

Submitted to **ECO: Help to Heat Consultation**  
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## Introduction

### 1 What is your name?

**Name:**

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**Email:**

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### 3 What is your organisation?

**Organisation:**

Energy Action Scotland

### 4 Please select your sector.

NGOs/consumer organisations

If 'Other', please specify:

## Chapter 2. Purpose and structure of extension

### 1 Do you agree with our proposal to extend the current ECO by one year, whilst making improvements that transition to a longer-term fuel poverty focused obligation?

Yes

**Where appropriate, use this space to justify your response.:**

The transition year offers up an opportunity to look at the purpose of a supplier obligation, to amend some of the obligation targets and introduce a number of key features which we expect will streamline the delivery of the policy and help to reduce the burden for consumers that ultimately shoulder the cost of delivery.

### 2 Do you agree with the proposal to re-balance the obligations for 2017-18; by increasing the Affordable Warmth obligation by £1.84bn notional lifetime bill savings (provisional figure), increasing the Carbon Emission Reduction Obligation by 3.0 MtCO<sub>2</sub> (provisional figure), and not increasing the Carbon Saving Community Obligation?

Yes

**Where appropriate, use this space to justify your response. :**

We agree that the scheme should predominantly focus on helping those who are less able to find the means to improve the energy efficiency of their homes. The transition year will effectively increase annual spend within the HHCRO by over 40% (excluding administration costs). With the proposed changes to the HHCRO, we hope that this will mean less focus on replacement mains gas boilers and a focus on other heating systems and other improvements to properties not heated by mains gas.

We have some concern that properties in rural remote communities may lose out where no specific ring fence exists to direct works to this housing sector. We understand the arguments that CSCO is a difficult obligation to deliver, with many examples of non-compliant works failing to align within the 25% lowest LSOA/DZ areas as published and also not being able to fall within the adjacent area methodology. However, the rural sub-obligation is part of CSCO and there appears to be no option to take this facet of the obligation and place it in the HHCRO. Doing this would align the national view that fuel poverty is a much greater issue in the rural and remote part of the country.

We appreciate that there are statistics to show that 14% of CERO work happens fortuitously within "rural" areas without any direction. This may support the view that there is a natural tendency for a nationally focussed scheme to gravitate towards housing in these areas. However, it would perhaps be useful to expand on that 14% to determine how much could be attributed to "hard-to-treat" cavities defined as such due to their location in areas of high driving rain index? Or perhaps that these are works which have failed to meet CSCO rules and have been elected to transfer to CERO. We are just not convinced that left without direction, that we could expect to see the distribution of measures in the transition year to fall within the rural/remote environment at a level which equates to the rural sub-obligation.

We would like to see some safeguards in place to monitor the distribution of measures delivered to ensure that within the transition year that enough specific data is collected on works completed to clearly demonstrate where any imbalance may present between the rural/urban split of measures delivered.

### 3 Do you agree that the CSCO deadline should remain at 31 March 2017?

No

**Where appropriate, use this space to justify your response.:**

This would not be an issue if the carry over arrangements were a known quantity at this stage for future obligations. In Scotland we have the additional concern that carry over into a future Scottish scheme is also unknown at this stage.

Both of these facts could result in a scaling back of activity up to 6 months before the end date in 31 March 2017 (so end September 2016). This is likely to hit the rural areas more significantly than other areas, and we believe with the additional uncertainty in Scotland, that this may be more of an issue north of the border.

**4 Do you agree that there should be no rural sub-obligation from April 2017?**

No

**Where appropriate, use this space to justify your response.:**

We don't believe that we can rely on a fortuitous distribution on measures to realise a 15% split in delivery to the rural/remote built environment. We would like to see a level of rigour in measures accounting that will allow analysis of the urban rural split of measures in transition year CERO/HHCRO to support this assertion.

Ideally we would encourage a specific sub-obligation in HHCRO which would align with this country's 3 house condition surveys view that fuel poverty is more prevalent in the rural/remote environment. We appreciate that amendment to the HHCRO should realise a reduction in the prevalence of measures associated with mains gas. However, non-mains gas connected properties do exist within the urban environment, and so the issues in relation to rurality would not be completely tackled via this policy change.

**Chapter 3: Affordable Warmth targeting and household eligibility criteria**

**5 Do you agree with our proposals to introduce income thresholds for 2017-18 which take account of household composition for Tax Credits and Universal Credit?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

This will introduce a level of complexity into the eligibility test which could be difficult to work in practice. Establishing the true nature of occupancy has been and continues to be a difficult issue to resolve in national surveys. The need to establish this stratification within the scheme is a consequence of fuel poverty being defined in England as a relative measure of household energy costs and income against those factors within the population. In Scotland, the measure of fuel poverty is an agreed threshold (10%) of that specific household's income and so in understanding fuel poverty, this additional qualification is not necessary.

