approach to score the insulation based on the original heating source in the property is the most logical and causes the least administrative burden and scoring failures. However, there was a divide between those providing this response as to whether they agreed a change in approach was necessary. This could relate to a complete rejection of some of the alternative approaches, but could also be down to an uncertainty in the industry on what the original approach actually was.

4.12. There were multiple strong arguments to keep the process simple and to reject any rescoring of any kind as this would increase the administration required. It would also increase uncertainty for the supply chain.

4.13. One respondent stated that the inclusion of boiler scores for insulated and uninsulated properties would provide more accurate scores. Whilst other respondents agreed with our position outlined in our response to the ECO2 consultation on deemed scores.<sup>5</sup> In this decision we outlined that we would not be adding insulated and non-insulated variables to the heating measure deemed scores so that the scores remained averages which are easy to use and verify.

4.14. A key focus of many of the responses was that the approach taken should not reduce the number of multiple measures being delivered under ECO3. They considered that the scoring should encourage a 'whole house approach'. These responses observed that any requirements to rescore insulation measures would decrease the likelihood of companies from carrying out multiple measures.

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<sup>5</sup> <https://www.ofgem.gov.uk/publications-and-updates/eco2-consultation-deemed-scores>

- 4.15. Five proposed that any changes should focus on a tighter definition of what is categorised as a 'project' in our guidance.
- 4.16. Respondents noted the wider changes to ECO due to the introduction of Trustmark and PAS 2030:2019, and noted the linking of multiple measures into a single PAS 2030:2019 project. These have been addressed in the 'multiple measures in the context of PAS 2035' section above.

### **Ofgem response**

- 4.17. We agree that the approach to score insulation measures based on the original heating source in the property would cause the least administrative burden for the supply chain and could facilitate a 'whole house approach'. We understand that significant changes to the approach to scoring at this point in the scheme could create issues for suppliers and the supply-chain.
- 4.18. The presence of existing insulation can materially affect the savings that heating measures achieve and thus the creation of new heating scores to account for non-insulated and insulated properties would increase the accuracy of the deemed scores. However, we think this approach would be too administratively burdensome for stakeholders to implement at this point in the scheme.

### **Final administrative approach**

- 4.19. We will be using the 'insulation score based on original heating source' approach outlined in paragraphs 5.20-5.21 of our consultation document from 1 January 2020. The pre-main heating source notified when installing an insulation measure should be the heating source in the property on the date the insulation measure is completed.
- 4.20. BEIS have reduced the boiler uplift for measures delivered outside of the boiler cap. Whilst our engagement with stakeholders on the review of our approach to multiple measures began some time ago and is completely independent of that change, the two changes will be brought in at the same time. This effectively results in a slight shift towards the commonly recommended 'fabric first' approach, as well as to encourage whole house solutions.
- 4.21. The definition of a 'single project' was unclear for suppliers and the supply-chain, however with this change this definition is no longer required so will be removed

completely. This means that all notions of a project can be retained by the project coordinator in adhering to PAS 2035:2019.

4.22. We recognise that there remain inaccuracies within the heating scores and we plan to seek views at a later time on how these may be addressed.

4.23. We will update paragraphs 6.142-6.144 of our ECO3 Guidance: Delivery (v1.3) to account for this change of approach.

## 5. Underfloor Insulation

### Section summary

This section summarises the responses to our proposal to split out the existing underfloor insulation score into solid underfloor insulation and suspended underfloor insulation. As proposed, we will be going ahead with the new scores and will be providing further guidance.

