



Department
of Energy &
Climate Change

Amber Rudd MP
Parliamentary Under Secretary of State

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Dear

I am writing to you, and to your fellow ECO-obligated companies to introduce myself as the new Minister leading on Green Deal and ECO and to follow up Minister Barker's letter of 12th May 2014 regarding ECO payment issues. The department has continued to hear about delays in payment through the supply chain which are understandably of concern to me. Clearly, I cannot comment on contractual matters, but I understand payment issues may often relate to the treatment of those Hard to Treat Cavities which fall within scope of the Ofgem review. It is essential that all parties are reasonable and work to avoid situations where genuinely compliant measures are the subject of payment issues.

In this context, I would like to highlight that Ofgem have recently published further details of the process they are adopting to allow for review of these measures¹. This publication makes clear that there is a defined timeline for the review and that energy companies are expected to have completed the review by the 31st October 2014. It is clear that the expectation is that energy companies will be thorough in conducting this review and that this should involve accessing all available information from the supply chain.

While ultimately Ofgem must be satisfied that work is compliant with the regulations, I welcome this willingness on Ofgem's part to allow energy companies the time and opportunity to work with their supply chain to access, review and provide correct information, before Ofgem approve, refuse or revoke approval of these measures. To date, Ofgem has not made a determination on the outcome of this process for any obligated energy company. You will also wish to note that Ofgem have provided a new and clearer way of notifying a supplier of their decisions on approval of measures which should be helpful to both energy companies and installers².

In Minister Barker's previous letter he highlighted the standard reporting templates that have been developed, with industry help, to report on measures delivered on a simple and consistent basis. I am pleased to hear that so many of you replied, committing to using these simplified templates with your supply chains. It was particularly helpful that Ofgem

¹ <https://www.ofgem.gov.uk/ofgem-publications/88642/supplementtoofgemsrequestforfurtherinformationonhard-treatcavitymeasuresinstalledbefore1january20142.pdf>

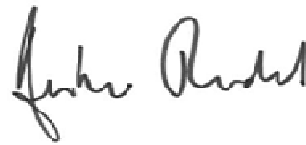
² <https://www.ofgem.gov.uk/publications-and-updates/notifying-supplier-decision-refuse-or-revoke-approval-measure>

participated in the working group and published the outputs on their website, effectively signalling that they see these templates as best practice.

I have no doubt that energy companies and the delivery chain will make good use of these provisions which will improve transparency, simplify the process and allow time to access the available information. Through doing so, the amount of genuinely compliant measures which can be approved by Ofgem can be maximised, with correspondingly positive effects on payment flows through the supply chain.

I am copying this letter to Ofgem.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Amber Rudd', written in a cursive style.

AMBER RUDD