



Department
of Energy &
Climate Change

ECO Stakeholder Delivery Group

25 June 2015



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ECO Stakeholder Delivery Group scope & purpose

The main aim of the group is to provide an interactive forum for industry and consumer representatives to share good practice, highlight delivery issues, and develop ideas to improve and simplify delivery.

Core areas

- Delivery
- Compliance
- Quality and Standards

Future policy direction will not normally be discussed as part of this group.

The ECO Stakeholder Delivery Group will operate within the Terms of Reference for the group, these are currently being drafted and we will circulate for comment in the next few weeks.



Quality and Standards

Issues around the quality and standards of measures under previous and current household schemes have been raised by industry.

The effect of these concerns can be:

- Reduced benefits of carbon saving benefits and fuel poverty interventions.
- Detriment to the reputation of the energy efficiency agenda, potentially affecting future consumer demand.

Whose role is it to improve quality and standards?

- **Government?**

Future policy design will need to be underpinned by work to ensure quality and standards of installations.

- **Industry?**

What is industry doing now and what more can industry do?



Quality and standards – improvement ideas from previous stakeholder engagement

During our event in March proposals for improving delivery under ECO included:

- Simplicity of scheme design, rules and administration
- Ensuring robust, consistent technical monitoring without creating additional administration burden.
- Improving PAS2030
- Introducing a national energy efficiency kite mark



Industry presentations – quality and standards

Presentations on issues with quality and standards from –

Natalie Scarimbolo – Energy UK (10 mins)

Phyllis Prior Boardman – Green Deal Providers (10 mins)

Neil Marshall – NIA (10 mins)

John Whitefield – Association of Technical Monitoring Agents (10 mins)

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Energy

UK

The voice of the energy industry

PAS 2030 – suppliers recommendations for improvement

DECC/Ofgem ECO Delivery Group – 25 June 2015

**Natalie Scarimbolo
Policy & Operations Manager, Energy UK**

**www.energy-uk.org.uk
t @energyukcomms**

Energy UK

About us ...

Energy UK is the main trade association for the energy industry, representing over 80 suppliers and generators of all sizes. Our members supply gas and electricity and provide network services to both the domestic and non-domestic market. Energy UK members generate over 90% of energy capacity in the UK market which supplies 26 million homes and contributes over £25 billion to the UK economy each year.