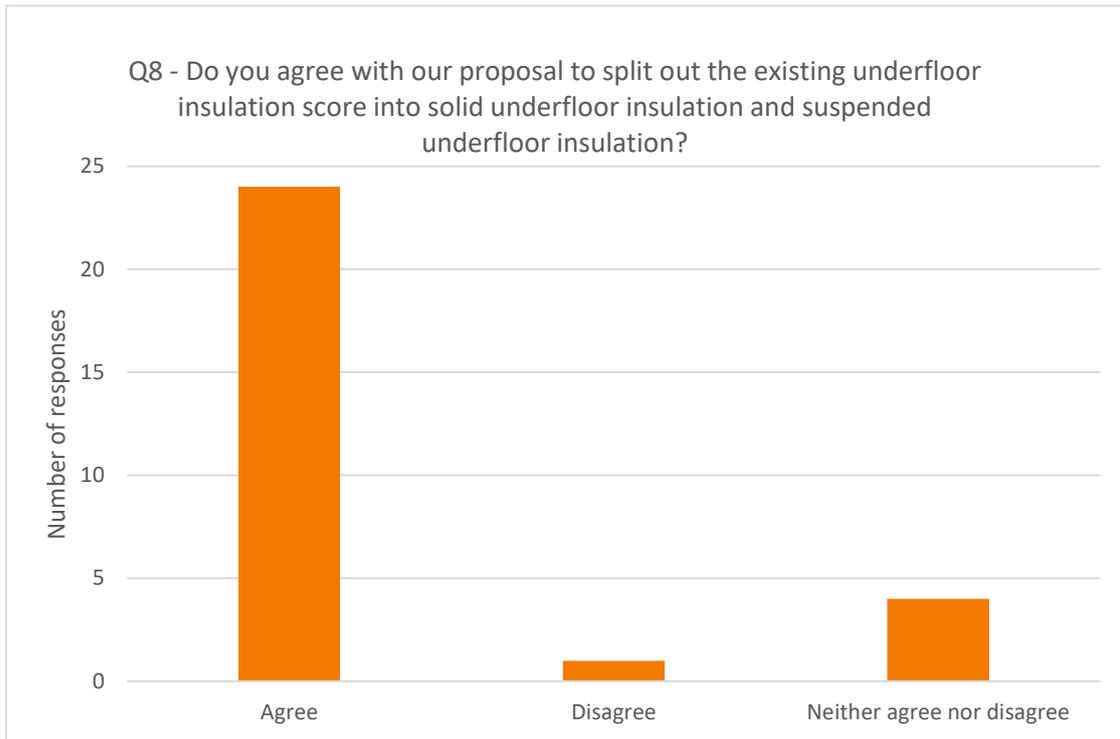
### Questions

**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

- 5.1. In our consultation we outlined that there has been little delivery of underfloor insulation in comparison to other measure types and that there is currently very little information available in the industry. We also noted that there was an increase in the number of queries relating to UFI, concerns about the quality of the installations / measures being delivered, a general request for further guidance, as well as an increase in technical monitoring fails.
- 5.2. Splitting out the UFI measure would not only help to make the administration simpler, it would also help to provide data on the types of insulation being installed. This could inform quality of installation in future.

**Figure 9: Summary of stakeholder feedback to Question 8**



### Summary of responses

- 5.3. Of the 30 stakeholders who replied to this consultation only one disagreed with this approach, and that was purely on the basis of their claim that there is no solid underfloor insulation being installed.
- 5.4. One of the reasons in favour of splitting out the measures was because the installation technique differed between the two. Insulating on top of solid floors was also seen as more intrusive, limiting the number of installations.
- 5.5. It was also recognised that it would help to clarify what can and should be installed when the floor type varies within a premises.
- 5.6. The ability to more accurately represent the cost savings was also seen as favourable.
- 5.7. Some comments suggested greater clarification was needed around suspended floor that was also concrete as there was an overlap. Additionally, it was requested that POPT examples were updated to reflect this change.

- 5.8. A number of stakeholders requested that the name for the newly separated measure was more representative of what it is, with “solid floor insulation” being the most common.

### **Ofgem response**

- 5.9. Responses are largely in favour of splitting out suspended underfloor insulation from solid insulation.
- 5.10. We view this simple change as an opportunity to recognise the differences in the materials and techniques required that until ECO3 was a seldom installed measure.
- 5.11. We agree that an update to the name might provide further clarity.

### **Final administrative approach**

- 5.12. This change to split out the underfloor insulation measure will be implemented from 1 January 2020.
- 5.13. We will update the guidance to be clear that underfloor insulation applied to suspended concrete will be classified as suspended, as per the recommendation of BRE who developed the scores.
- 5.14. In a further effort to improve data on underfloor insulation installations we strongly recommend the use of photos mid-installation. Whilst mid-installation photographs are not a requirement under the existing PAS:2017 requirements they are mandatory under PAS:2019 and is the direction of travel for the industry. Having a greater evidence base will help to underpin both installation and monitoring guidance going forwards as well help to improve the quality of installations in the short term.
- 5.15. We will update the name of the new measure to be “Solid floor insulation” and can confirm that concrete floor that is suspended is separate to this and will be considered to be a part of the existing “Underfloor insulation” measure type.
- 5.16. This is an evolving space, so we expect our guidance to be updated over the coming months. However we hope that this separation helps to provide focus for each installation in the short term.

