

ECO guidance consultation event - London

Ofgem event on ECO guidance consultation part 1	From	Mark Jenner
	Date and time of Meeting	25 October 2016
	Location	London

1. Approach to the ECO2 transition year and overview of consultation proposals

2. Breakout groups: Delivery and administration

2.1. Delivery and administration

- General concern was raised about quality control and the importance of improving standards. Ofgem explained that there are already additional processes in place within the scheme to identify and eliminate poor quality installations, and that the recommendations of the Bonfield review are expected to be incorporated into the future scheme.

2.2. Trading obligations

- One stakeholder suggested that 25 days was too long for an application to be processed.

2.3. Automatic extensions for 5% measures

- Stakeholders were happy and noted it benefitted the suppliers and gave more flexibility to the whole supply chain.
- One stakeholder raised that 5% is very small, and perhaps a 2/3 month notification deadline would be more effective in preventing fraud by installers. Ofgem stated that this was something that could be fed back to BEIS as an alternative for the future scheme.

2.4. Removing recommendations/PAS

- A supplier pointed out that installers may struggle to get certified to PAS by 01 April depending on the volume applying and the capacity of accreditation bodies. They did, however, think that there had been sufficient lead in time and that sensible installers would be going down this route now. Ofgem clarified that there would be an interim period specified in the regulations whereby we would accept installers certified to either the current or the updated PAS.
- A stakeholder asked whether the new wording around an installer being certified to PAS would replace or sit alongside the requirement for measure to be installed in accordance with PAS. They were concerned that an installer may be PAS certified but wouldn't necessarily need to install an ECO measure in accordance with PAS. The current draft amendments to the ECO2 Order require both certification to PAS and that measures are installed in accordance with PAS.
- On the requirement to notify an installer's PAS certification number, a stakeholder asked what an installer should notify for Room in Roof Insulation (RIRI) measures where there would be certified to multiple annexes. Ofgem understand that as installers receive one PAS certification number, this number will cover the relevant annexes.
- Two stakeholders highlighted a concern about a reliance on PAS. One wanted to see some kind of feedback loop to accreditation bodies so that they had information to remove installers'

certification on the back of poor technical monitoring (for example). Another wanted Ofgem to fine accreditation bodies where they didn't take any action against installers. Ofgem highlighted that PAS is currently being updated and that stakeholders should input into this process. Furthermore, the outcomes of the Bonfield review are expected to suggest recommendations for quality and standards across industry that can be fed into the future scheme.

3. Breakout groups: Energy efficiency measures

3.1. Regular score minimum requirement (RSMR)

- Suppliers appreciated the simplicity of Ofgem's approach to using measure changes for reclassifying qualifying boilers (QB) and non-QB measures.
- The group discussed the need for installers down the supply chain to understand the possibility of measures being installed as a QB but then possibly notified to/by suppliers as non-QBs. Ultimately this would come down to a contractual discussion but all recognised this and added that an understanding of this was important.
- Some flagged that there were concerns about the misrepresentation of gas QB's (e.g. they may falsely claim that they were oil rather than gas.) The group discussed whether the PAS pre-installation survey would provide evidence of the pre-installation fuel type. People thought that it could but that there wasn't a standard pre-installation survey so this information wouldn't necessarily be captured. Most agreed that it would be useful for the ECO reporting working group to develop a standardised form.
- A stakeholder asked whether gas QBs installed before the transition year could also be reclassified. We will clarify this in our consultation response.

3.2. Evidencing pre-existing loft insulation

- Some stakeholders said that would be difficult to evidence loft insulation depth and suggested using a panoramic picture.
- Issues were raised about consistency surrounding the proposed PAS pre-installation survey as well as concerns as to the possible manipulation of the survey by installers.
- One stakeholder questioned what the PAS pre-installation survey would actually achieve due to difficulties around policing loft insulation.
- There was a suggestion to keep declarations for 0-100mm loft jobs, even though the consumer may not know how much loft insulation they had. If this was tried and there were significant increase in the number of lofts with 0mm then this could be investigated.
- Ofgem's proposal to introduce pre-installation technical monitoring for these measures was deemed complicated and costly, with limited impact or assurance. It is difficult to arrange pre-install, a stakeholder noted, and suppliers rarely had sight of what measures it would receive until they are complete.
- There was a request for a pro-forma to collect the depth of pre-existing insulation – this could be added to the proposed deemed score pro-forma, it was suggested.
- An alternative solution was to have just one deemed score for loft insulation.