Within the current supplier obligation, fuel poverty is not used directly as the means of qualification, benefit eligibility is used as a proxy as in a practical sense, income levels have already been assessed. We appreciate that this qualitative approach can introduce anomalies when equating benefit eligibility with risk of fuel poverty, and so in the absence of having a systematic fuel poverty based eligibility criteria, there will need to be some safeguards put in place to increase the numbers of truly fuel poor homes being targeted via the passport benefit system.

**6 Do you agree with our proposal to adopt ten household composition types with relative income thresholds based on whether the household consists of a single person or a couple and whether they have one, two, three or four or more dependent children?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

In essence this should align with the national house condition survey household classifications. We are not convinced that there is a strong need to stratify households with children by the number of children resident. 'Small family' and 'large family' are usually considered a statistically useful split, further splits may introduce unhelpful anomalies in post completion data analysis.

**7 Do you agree with our proposals to allow recipients of other eligible benefits (Income Support, Income-based Jobseeker's Allowance and Income-related Employment and Support Allowance) to continue to be eligible and to remove the additional sub-criteria in 2017?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**8 Do you think we should amend the eligibility requirements so that those in receipt of Guarantee Credit in Pension Credit continue to be eligible under Affordable Warmth but those only in receipt of Savings Credit should only qualify through CERO or if they meet the 'flexible eligibility' proposal?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

In essence this should align with the direction to concentrate more on those households that would be defined as being fuel poor. The presence of the flexibility safety net should make this approach less of a dramatic ledge and bring a greater level of independent scrutiny on to identification of households truly in need but outside the benefit criteria.

**9 Do you agree with the proposal to extend eligibility to social tenure households with an EPC rating of E, F or G for their home, and for no additional benefits criteria or income thresholds to be required?**

Yes

**Where appropriate, use this space to justify your response.:**

We have some concerns over the robustness of the EPC system, this should be addressed via the "Smarter Audit" initiative ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/525524/Consultation\\_on\\_Accreditation\\_Scheme\\_Operations.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/525524/Consultation_on_Accreditation_Scheme_Operations.pdf)) and so we would suggest that existing EPC's on the register should be ineligible and that new EPC's carried out under the greater level of audit should be the only certification eligible.

**10 Do you agree an EPC would be an appropriate way of proving the efficiency banding of social housing?**

Yes

**If applicable, please provide details of any additional assurance which should be required alongside EPCs, or details of alternative ways of evidencing which may be sufficient in certain cases.:**

See also comments at 9 above.

**11 Do you agree that measures delivered in new build homes should not be eligible under ECO from 1 April 2017?**

Yes

**Where appropriate, use this space to justify your response.:**

**12 Do you agree with the proposal to allow flexible eligibility? If so, what proportion of the 2017-18 Affordable Warmth obligation do you believe that suppliers should be able to deliver using this flexible eligibility route? a) 10%b) 20%c) Other**

I do not have a strong view

Not Answered

**Where appropriate, use this space to justify your response.:**

However, it should be borne in mind that this relates only to an extension period. Further consultation on ECO is due in just a few months. In addition Scottish Government may decide that other changes are required.

**13 Do you consider that solid wall insulation for non-fuel poor private tenure homes should be included under flexible eligibility as described in Chapter 3?**

No

**Where appropriate, use this space to justify your response, including views on whether this should be allowed for measure types other than solid wall insulation.:**

There are more than enough fuel poor private tenure homes requiring solid wall insulation.

**14 Do you agree with the proposal to allow local authorities to determine whether some households are eligible through 'local authority declarations' in the way proposed?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**15 Do you consider that schemes involving other intermediaries should be allowed, as described in Chapter 3, in addition to local authority declarations?**

I do not have a strong view

**Where appropriate, use this space to justify your response, including whether there are any viable alternatives that meet the policy intent.:**

#### **Chapter 4: Eligible energy efficiency measures**

**16 Do you agree with the proposal aimed at limiting the delivery of qualifying gas boiler replacements (and not limiting other types of heating measure)?**

No

**Where appropriate, use this space to justify your response, and describe any preferred alternative proposal, if applicable.:**

See 18 below.