## 6. Cavity wall insulation

### Section summary

In our consultation and ECO3 Guidance: Delivery (draft for comment) we provided further clarifications on the extraction of pre-existing cavity wall insulation (CWI) and replacement with new CWI or solid wall insulation. The consultation asked for any further situations stakeholders were aware of where CWI would need to be removed.

Our decision sets out which situations and clarifications will be added to our ECO3 Guidance: Delivery.

### 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.

## Cavity wall insulation extraction

### Summary of responses

- 6.1. There was a split between respondents on whether the extraction and subsequent refilling of CWI should be both appropriate to carry out and eligible under ECO. Some respondents thought that allowing the replacement of CWI as an eligible measure under ECO posed a fraud risk whilst others suggested that the parameters for eligibility should be broadened.
- 6.2. Respondents expressed concern that allowing the removal and retreatment of CWI under ECO could lead to issues around disruptive poor-quality extraction and retreatment in properties simply because the guarantee has expired.
- 6.3. Some considered that by reducing the restrictions of CWI extraction there could be a large influx of this measure type. One respondent expressed that they are already aware of scenarios where CWI has been removed unnecessarily at a high cost to the householder. Others reiterated this concern of potential fraud risk and requested that

sufficient guidance is provided to mitigate this risk. Many of the respondents that requested this specified that they would like the level of detail in the consultation included in the ECO3 Guidance: Delivery.

- 6.4. Eight of the respondents requested further guidance on the qualifications required for a 'suitably qualified professional'. It was largely considered that it was not the role of the supplier to determine this. Some respondents suggested that a 'suitably qualified professional' should be either a Chartered Surveyor with the relevant qualifications or a Structural Engineer. One respondent suggested that as in future ECO projects will require a Retrofit Coordinator for projects they would be suitably qualified to determine whether a cavity wall required extraction of the insulation and refilling.
- 6.5. Four respondents outlined that their experience has shown that there are very few situations where extraction and retreatment with CWI is appropriate. They suggest that the evidence of a previous failure of CWI would usually be an indication that the property was unsuitable for further CWI. These respondents outlined that whilst retreatment with CWI might not be suitable, there may be circumstances where failed cavity wall insulation would need to be removed and then retreated with EWI. The following examples were provided:
  - a) Properties in severe exposure zones and subject to water penetration,
  - b) properties where spalling of brickwork was leading to water penetration,
  - c) properties where the construction and condition of the walls meant that remediation was not possible.
- 6.6. Other respondents provided further examples of when it might be necessary to remove CWI:
  - a) Where there is an infestation in the insulation that is causing risk to the occupier's health, and
  - b) Where an inappropriate material has been used that could result in future damage to a property, for example in the event of a flood.

- 6.7. Respondents specified that in circumstances where CWI replacement was necessary suitable evidence checks would need to be in place. For example, it was suggested by respondents that the following should be provided:
- a) Photographic evidence to show that no insulation or debris remained in the cavity,
  - b) an independent surveillance assessment completed prior to the re-insulation, and
  - c) an extraction certificate.
- 6.8. Three respondents outlined that any circumstance where insulation has failed and is not covered by a guarantee should be eligible for re-insulation under ECO3. Particularly as cavity wall products and insulation standards have improved, meaning that whilst old insulation might be unsuitable the property may benefit from new CWI. They suggested that the re-insulation of CWI should not be limited to when there is a health and safety risk or structural issues as these are subjective and difficult to manage. One respondent suggested that by not covering situations where there is a guarantee in place under ECO it would leave vulnerable consumers without insulation.
- 6.9. One respondent outlined that where a property has had failed CWI in the past, and refilling it could lead to issues such as damp, these properties should still be able to benefit from FTCH measures, if suitable evidence is provided.