Energy

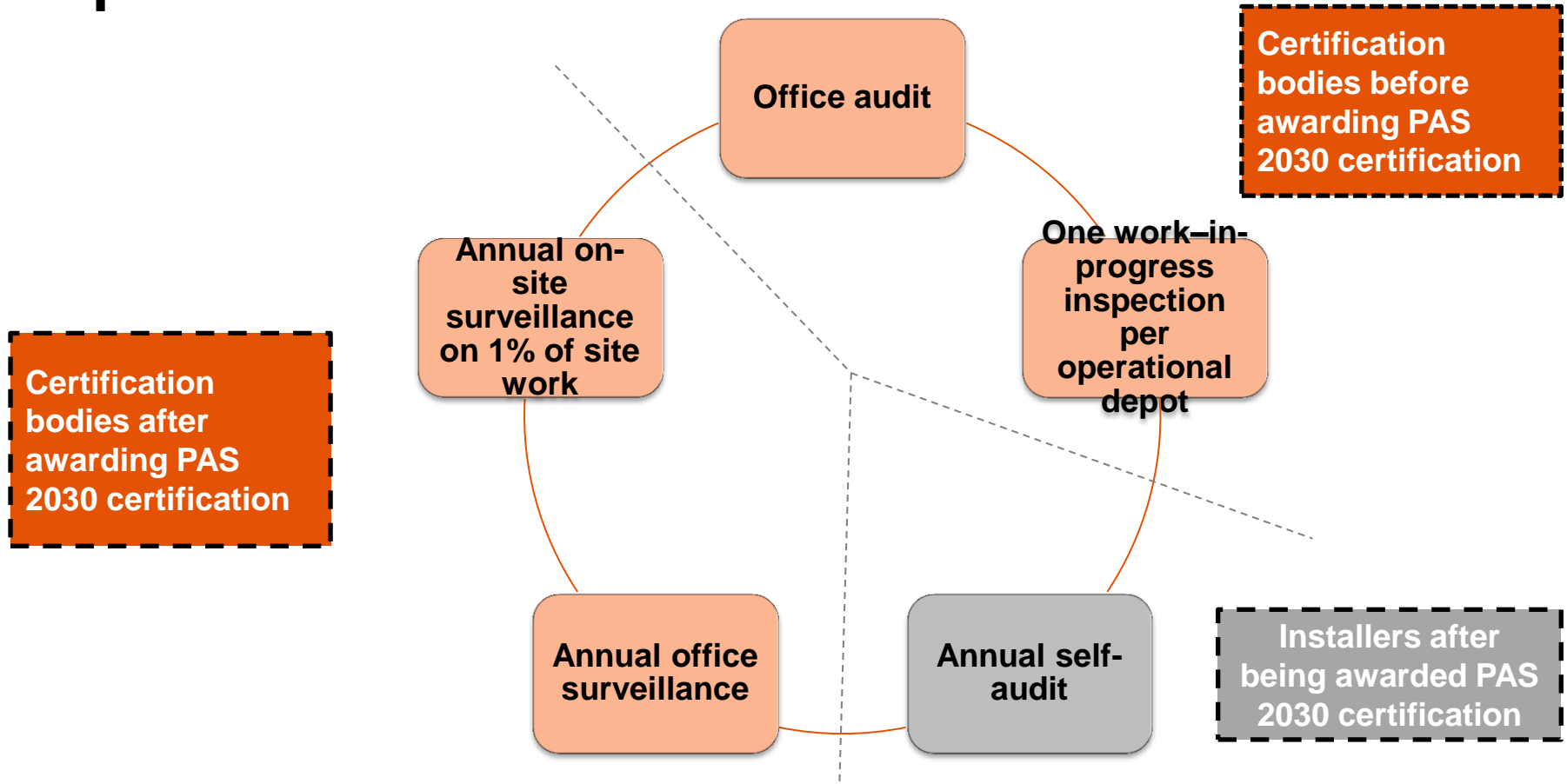
UK

PAS 2030 & ECO

PAS 2030 sets out requirements for the installation of energy efficiency measures in existing buildings particularly where those measures are to be installed within the remit of the United Kingdom Green Deal Financing Mechanism (PAS 2030: 2014)

- ▶ **PAS 2030 includes**
 - ▶ **installation processes, process management and service provision**
 - ▶ **installation methods, equipment, tools, product or system and material suitability, and the commissioning of installed measures**
 - ▶ **training, skills and competence of the people undertaking such installation**
- ▶ **ECO requirement - the installation of a measure is carried out in accordance with PAS 2030**

PAS 2030 should require all installations to be reported to certification bodies



- ▶ Certification bodies select a sample for on-site surveillance from reported installations
- ▶ The Green Deal Code of Practice requires installers to report all Green Deal installations to accreditation bodies – other installations such as ECO and self-financing are not reported

Monitoring regime should reward quality installers – like ECO Technical Monitoring

	PAS 2030	ECO Technical Monitoring
Inspection rate	1%	5% but goes up or down depending on installation quality
Frequency of inspection	Annual	Quarterly
Sample selection	Random	Random

- ▶ **Quality installers should be subject to at least 1% monitoring rate**
- ▶ **Certification bodies should have the right to select a larger sample for inspection where there is a high failure rate or cause for concern**

PAS 2030 should support fraud prevention and other investigations – currently a gap

- ▶ How is this capability shared between the industry and law enforcement agencies?
- ▶ How information about outcomes is shared between agencies?
- ▶ Currently, struck off installers can just re-apply for certification



Recommendations for improving PAS 2030

A more robust framework is required to allow certification bodies to take more responsibility

- 1. Installers reporting all installations to certification bodies should be moved from Green Deal CoP to PAS 2030**
- 2. A more flexible monitoring regime which rewards quality installers with 1% monitoring rate. Where the failure rate is high, certification bodies should have the right to select a larger sample for inspection**
- 3. More clarity on how the framework supports fraud prevention and investigations**
- 4. Clear rules on the recourse certification bodies can take if non-compliance is found**



Other points for consideration

- ▶ **Sharing of Technical Monitoring results with certification bodies**
- ▶ **Increasing the number of work in progress inspections per depot**
- ▶ **Inspecting each installer's work at least annually**
- ▶ **Penalties for persistent breaches**
- ▶ **A central repository for all activities (?)**
 - **Installations**
 - **Audit findings**
 - **League table of poor performers**