**17 Do you agree that only measures installed after a specified date should count towards the Affordable Warmth minimum, and that date should be 1 July 2016?**

Yes

Where appropriate, use this space to justify your response, and describe any preferred alternative proposal, if applicable.:

**18 Do you agree with the proposal to in effect limit the delivery of qualifying gas boiler replacements at a level equivalent to 25,000 boilers under the ECO extension?**

No

Where appropriate, use this space to justify your response, and describe any preferred alternative proposal, if applicable.:

Qualifying gas boiler replacements should not be limited for a number of reasons. Firstly, this is only a one year extension. Secondly, this would introduce an 'eligibility does not confer entitlement' element, with the potential to encourage cherry picking in terms of installations.

DECC's belief that the 'fuel poor will eventually replace their boilers anyway' is mistaken, misguided and verging on offensive.

**19 Do you agree with our proposal not to impose new limits on the level of installation of the following measures?**

**Q19.1 - a) Heating controls:**

Yes

**Q19.1 - b) First time central heating:**

Yes

**Q19.1 - c) Non-gas qualifying boilers:**

Yes

**Q19.1 - d) Non-qualifying boilers:**

Yes

**Q19.1 - e) Electric storage heaters:**

Yes

**Q19.1 - f) Renewable heating:**

Yes

**Q19.1 - g) Heat networks:**

Yes

Where appropriate, use this space to justify your response.:

**20 Do you have views on whether Government should take action to prevent shifting the balance of measures delivered and the potential for energy suppliers to receive disproportionate benefit under ECO from renewable heating supported by RHI payments?**

I do not have a strong view

Where appropriate, use this space to justify your response and set out what action should be taken (if any).:

**21 Do you consider that heat network schemes funded or part funded by the supplier obligation should be required to include arrangements for consumer protection?**

Yes

Where appropriate, use this space to justify your response, including suggestions for appropriate consumer protection arrangements.:

**22 Do you agree with the proposal to allow insulation but not to allow boiler or other heating system replacements or repairs (of any fuel type) in social tenure properties, with the exception of first time central heating (including district heating) and renewable heat?**

Yes

Where appropriate, use this space to justify your response.:

**23 Do you agree that we should retain a solid wall minimum within the scheme?**

I do not have a strong view

Where appropriate, use this space to justify your response.:

**24 Do you agree that the proposed solid wall minimum is set at the right level?**

I do not have a strong view

Where appropriate, use this space to justify your response and, if applicable, describe any alternative preferred proposals. (Where you provide alternative proposals, please include the level you recommend and what else you would change as a consequence, noting the need to stay within the overall spending envelope.):

**25 Do you agree that an in-use factor of 15% should be applied to party wall insulation measures delivered under CERO after 31 March 2017?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**26 Do you agree that party wall insulation measures installed after 31 March 2017 should support secondary measures?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

## **Chapter 5: Delivery and administration**

**27 Do you agree that the requirement for measures to be recommended on either a GDAR or a CSR should be removed from 1 April 2017?**

Yes

**Where appropriate, use this space to justify your response.:**

**28 Do you have views on whether any alternative requirements should be introduced in order to provide consumer advice, or ensure technical suitability of a measure prior to its installation?**

Alternatives are needed

**Where appropriate, use this space to justify your response and provide details of any alternative requirements you consider to be needed (if applicable).:**

GDARs are not effective especially as means of providing accurate and meaningful consumer advice.

**29 Do you agree that from 1 April 2017 we should move to a system of deemed scoring, as described in Chapter 5, rather than the current bespoke RdSAP or SAP based property by property assessments?**

Yes

**Where appropriate, use this space to justify your response, including details of any alternative proposals you would support, if applicable.:**

It has been recognised that there is some potential for manipulation of data under the current SAP/RdSAP property assessments. This would not be the case with deemed scores. However, deemed scores should be reflective of various influencing factors (eg; location/geography) otherwise they may not be effective.

**30 Do you agree that savings for district heating system measures should be calculated based on bespoke SAP or RdSAP assessments, rather than deemed scores?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**31 Do you agree that up to 5% of each supplier's measures should be granted automatic extensions for up to three months?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**32 Do you agree with removing the restriction on extensions where it is due to supplier administrative oversight?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

**33 Do you agree that we should introduce a mechanism for the trading of obligations between licensed suppliers?**

I do not have a strong view

**Where appropriate, use this space to justify your response.:**

This is an area that is perhaps best for practitioners to decide.