### **Ofgem response**

- 6.10. We agree that it would be useful to include the guidance from the consultation document in the ECO3 Guidance: Delivery. We are aiming to publish our guidance documents in January 2020.
- 6.11. As part of these guidance changes we will be providing further clarifications on the definition of a 'suitably qualified professional'. As suggested in the responses we agree that a Chartered Surveyor with the relevant qualifications or a Structural Engineer would be suitably qualified. We will also ensure that it is absolutely clear that extraction on its own is not an ECO measure.
- 6.12. As specified in our consultation, where CWI has a guarantee in place and is removed, its replacement will not be eligible under ECO. We consider that a failure in materials or due to poor workmanship should be covered under an existing guarantee.

6.13. We agree that the following examples, where there is no guarantee in place and it is not already covered by building insurance, may be suitable for cavity wall extraction and, where suitable, the re-insulation of the cavity to replace the failed insulation and will clarify this in the ECO3 Guidance: Delivery:

- a) Where there is an infestation in the insulation that is causing risk to the occupier's health, and
- b) where an inappropriate material has been used that could result in future damage to a property, for example in the event of a flood.

**Final administrative approach**

6.14. We will incorporate our guidance from the consultation, including the additional clarifications specified above, in our ECO3 Guidance: Delivery.

## 7. Solar PV scores

In our consultation we provided 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).

### Solar PV scores

7.1. This section of the consultation document drew attention to the fact that we will introduce scores for the installation of solar PV in properties where the main heat source is a ground source or air source heat pump. This will be achieved by introducing solar PV scores with the proxy heat source 'Gas room heaters\*'. Further information on proxy heat sources can be found in Chapter 6 of our ECO3 Guidance: Delivery document.

#### Summary of responses

7.2. We did not consult on this change.

#### Final administrative approach

7.3. The new scores will be introduced as described in the consultation document.

## 8. Non-mains gas insulation uplifts

### Section summary

In our consultation, we proposed to remove from the deemed scores matrix scores which combine the pre-main heat source 'Gas room heaters' with the non-mains gas insulation uplift. Responses confirmed there are no circumstances where these scores are required, and we will remove them as proposed.

### 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.

## Non-mains gas insulation uplifts

- 8.1. We outlined in our consultation document that the deemed scores matrix contains variants of insulation measures which combine the pre main heat source 'Gas room heaters' with the non mains gas insulation uplift. This uplift can only be claimed where insulation measures are installed in properties where the main heat source is not fuelled by mains gas.
- 8.2. We proposed to remove these scores from the matrix, as we were not aware of any heat sources which would fall within the 'Gas room heaters' pre main heat source category which are not fuelled by mains gas.

### Summary of responses

- 8.3. Responses did not identify any relevant heat sources falling within the 'Gas room heaters' category.
- 8.4. One respondent noted that properties with rare heat sources which require the proxy heat source 'Gas room heaters\*' could be eligible for the non mains gas insulation uplift.

### **Ofgem response**

8.5. We do not propose to remove score variants which combine the proxy pre main heat source 'Gas room heaters\*' and the non mains gas insulation uplift. These may be required for insulation measures in properties where the main heat source is, for example, a ground or air source heat pump. We only proposed to remove score variants which combine the standard heat source 'Gas room heaters'. Further information on proxy heat sources can be found in Chapter 6 of our ECO3 Guidance: Delivery document.

### **Final administrative approach**

8.6. We will remove score variants which combine the pre main heat source 'Gas room heaters' and the non mains gas insulation uplift as proposed.

## 9. Houses in Multiple Occupation (HMOs) and Bedsits

### Section summary

In our consultation we proposed an approach to Houses in Multiple Occupation, including bedsit-style buildings. We asked for evidence of any other types of HMOs that would need to be accounted for in the guidance.

No additional types of HMOs were identified by responses.

### 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.

## Houses in Multiple Occupation (HMOs) and Bedsits

- 9.1. We outlined in our consultation two types of HMO that we have identified. These are 'shared house' type HMOs, where kitchen facilities are shared, and bedsits, where individual bedrooms contain private cooking facilities.
- 9.2. We asked for other examples of HMOs that would help us provide clear guidance.

### Summary of responses

- 9.3. The responses did not identify any additional types of HMO other than those addressed in the draft guidance. One response noted that there is wide variation in the form of HMOs. Their response also noted that whole building EPCs can misrepresent individual bedsits.
- 9.4. Two respondents noted that the guidance provided in the consultation and ECO3 Guidance: Delivery (v1.3) provided clarity.
- 9.5. Two respondents suggested a domestic property could be classed as a separate domestic property if it has a separate front door and letterbox.