Next steps

1. Engage with other stakeholders for feedback
2. Timescales for PAS 2030 review
3. PAS 2031 considerations



Quality & Standards

A CDP Perspective



.lis Prior Boardman BEM

25th June 2015

ECO Delivery Group

Lessons Learnt:



- ▶ Opportunists & Fraudsters
- ▶ Poor Quality Paperwork
- ▶ Bad Workmanship
- ▶ Low Standards
- ▶ Inclusive is not Conducive!
- ▶ Delayed Payments & Non Payments
- ▶ Regulated & Authorised doesn't mean TRUST
- ▶ Green Deal & ECO - Proceed with Caution!



Before:



- ▶ Approved Contractor List
 - ▶ Over and beyond standard PQQ
 - ▶ Anti Money Laundering
 - ▶ Code of Practice
 - ▶ Voluntary Code of Practice
 - ▶ Bio-Diversity Agreement



During:



- ▶ Pre Site Quality Checks
- ▶ Ongoing Quality Checks



After:



- ▶ Post Quality Checks
- ▶ Check before installations approved (ECO)



How we do it:



- ▶ Use of network members
- ▶ Mystery Shops of Contractors' sub-contractors (payments)
- ▶ Education & Training of Supply Chain
 - ▶ Continuous!
- ▶ Monthly Reports of Quality, Standards & Compliance issues
 - ▶ Transparency
- ▶ Comprehensive Internal Audit Pro



How we do it (cont.)



- ▶ Supply Chain events
- ▶ Support and Assistance - 24/7
- ▶ Prompt Payment Code
- ▶ Partnerships and Joint Delivery
- ▶ Prepare Supply Chain for regulation changes etc.
- ▶ Reputation
- ▶ USPs





Questions?

Phyllis Prior Boardman BEM

25th June 2015

ECO Delivery Group



The NIA and SWI

- Lead trade body for insulation in the UK
- Cover **all** SWI measures
 - External Wall, Internal Wall and Hybrid Wall Insulation (combination of EWI/IWI on same building)
- 100+ SWI Members
 - Manufacturers/system certificate holders
 - Installers
 - Fixings, material and component suppliers

And

- GDPs and GDAs
 - Certification Bodies
 - Technical Monitoring Agents
 - Training Providers
 - Main Contractors
 - Framework procurement operators
- Membership Criteria & Code of Professional Practice



Work to Date

- BTOpenreach Cables and Equipment with EWI
 - Joint Working Group – NIA/BT/DECC/EnergyUK
 - New process and guidelines
 - Reduced cost and timescales
- Boilers and Flues
 - NIA/HHIC Working Group
 - Best Practice Guidance for installing SWI with boilers/flues
- Members of DECC Moisture Risk Advisory Group
- Working with Scottish Government to enhance quality
- Working with BRE – ‘unintended consequences’ research



Current Situation

- Depressed activity levels + peaks and troughs
- Pressure on prices in ECO
- Lack of a robust QA framework for GDHIF
- Light touch accreditation – 800+ SWI Installers
- Inconsistencies in implementation across Certification Bodies
- Sub contracting and on site supervision
- Insufficient auditing
- Variable QA frameworks across guarantee providers
- Fragmented training provision



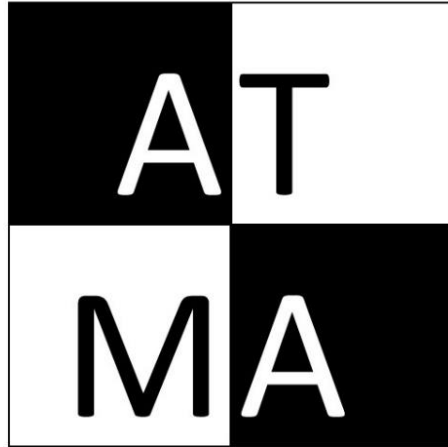
Way Ahead

EWI is not new it has been successfully installed over many years!