**34 Do you agree that Ofgem E-Serve should approve trades, to ensure that energy suppliers can bear the consequences of non-compliance?**

Yes

**Where appropriate, use this space to justify your response, and explain any alternative suggestions, if applicable.:**

**35 Do you agree the version of PAS 2030 cited in the ECO regulations should be updated to refer to the most recent version, following the anticipated updates to PAS 2030?**

Not Answered

**Where appropriate, use this space to justify your response.:**

See 36 below

**36 Do you agree that installation companies delivering measures which are referred to in PAS 2030 under the extension to ECO should be certified against the requirements set out in PAS 2030?**

Not Answered

**Where appropriate, use this space to justify your response.:**

Whilst PAS2030 provides a degree of comfort and confidence for consumers giving an assurance installers comply with appropriate requirements, there must be recognition that this is not always the most practical approach to supporting delivery in remote areas. Developing a local supply chain or delivery framework can be crucial in terms of effective delivery in rural and island areas but smaller local contractors are often prevented from participating as compliance can be prohibitively expensive.

**37 Do you think there is value in collecting and publishing more information on ECO costs in the future?**

No

**If you do, what information do you think should be collected and how should it be obtained?:**

Not for an extension to ECO

**38 Do you agree that, with the exception of the Affordable Warmth minimum requirement, the new scheme rules being proposed should be introduced for measures installed from 1 April 2017?**

Yes

**Where appropriate, use this space to justify your response, including details of any particular rules that should be introduced earlier or later, if applicable.:**

**39 Government invites views on whether we should introduce any additional rules to incentivise greater delivery to areas with higher delivery costs?**

Additional rules are needed

**Where appropriate, use this space to justify your response, and set out how additional rules should work (if applicable).:**

An uplift should apply for areas with higher delivery costs eg rural, island.

**40 Should a brokerage mechanism be continued?**

No

**Where appropriate, use this space to justify your response and, if responded 'yes', what value do you think a brokerage mechanism could add in the future?:**

**41 If a brokerage mechanism continued in the future, what eligibility criteria and due diligence checks should be carried out to enable access to a range of organisations?**

**Where appropriate, use this space to justify your response.:**

Not applicable

**42 Should access for an individual organisation be reviewed for any reason (eg at certain intervals or for certain behaviours)?**

Not Answered

**Where appropriate, use this space to justify your response and, if responded 'yes', what should be considered as part of the review?:**

Not applicable

**43 Is brokerage a barrier to local delivery?**

Yes

**Where appropriate, use this space to justify your response and, if 'yes', explain how it is a barrier and your recommendations (if applicable) for how we could remove the barrier(s) to improve local delivery under brokerage.:**

**44 Does the current performance rating system provide the assurance of quality and delivery needed?**

No

Where appropriate, use this space to justify your response and, if 'no', what changes would you recommend?:

**45 If brokerage continued, would you recommend any substantial changes to its design to better reflect the future fuel poverty focus?**

Not Answered

Where appropriate, use this space to justify your response.:

Not applicable

## **Chapter 6: Second set of reforms (2018-2022)**

**46 Government invites views on the aspects of the future supplier obligation (eg measures, scoring, objectives) where a Scottish scheme could diverge from the GB-wide scheme without increasing the administration or policy costs unreasonably.**

Views on areas where Scottish scheme could diverge from GB-scheme:

See 48 below.

**47 When would you consider that differences between an English and Welsh scheme and a Scottish scheme could be detrimental to the operation and competition of the United Kingdom-wide energy market?**

Differences between schemes detrimental to UK competition:

See 48 below.

**48 Do you believe there is any justification for changing the customer number threshold in the future obligation (2018 onwards)?**

Not Answered

**Please provide specific reasons and evidence and, if you responded 'yes', describe any actions you recommend in relation to addressing the proportionally higher fixed costs that may be borne by smaller obligated suppliers.:**

There needs to be separate consultation on various aspects of future supplier obligations. This is not least because the Scottish Government continues to fund energy efficiency and fuel poverty programmes. For these a degree of integration and complementarity with ECO needs to be achieved. There is also uncertainty regarding whether or not the Scottish Government will try to amend its standing in the European Union following the Brexit vote which may lead to alternative regulations having to be taken into account in either a European or a non-European market.

**49 Do you believe there is any justification for changing the taper for newly obligated suppliers in the future obligation (2018 onwards)?**

I do not have a strong view

**Please provide specific reasons and evidence and, if you responded 'yes', describe how you recommend amending the taper.:**

**50 Under current and previous supplier obligations, are there barriers in scheme design inhibiting innovation in delivery models and technologies?**

Yes

**If you responded 'yes', how should we design the scheme in order to overcome these barriers and incentivise the delivery of innovative products, technologies and delivery models in a future supplier obligation?:**

Current scheme uses SAP/RdSAP which does not always respond quickly to innovative technologies, scoring them down and making them unattractive as carbon reducing measures.

**51 Government invites views on what specific improvements could be made to the design of the ECO scheme to facilitate administration and delivery.**

**Use this space to provide specific recommendations for improvements which could be made.:**

Reduce the number of consultations!