- 9.6. Three respondents noted that the occupants of HMOs are often vulnerable to fuel poverty, and thought that the current guidance could prevent HMOs from being included in the scheme.
- 9.7. One respondent stated that classifying individual bedsits as single domestic premises would create significant additional administration such as requiring surveys and submissions for each bedsit within the property. They noted that this would be disproportionate to the cost savings achievable in these circumstances. The response also noted that this would also cause wet heating measures to be classed as district heating.
- 9.8. Two respondents suggested HMOs made up of bedsits should be treated as a single domestic premise, with eligibility based on a single occupant.

#### **Ofgem response**

- 9.9. We recognise that HMOs are often occupied by individuals who are vulnerable to fuel poverty and we do not intend to prevent individuals in HMOs from benefiting from ECO3. In light of the issues raised around fuel poverty in bedsits we will continue to engage with industry.
- 9.10. We understand that treating HMOs in all cases as a single premises would simplify the route for these properties to benefit from ECO. However, this would not be consistent with our definition of a private domestic premise.
- 9.11. The responses received generally suggest to us that the proposed approach now provides a clear route to eligibility and scoring in most types of HMO. While there is currently no scoring method for one type of HMO (bedsits) we will look to work with suppliers to find an appropriate method through the Alternative Methodology route. If it can be confirmed that each bedsit meets the eligibility criteria within that HMO, we may consider the processing of a measure across the whole HMO rather than split out amongst each bedsit.
- 9.12. From the responses received we consider eligibility in bedsits to be the key concern raised. We understand that the eligibility guidance set out in the consultation creates administrative work for HMOs made up of multiple bedsits. We also recognise that this may create issues for FTCH and insulation measures. However, at present we believe this is the most appropriate route.

9.13. Several responses were in favour of greatly simplifying our approach to identifying individual domestic premises, and suggested this could be based on front doors or letterboxes. We do not propose at this stage of the scheme to alter our definition of domestic premises, however we acknowledge there is room for consulting on this in future.

## 10. Change to insulation measure category

### Section summary

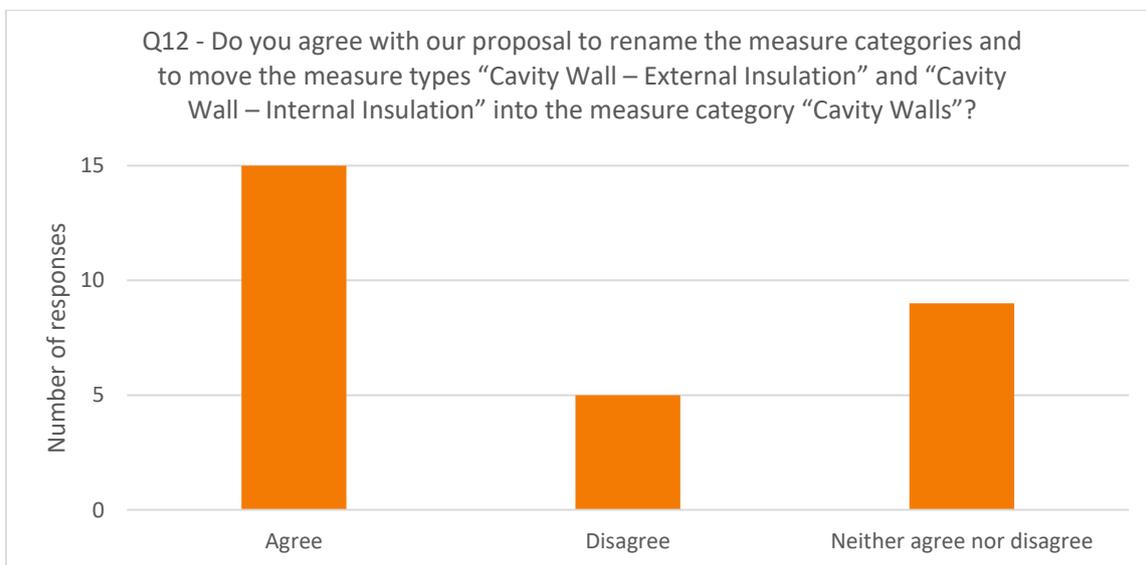
In our consultation we proposed changes to the 'solid wall insulation' and 'cavity wall insulation' measure categories in the ECO3 Measures Table. We asked for feedback on whether these changes would aid communication and administration.