The quality issues are not industry wide

EWI is a specialist construction activity and should be treated as such

- **Development of a new industry led SWI QA framework**
- Best Practice and Standards
 - Training and Accreditation
 - Assessment
 - Design
 - Installation
 - Audit
 - Enforcement
 - Post installation care and maintenance
- With input, support, endorsement of key external stakeholders



Association for Technical Monitoring Agents

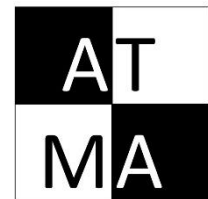
Vision and Values Statement

Vision Statement

To be an integral part of the UK Government's commitment to reducing CO2 emissions and fuel poverty through to 2050.

Values Statement

ATMA will operate with integrity and in a professional manner with all its stakeholders.



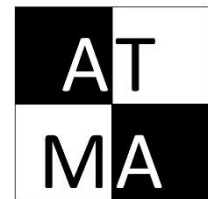
Objectives

- To promote the role of technical monitoring agents within the United Kingdom government's energy efficiency schemes and the wider industry;
- To establish an approval scheme for technical monitoring inspectors within domestic energy measures;
- To establish and maintain contact with statutory policy authority, DECC, and administrative authority , Ofgem, with responsibility for quality standards and to assist their work;
- To establish positive interaction with Energy UK and the obligated parties of the government's energy efficiency schemes;



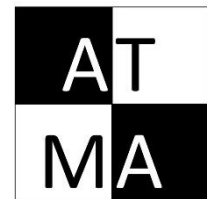
Objectives Continued

- To disseminate to the Members of the Association and Users of technical monitoring such information as is considered applicable to good practice in the industry;
- To initiate educational activities in technical monitoring;
- To provide means of communication between technical monitoring agents;
- To undertake all such public relations activities as may be required to ensure that the objects of the Association are widely known;
- To provide guidance to Members for the conduct of the industry;
- To protect the interests of the technical monitoring industry;
- To do all such other things as are conducive to the attainment of these objectives.



Wider Objectives

- To promote Quality Assurance across all energy efficiency and micro generation schemes, e.g. Green Deal, GDHIF, FIT, etc.
- To do likewise to projects outside the “schemes”
- To liaise with Certification Bodies for PAS 2030 and DEA’s to improve the standards in the industry
- To liaise with other trade associations within energy efficiency and micro generation to improve the standards within the industry
- To provide links to other consumer organisations and education bodies
- To provide the end customer an independent representative body
- To assist with the simplification of the customer journey and improve the customer experience and raise confidence.



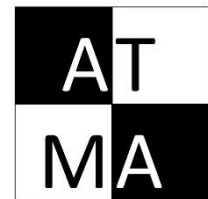
Membership

- Members obviously include TMAs
- Associate Members (non-TMAs where there is no conflict of interest)
- Independent challengers and thinkers e.g. a customer 'champion'



What by when?

- Six months' work already undertaken
- Agreed objectives, membership and delivery structure by Autumn 2015

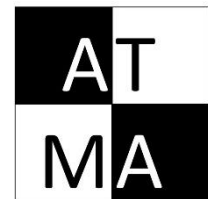


Your Further thoughts?

- How to further improve the perceived quality and standards of the energy efficiency and micro generation industries?
- What else should we be considering?
- Please contact either John Whitefield or Brian Moore if you would like to discuss any issue.

John - John.Whitefield@llewellynsmith.co.uk

Brian- bmoore@bba.star.co.uk





Break out and discussion – quality and standards

Question - is there more that industry and government can do to improve quality and standards?

Format of session –

Roundtable discussions (15 mins) – please record ideas on the flipcharts. 1 person from each table to feedback

Feedback and discussion (20 mins)



Brokerage Update

- The contract review work started in November last year. The contract is almost complete with the changes, following feedback from stakeholders.
- The feedback on other aspects of brokerage has been noted and we will be open to discussing these again in the context of future policy direction.
- The next slides summarises the key changes we have made to the brokerage contract.



Changes to Brokerage

Change

- New pre-conditions for Seller to provide the Buyer with a list of intended installers to enable expected TM rates to be known.
- Sub contracting limited to that list of installers.
- Introduction of a cooling off period and optional standardised due diligence checks that enable the Buyer to withdraw from the contract where these are not met.
- Introduction of a reporting protocol which requires the seller to provide delivery evidence in accordance with some templates agreed by the Reporting Simplification Working Group.
- The reporting deadline has been changed from 15 days following installation to: Measures to be notified within 20 days of installation. Measures installed on or after 27th of the month, to be notified within 15 days of installation.
- The final determination on the cure options has changed from the Seller to the Buyer
- Introduction of 5 days, following notification to agree invoice amount before invoice is submitted
- The Liquidated Damages clause has changed from a Platform Price Quote to a Market Based quote.



