



ECO Steering Group Minutes
25 April 2014 | 10.30 am | Westminster Conference Centre

Actions from the previous meeting held on 28 March 2014

Action:

Views had been sought about how suppliers were treating delivery if contracts had not been delivered in accordance with the bid confirm letter but had been delivered in another way by mutual agreement. Whatever approach was taken we wanted there to be consistency across all suppliers. No views had been received, so DECC will now press ahead with the proposition that ratings will not be affected negatively when a contract, while not strictly delivered, has effectively been delivered in altered form, by mutual agreement.

Splitting different commodities on brokerage – a note on firm proposals should be issued shortly.

OFGEM update

The key points were that there had been a significant increase in the number of notifications being submitted by energy suppliers. Over the last three months, the proportion of CERO notifications had increased, CSCO was largely the same but HHCRO had decreased. Of those submitted, there had been a significant reduction in the number of errors that had to be returned and this was down to 2% of the total submitted; 22% of measures were though still on hold due to hard-to-treat cavity issues. Ofgem had made progress with the backlog of approvals and these now only represented 0.4% of the total submitted.

It was noted that Parliament had approved the technical changes to ECO 1.1 and that these would become law with effect from 1 May 2014.

Ofgem were looking for ideas to simplify their own guidance on ECO 2 and invited comments noting that it was likely that they would hold a stakeholder consultation event once the Government response had been published.

ECO 2 consultation

DECC will shortly publish on the GOV website, a list of those stakeholders who have responded to the consultation. It was clarified that the email address had been corrected by DECC at an early stage in the consultation and respondees should check that their responses had been sent to deccecoteam@decc.gsi.gov.uk. Where the “.gsi” had been left out, respondees would have received a bounce-back email.

The key themes emerging from the consultation responses indicated that:

- Stakeholders were unhappy at cutting CERO carbon and would like the Government to stick to the original targets.
- Concerns were expressed at the degree of levelisation uplift due to the amounts of potential carbon that might be lost.
- Differing views on where easy-to-treat measures might be directed to help those in low income.
- Concerns raised that HHCRO off-gas-network uplift was too low to significantly affect delivery to rural areas.

DECC is conscious that a lot of uncertainty remains and is still working towards laying the regulations before Parliament rises for the summer recess. It also recognised that there were key areas where early certainty for industry might be particularly valuable and would consider whether Ministers might be able to say something early in priority areas – this was particularly important for the Scottish Government who had sought early clarification on the possibility of capping carry forward.

ECO Action Plan

A presentation was given on the DECC ECO Action Plan. This was a living document and would be continually updated, but this was broken down into 3 key areas of communication, evidence and delivery on which the views of the Steering Group were sought.

Communications

- **Government response to consultation**
 - Carry over/levelisation figures are very important, and stakeholders are requesting early indication of what has been decided – a clear view was expressed at the meeting that this should be soon rather than a year or so afterwards.
 - Stakeholders would like DECC to communicate more information on the benefits to those consumers who receive ECO measures in addition to narrative on customer bills/environmental policy.
 - Stakeholders would like any workshops/events to be run in conjunction with Ofgem so that suppliers can understand the proposals as well as understand how to implement these.
 - Housing Associations: think about publishing the information that's most useful for business planning and do it before budgets are set in the autumn. This would ensure that smooth delivery occurs.
- **General points**
 - Request for DECC to look at specific audiences for communications within the action plan and then to consider who is best placed to communicate to those audiences recognising that it may not always be DECC.
 - Request that DECC communicates which Action Plan actions have not been taken forward and why.
- **Case Studies**
 - Broad support for these but a request to widen studies beyond Local Authorities and include Social Housing Providers and include some history behind those studies.