### 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.

## Changes to insulation measure category

Figure 10: Summary of stakeholder feedback to Question 12



### Summary of responses

10.1. Around half of respondents agreed with the proposed changes, justifying their responses by stating that it would reduce confusion and provide greater clarity. In particular, two respondents noted that the proposed change would clarify

misunderstandings around which measures can count towards a supplier's SWMR obligation. One stakeholder who agreed with the changes also suggested updating the ECO3 Guidance: Delivery to replace "Solid Wall Insulation" with "External/Internal Wall Insulation".

- 10.2. It is worth noting that four out of five respondents who disagreed with the proposed approach were insulation guarantee agencies, an insulation manufacturer, and an insulation trade body. They suggested that the measure categories should be based on the type of measure being installed, and not the construction type of the property. They argued that external wall and internal wall measures can be applied to many different wall substrates but still need to meet specific requirements for that measure type being applied to that substrate.
- 10.3. Three of the respondents who disagreed also expressed concerns that this change would have an unwanted effect on reporting and statistics, such as the English Housing Survey and BEIS' Household Energy Efficiency Statistics.
- 10.4. One respondent, who neither agreed nor disagreed, noted that implementing these changes wouldn't allow obligated suppliers enough time to update their systems before the changes come into effect.
- 10.5. One stakeholder suggested that the proposed category names didn't fully resolve the issue, and recommended that they should be changed to "Insulation to solid walls" and "Insulation to cavity walls".
- 10.6. One respondent requested further clarification on how these changes might have an impact on obligated suppliers' monitoring requirements.

### **Ofgem response**

- 10.7. Following the above stakeholder responses, including those within the insulation industry we will continue to categorise EWI, IWI and CWI by the type of measure being installed, and not the construction type of the property. We have also been made aware of the potential impact of these changes on national energy efficiency statistics, such as BEIS' Household Energy Efficiency Statistics.
- 10.8. With regards to confusion around the Solid Wall Minimum Requirement, any insulation applied to cavity walls does not count towards the Solid Wall Minimum Requirement,

regardless of the measure type. We will ensure our ECO3 Guidance: Delivery communicates this clearly.

10.9. We also note that the wording detailed within guarantees specifies “external insulation to solid wall” or “EWI installed to cavity wall”, whilst the legislation defines “Solid Wall Insulation” as “internal or external insulation of a solid wall, but does not include insulation applied to the walls of a mobile home”.

### Final administrative approach

10.10. We will not make the change proposed to the existing measure categories.

10.11. However, as a result of the feedback discussed above, we will update the relevant Measure Category and Measure Type names as follows:

**Table 1: Updated Measure Category and Measure Type names**

Current Measure Category	Current Measure Type	New Measure Category	New Measure Type
<b>Solid Wall Insulation</b>	Solid wall – External insulation	<b>External / Internal Wall Insulation</b>	External Insulation of Solid Wall
	Solid wall – Internal insulation		Internal Insulation of Solid Wall
	Cavity wall – External insulation		External Insulation of Cavity Wall
	Cavity wall – Internal insulation		Internal Insulation of Cavity Wall

## 11. Measure lifetimes

### Section summary

We consulted on whether a behavioural usage factor would be an effective way to recognise systems could be turned off or removed.

