

ECO Steering Group Meeting Minutes

Date	2-4pm on Friday 28th November 2014 (Rooms A&B, Nobel House – DEFRA).
Attendees	To be confirmed
Next meeting	10.30 – 12.30, Friday 30 January 2015, Nobel House (Defra)

Meeting slides attached (see Annex A).

1. Actions from last meeting

There was just one action from the previous meeting (held on 31/10/14).

- Members of the Steering Group were asked to provide feedback to Rita regarding the brokerage contract review document.

2. Ofgem Update (see slides attached for more information)

Reporting Working Group:

- Running online survey to evaluate work to date

CSCO Tool (LSOA)

- ECO 2 information would be available in December.
- There was positive feedback from attendees on its usefulness and usability.
- Links to the tool would be circulated as part of the minutes (<https://cscolocationcentre.co.uk/>)

Affordable Warmth Group guidance

- The Affordable Warmth Group Guidance should cover 99.9% of circumstances and improve the customer journey.
- The guidance is mainly aimed at the supply chain rather than consumers

ECO Guidance and Consultations

- See slides for dates.

Hard-to-treat cavity investigation

- Ofgem is aiming to complete the HTTC audit by Christmas this year.

District Heating lifetimes

- New lifetimes for some DHS measures were included in the revised measures table, and was being published that day (see here: <https://www.ofgem.gov.uk/ofgem-publications/83100/energycompaniesobligation-measures.pdf>).

CESP Fines

- It had just been announced that Ofgem had fined Drax £28m and Intergen £11m for not meeting their obligations under CESP. DECC will circulate the news release.
 - Intergen: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-secures-%C2%A311m-intergen-failure-meet-environmental-obligations>
 - Drax: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-secures-%C2%A328m-drax-power-failing-meet-environmental-obligations>
- It was asked if there was to be any consultation on how the money should be used. DECC and Ofgem will look into this. Subsequently Ofgem reported back as follows:

'The Drax and InterGen penalty notices on our website are open to consultation until the 5 January 2015 – the process and timeframes for representations are outlined in the penalty notices. Under the relevant legislation, Ofgem is required to consider any representations with respect to the imposition and amount of a penalty.'

Drax and Intergen are working to identify consumer redress measures which they can fund as part of the penalty. It is important to note that it is ultimately up to individual companies to develop redress proposals themselves.

We are consulting on broadly similar terms for both companies; namely that any consumer redress (Drax) or redress by way of payment to a suitable charity (InterGen) must pursue the following objectives:

- *promotion of carbon emissions reduction in domestic homes;*
- *promotion of energy efficiency in domestic homes; and/or*
- *fuel poverty.*

Anyone is welcome to make a formal submission – details of whom to contact are included in the penalty notices. The specific details of any consumer redress proposals would be for the company under investigation itself to develop. If someone has a specific proposal, we recommend contacting the companies directly.'

3. DECC update

ECO Regulations

- The draft Electricity and Gas (Energy Companies Obligation) (Amendment) (No. 2) Order 2014 has now been debated and 'resolved' in both the Commons and Lords. We will notify the Steering Group once these have formally come into effect.

Smith Commission

- On 27 November the Smith Commission reported details of further devolution of powers to the Scottish Parliament. This includes powers to determine how supplier obligations in relation to energy efficiency and fuel poverty are designed and implemented in Scotland. The UK Government will prepare draft legislation and publish by Burns Night 25 January 2015.

Green Deal Home Improvement Package

- DECC advised that the next phase of GDHIF would be announced shortly and detail would be provided to the Group. Subsequently, on 7 December DECC announced that the scheme was due to reopen for new applications at 9.00am on Wed 10th December.

Brokerage

- The two week consultation on brokerage ends w/c 1 December. Any feedback should be sent to Rita Varsani.

RdSAP

- The RdSAP update came into force on 1 December with the switchover planned for 7 December. Most or all ECO tools will be approved to meet this schedule.

4. ECO Post 2017

The Steering Group were asked to consider:

1. Should a whole house approach be encouraged through a supplier obligation, and what obstacles are there in delivering measures on a whole house approach?
2. How area based delivery can be encouraged through a supplier obligation, and what experiences have they had themselves in delivering large scale projects?

Whole House Approach – thoughts from members

- It was noted that research has shown customers don't necessarily have a preference for whole house retrofit, and it is important to look at practicalities and the impact on the consumer
- Mandating a whole house approach may increase costs, as suppliers lose flexibility to focus on the cheapest measures. This could reduce overall ambition.
- May be better to remove barriers to a whole house approach, rather than mandating it
- More measures installed per house would lead to fewer homes being treated overall, given a set pot of money
- Members noted that many properties perhaps only require one measure
- Planning and building regulations need to be considered
- RdSAP scoring does not lend itself to a whole house approach, due to the discounted savings from additional measures. Deemed scoring would remove this barrier.
- It was also noted that this approach works better on a street by street basis
- Members of the group pointed out that the short term nature of the ECO scheme could act as a barrier to take up
- Some thought that it would be better to look to promote a 'multi measure' approach rather than 'whole house'.

Area Based Delivery

- There are obvious advantages of economies of scale but there are some barriers to such an approach, including planning issues.
- Success of previous schemes means, apart from SWI, it is difficult to find untreated areas.
- Streets are mixed with homes of different type, tenure and resident, making a proper street by street approach difficult.
- Has to be a good (though not necessarily free) offer for all
- As with a whole house approach, mandating area based delivery may increase delivery costs and reduce ambition, if suppliers lose flexibility in delivery.
- May be better to reduce barriers to area based delivery, rather than mandate it.

- Lack of data is an issue, although data is now coming through from street by street community projects.
- One member had had success in getting consumers involved in the lead generation within local community subsets.
- It was noted that it is perhaps inaccurate to assume that such approaches were always delivered by local authorities
- The group noted the benefits of such an approach, including providing more stability, lower costs and a better consumer journey.
- These projects need a long lead in time and policy certainty
- It was also noted that DECC should consider the particular needs of rural areas.

5. Any Other Business

It was agreed the next meeting would be in January rather than December with following meetings in February and March. The group would then consider the frequency of meetings going forward.

Actions

Actions	Owner	Deadline	Status
Links to the LSOA tool would be circulated as part of the minutes	DECC		CLOSED
DECC would notify the Group once the new ECO regulations were in force	DECC		CLOSED
The Ofgem press release announcing fines to suppliers for not meeting their CESP obligations would be circulated to the Group	DECC		CLOSED
Ofgem would report back to the group with details of how the revenue from the CESP fines would be used	Ofgem		CLOSED
The Group would be notified of any announcements on the next phase of GDHIF	DECC		CLOSED
A Consumer Futures call for evidence on Quality Assurance	CF/DECC		CLOSED
The Group would discuss frequency of meetings going forward at the March SG meeting	All	March 2015	