3.3. Evidencing non-gas fuelled premises

- Further clarity was needed, Ofgem heard. Standardised survey forms were needed, and since the range and quality by PAS accreditation varied, there was a need for standards to be in place.
- There was a suggestion that this information was fed in to the ongoing review of PAS.

3.4. Party Wall Insulation (PWI):

- A stakeholder asked about whether 100% of the wall needed to be insulated where a neighbour refused PWI for their shared wall. Ofgem clarified that that would likely be a reasonable ground for not insulating that wall but that the other wall(s) could be insulated and the score should be reduced to reflect what is actually installed.

3.5. New builds:

- Many attendees didn't think this should be included in the legislation but understood that because it was there, Ofgem would need to find a way of satisfying it.
- They appreciated the approach that Ofgem had taken and that using evidence of occupation was a good way forward.
- They recognised the complications with new build extensions and highlighted that it would be difficult to know whether an extension was new or old. One suggestion was that technical monitoring agents should be given a question that they could use to flag that an extension/refurb appeared to be new.
- Another attendee wondered whether the pre-installation survey could be used to capture age of a property.

4. HHCRO targeting and eligibility

4.1. Social housing E, F and G.

- Stakeholders widely disagreed with the approach to require separate declarations for each installation confirming the property's EPC was below a D. Though in accordance with BEIS' policy intent, this dis-incentivised the whole house approach. It was suggested that this would conflict with the updated PAS which would also encourage a whole house approach. The group also mentioned that it would drive up the cost of delivering under this provision. Furthermore, some of the group stated that it would be unlikely that a social landlord would have the necessary expertise to determine whether or not the installation of the property was now above D. This led to the discussion on whether it mattered if the property was slightly above an E. A suggestion agreed by the majority of the group was that the declaration should be valid for 6 or 12 months.
- Some flagged that 'market rate' should be removed from the legislation. Instead of social housing it should focus on affordable/social tenants. Here they would also be under market rate.
- There was a request to be clearer in the guidance over whether measures could be delivered to void properties, and whether measures have to be delivered to properties *currently* let at below market rate. A question was raised as to what happens if a property was let at market rate but the intention was to let it at below market rate following the installation.

4.2. First time central heating (FTCH)

- The group asked whether including the concept of FTCH under this provision was necessary as it is extremely unlikely that you would find social housing without a central heating system. Ofgem noted that without this concept, delivery of first time central heating will be excluded, and though unlikely, would not be fair on those households. Furthermore, Ofgem highlighted that the declaration would be a light touch approach with no further evidence required.
- Some individuals were concerned that the declaration would not provide enough certainty that no heating system ever existed in that property. Suggestions of photos which were time and GPS stamped could be used, though this still gave little confidence, as they can easily be tampered with, Ofgem noted.

- Older EPCs could be reviewed to see if a heating system was ever present, another suggested.
- Most agreed that it would be useful for the declaration to include a section where the social landlord recorded the method the property was being heated by. This would provide Ofgem with more assurance that they a) understood the concept of FTCH and b) have assessed the property and not just ticked a box.
- A question was raised over whether really basic boilers such as wood fire boilers connected to radiators would count. A supplier said that this was likely to include many properties especially those in coal mining areas.

4.3. **Flexible eligibility**

- Most concerns surrounded BEIS' ability to provide clear guidance for local authorities. A supplier suggested that Ofgem developed and issued the URNs required for each declaration for consistency.
- It was raised that some of Ofgem's requirements clashed with existing regulations. The proposal was to only allow local authorities to refer households in their administrative boundaries. There was existing legislation that allowed local authorities to devolve powers to anyone, Ofgem heard. Furthermore, where an LA doesn't have the resource, it was mentioned that it would not be fair that other LAs couldn't target and refer customers within their boundaries. Authorities were working more and more together (with combined authorities) so this should be accounted for, Ofgem heard. A stakeholder suggested looking at the definition of local authorities in the 1985 Housing Act. Ofgem will feed this information back to BEIS to inform the development of the guidance.

5. **AOB**

- A stakeholder said that software providers needed detail on the proposed notification template in order to set up their systems in time. January was too late and a draft template would be useful in the meantime. It was also argued that the requirement to still report annual scores and in-use factors was contrary the policy intent of simplifying the scheme.
- A stakeholder stressed that LA flex should allow for collaboration between local authorities.