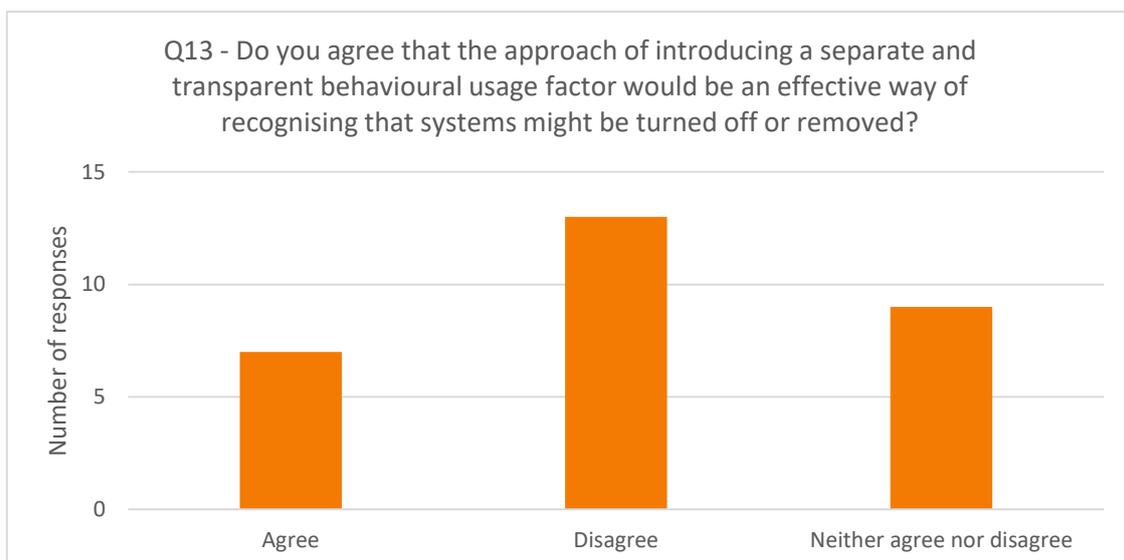
A large volume of responses disagreed with this approach. Our decision is that this approach will not be introduced at this time.

### Questions

**Question 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.

## Measure lifetimes

Figure 11: Summary of stakeholder feedback to Question 13



### **Summary of responses**

- 11.1. Some respondents agreed with the introduction of a behavioural usage factor, provided the factor was evidence based. It was noted that the impact from some technologies drop as behavioural use mean the cost saving features are not used. One respondent asked if lack of regular maintenance or decreased efficiency would be included in the behavioural usage factor.
- 11.2. The majority of respondents disagreed with this approach, the main reason being that it adds an unnecessary level of complexity to the deemed scores, with POPT being an example of the potential challenges for the supply chain. A large proportion of respondents who disagreed noted that the ECO3.1 Order states the scores “must have regard to SAP/RdSAP and be easy to use”. As SAP/RdSAP does not consider consumer behaviour, the introduction of a behavioural usage factor would be contrary to the legislation. One respondent cautioned that households who do not remove or turn off the measure would be penalised with either reduced installs or increased contributions towards the cost of the measure. Another respondent expressed concern that it would undermine the incentive behind the innovation uplift.
- 11.3. A third of respondents neither agreed nor disagreed, but expressed concern over the level of complexity this may bring to the scheme. There was also concern if this was based on a ‘what if’ scenario that anything which could potentially be removed would be impacted by the behavioural usage factor.

### **Ofgem response**

- 11.4. This proposal relates to a much narrower range of situations than was understood by respondents. It is intended to make the process of developing new scores more transparent, rather than being an additional factor that would need to be applied by participants when scoring existing measure types.
- 11.5. The ECO3.1 Order requires scores to represent the savings a measure makes over its expected lifetime. For all existing measures in ECO, average consumer behaviour is incorporated – eg SAP/RdSAP assumes a variable heating pattern and temperature typical of average behaviour, rather than say assuming homes are heated at full output 24/7.

- 11.6. An increasing number of products are emerging which either are designed to be removed and replaced by the householder on a regular basis as part of standard usage, and are disregarded by SAP/RdSAP as they are not fixed; or which are otherwise heavily dependent on active intervention by householders in order to achieve savings, such as battery operated products. So, for example, whilst a system test could show a 25 year lifetime for a particular product, it could easily be discarded or inactivated by the householder at any point in that timeframe.
- 11.7. An application for a lifetime score for these products would only be approved if average behaviour of householders is taken into account, as the average savings achieved will not be the maximum theoretically possible. The intent of this proposal is to increase the transparency of this process by requiring a behavioural factor to be assessed as part of an application.

### **Final administrative approach**

- 11.8. We have taken on board the comments relating to the proposed approach on a behavioural usage factor. Whilst this approach will not be introduced at this time, we will continue to review this as an option for the future when developing scores for these types of measures.

## 12. General administration

### Section summary

We provided space for respondents to highlight if they thought there were areas where further guidance would be useful, and if they had additional comments on our proposed administration of ECO3. Some of these are highlighted below, particularly where multiple respondents had similar views or points.

