
ECO2 Appropriate Methodologies
Department for Business, Energy & Industrial Strategy -
Ofgem
RPC rating: validated

Description of the measure

Ofgem has produced a number of guidance documents to assist energy suppliers in complying with the requirements of the ECO scheme. Each of these documents provides useful information on how to “notify” Ofgem correctly about measures taken under the ECO scheme. The term “notify” as used in this context means to submit information that Ofgem needs in order *“to assess the measure’s eligibility and, if approved, for it to count towards a supplier achieving their obligation”*.

The guidance on Appropriate Methodologies provides a brief list of methodologies used to calculate carbon savings that have been approved by Ofgem. Details of the methodologies are set out elsewhere.

Impacts of the measure

The BIT assessments state that 12 energy suppliers would have to read the guidance.

Ofgem states that costs of compliance with the ECO scheme were calculated by the Department for Business, Energy and Industrial Strategy (BEIS) in a separate impact assessment (IA). Therefore, all assessments focus on familiarisation cost only.

The familiarisation cost of this 1 page guidance was estimated at £33.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

Quality of submission

The regulator has provided clear and proportionate assessments of the impacts of the guidance.

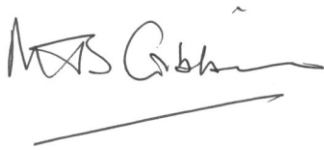
To improve the assessments, the regulator could have provided a slightly more detailed discussion on the benefits of the guidance documents.

Departmental assessment

| Classification | Qualifying regulatory provision (IN) |
|--|--------------------------------------|
| Equivalent annual net cost to business (EANCB) | Zero |
| Business net present value | Zero |

RPC assessment

| Classification | Qualifying regulatory provision (IN) |
|---|--------------------------------------|
| EANCB – RPC validated ¹ | Zero |
| Business Impact Target (BIT) Score ¹ | Zero |



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.