- Request to consider the context/applicability of case studies and categorise them.
- Request that DECC should also include case studies on those projects that did not work so that lessons could be learnt.
- Request that DECC should look at a range of examples where additional finance had to be sought and secured.
- **Website**
 - Many attendees commented that DECC statistics were very useful and frequently accessed.
 - The Ofgem website was felt to be very detailed and contained useful information. It was accessed much more frequently than DECC's pages on the GOV website which were described as being hard to navigate and search through.
- **Phone**
 - It was discussed that Ofgem are not currently set up to receive phone calls from anyone other than energy suppliers, but that there may be a need to review this as a possible new working mechanism, possibly by having a dedicated named person to deal with enquiries when new guidance is issued. In addition to this phone line. industry stakeholder events were suggested as being a good way of supporting the introduction of guidance.
 - ORB has a key role in supporting blending and might need to be better coordinated with ECO, perhaps by attending the Steering Group.
- **Evidence**
 - Steering Group needs to be better sighted on DECC's evidence needs and activities. ***[Action: DECC to provide a summary of current evidence needs/projects to allow for Steering Group input]***
 - There is a need to understand supply chain costs and energy suppliers would like reporting of this to be mandated but there was recognition that it would be difficult to obtain accurate quality data.

Delivery

- **ESAS**
 - Not all present were clear on the terms of reference, how it works and what they are doing ***[Action: DECC to provide a summary]***
 - Previous Service Level Agreement was commented by one attendee to be unworkable where it involved multiple measures.
 - It was commented that extension of the referral mechanism to carbon should not happen at this stage until HHCRO referrals are working seamlessly.
- **Rural**
 - Delivery was still not happening very quickly and was proving challenging. Often measures were hard-to-treat and expensive and it could be expected that this would continue. It was expected that delivery would not bite until quite late in the obligation period when large amounts of money may need to be spent to ensure the obligation was met.
 - It was commented that uplifts for HHCRO were considered to be insufficient.

- A discussion was held on potentially including a separate commodity on brokerage for Rural CSCO to support delivery. Discussions concluded that lots under both the existing and proposed ECO rules should be made available separately.. ***[Action: DECC to split commodities and include lots using existing rules rural and proposed new rules rural]***
- **Measures simplification project**
 - Outputs from the working group had not yet been published. However, it was hoped that Ofgem could publish standard reporting templates on its website during May subject to final agreement being obtained from all energy suppliers. ***[Action: Ofgem to communicate when these templates were available for use]***
 - Recognition that Ofgem always ask for more information right through to the end of the obligation period. There was a request for DECC to amend the ECO order to put a time limit on when Ofgem can request information to say, six months as this would solve a number of issues.
- **Supporting Local led delivery**
 - It was commented that there were a number of Local Authority procurement issues in the last financial year and lessons have not always been learnt. ***[Action: DECC to follow up and seek examples]***
 - Issues were reported on Green Deal Community projects in terms of available sources of ECO funding to support them given current market conditions. The large number of data look-up tools was an issue, in particular that none of them are aligned with or approved by Ofgem so don't provide a definitive answer on eligibility. The Scottish Government was held up as an example of best practice having produced a simple online look up tool and DECC was asked to replicate this for England and Wales.
 - Amends to the ECO order were requested to clarify if a postcode was ever in an eligible area and the period for which was/is eligible, given that postcode movements can occur every quarter relative to eligible LSOAs and datazones.
 - DECC was asked whether it could share and possibly publish base data from modelling on the measures delivered and the carbon savings.
 - Request for research to be undertaken to determine whether or not there is a quality differential between assessments done on the basis of lodged assessments vs unlogged. The suggestion was made that with lodged assessments you would not then require technical monitoring, because in effect you have an untrained person checking up on a trained person.
 - Deemed scores were requested by a number of members.
- **Blended Finance**
 - ECO/Green Deal communications and approaches are too fragmented. A request was made that DECC joins these up.

Any other business

Further discussion on the Action Plan was not possible due to the meeting running out of time. The Chair invited views particularly on slide 15 which dealt with defining the roles of those who can assist with delivery, further market/supply chain support and, how the interests of consumers can be put first. This would be kept on the agenda and brought forward at a future meeting.

Date of next meeting

23 May 2014 at 10.30 at 3 Whitehall Place.