We also asked for feedback on the use of a new response tool. This tool was generally positively received.

### Questions

**Question 14:** Are there any areas where you think further guidance would be useful?

**Question 15:** Do you have any further comments on our proposed administration for ECO3?

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

## Further guidance

### Summary of responses

- 12.1. Respondents highlighted numerous areas where they felt further guidance would be useful. Thirteen respondents left feedback on further guidance.
- 12.2. Multiple respondents requested further guidance on acceptable reasons to not install 100% of a measure. One proposal was to provide common examples for what is acceptable as grounds for inaccessibility in a forum outside of the guidance.
- 12.3. Multiple respondents also requested further guidance on park homes and bungalows, and eligibility of second homes.

12.4. Multiple respondents requested further guidance on replacement of broken boilers under the requirements of PAS2035.

**Ofgem response**

12.5. We have considered all of the responses and have either addressed these within the relevant areas of this consultation decision, or will aim to address these separately through guidance or updates to processes in due course. In some instances we will engage with the relevant parties to discuss particular comments.

## **Further comments on our proposed administration**

**Summary of responses**

12.6. Multiple respondents raised concerns about increasing complexity regarding ECO3. Concerns about increased administrative burden and costs were raised, with some respondents suggesting that there was little additional benefit to some changes.

12.7. Multiple respondents highlighted a desire to reduce documentation requirements across ECO3. Concerns were raised about placing excessive pressure on supply chain members.

12.8. One respondent requested that Ofgem take the necessary lead time for the suppliers and supply-chain to update their internal processes and software. Separate responses requested rapid implementation of, and delayed, administrative changes respectively. Clarity during the transition was sought, and concerns on readiness of supply chain for transition were raised.

**Ofgem response**

12.9. Where relevant we have considered these responses in our decisions for the above sections. We have also engaged with stakeholders for further clarifications where necessary.

12.10. With regards to lead times for stakeholder changes to internal processes and software, we are aware that sufficient notice will be needed and aim to provide clarification as early as possible ahead of changes.

## **Online response tool**

12.11. We trialled an online consultation response form with a view of improving the efficiency of our administration of consultations. Respondents were asked to use this form but were also able to respond in an email.

### **Summary of responses**

12.12. Of the 30 responses received, 22, or 73% were via the online response tool.

12.13. Several respondents stated that they found the online response tool simple to use and effective.

12.14. It was described by three respondents as an improvement, allowing easier submission of responses than in previous consultations.

12.15. Others outlined that they did not use the online response tool due to its lack of flexibility.

12.16. Four respondents noted that the response tool was not used as it did not align with internal processes for responding to consultations, or allow opening comments.

12.17. One respondent suggested that it would be useful to be able to download the questions from the online response tool to have them in a usable format, or to have the question set in a separate word document.

12.18. Two respondents said that it would be useful for the response tool to have a save function.

12.19. The lack of email confirmation after submission was identified as a concern by two respondents.

### **Ofgem response**

12.20. Due to the large number of respondents who used the online tool, and the positive feedback we received, Ofgem will look to use the tool again in future consultations.

12.21. The option to email responses will still be available for stakeholders who wish to use this instead.

12.22. Ahead of the next consultation, we aim to develop the online tool to provide a better user experience and smooth consultation process. Where possible, we will incorporate the suggestions received.

## Appendix 1

### List of respondents

1. Affordable Warmth Solutions
2. Anesco Ltd
3. Bierce Surveying Ltd
4. British Gas
5. Cadent
6. Cenergist Ltd
7. Cavity Insulation Guarantee Agency
8. Citizens Advice Scotland
9. City Energy Network Ltd
10. E.On
11. EDF Energy
12. Energy and Utilities Alliance
13. Energy UK
14. eTech Solutions Ltd
15. Happy Energy Solutions Ltd
16. InstaGroup Limited
17. Mineral Wool Insulation Manufacturers Association
18. National Energy Action
19. npower
20. OFTEC
21. Osborne Energy Ltd
22. Ovo
23. Pacifica Group
24. Residential User
25. Rockwool Ltd
26. ScottishPower Energy Retail Limited
27. Shell Energy Retail
28. SSE
29. Solid Wall Insulation Guarantee Agency
30. Unyte Energy Ltd