Question - Do you think the changes we are making to the contract would have an immediate effect on brokerage activity?



Presentations and discussion –

Ofgem (5 mins)

Discussion (20 mins)

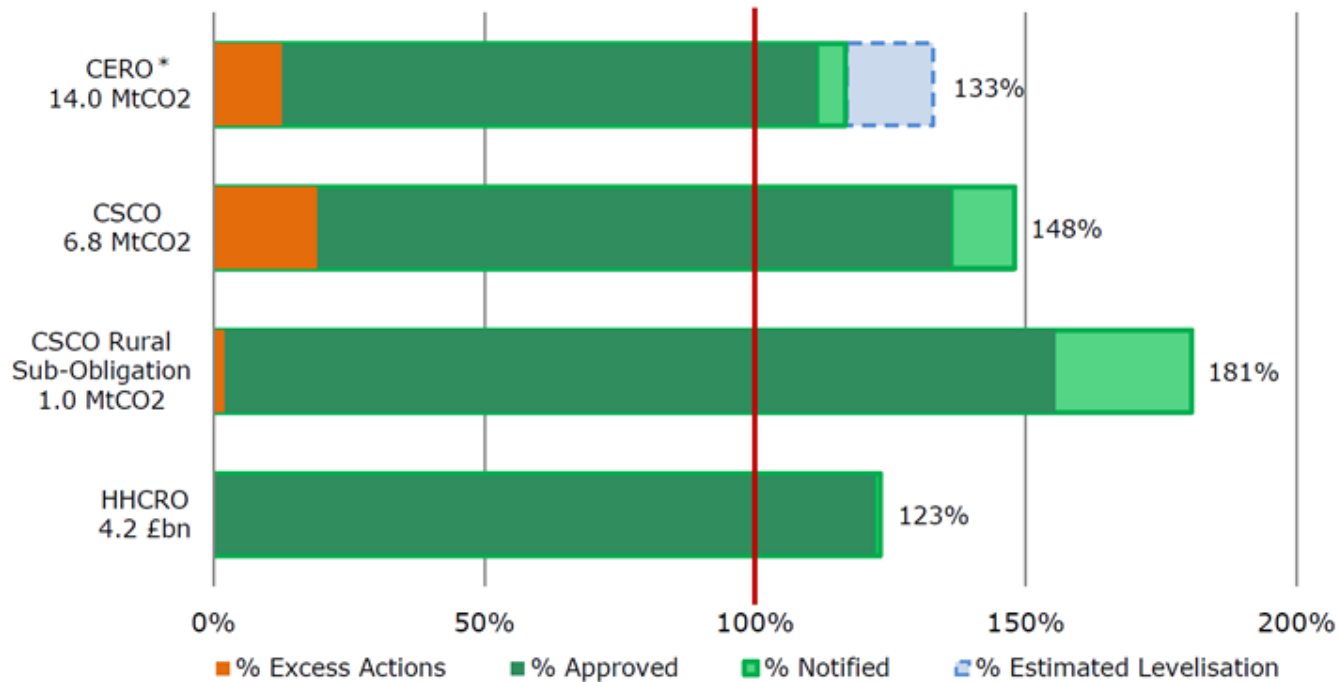
Delivery Progress

Mary Smith
25 June 2015

ofgem

ECO 1 Supplier Progress

- Latest (and last) ECO 1 monthly update published, total progress shown below:



- Final report showing compliance positions will be published at **end of September 2015**
- Key milestones leading up to final determination are published on our website¹

1 - <https://www.ofgem.gov.uk/publications-and-updates/eco1-closedown-update-ofgem-s-approach>

ECO2 Reports and Communication

- **New web based reports**

- Improve accessibility and transparency
- Include interactive online charts showing supplier progress
- Printable, with ability to download data behind charts in PDF, PNG, CSV and SVG formats
- Available on our Public Reports² page; first report on 20 July, then third Monday each month

- **New Monthly Email**

- Main way to update on wider ECO issues and signpost to key information
- Mailing group for EDG will receive automatically
- Others should email ECO@ofgem.gov.uk to be added to list

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.



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Feedback

Feedback and views for next ECO Delivery Group



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END