

ECO2 guidance documents: Determining domestic premises and ‘room in roof insulation’

**Department for Business, Energy and Industrial Strategy -
Ofgem**

RPC rating: validated

Description of proposal

This validation statement covers two business impact target (BIT) assessments produced by Ofgem on guidance documents relating to the Energy Company Obligation (ECO) scheme. These are (RPC case reference numbers in parentheses):

- i) Determining domestic premises (*RPC-3784(1)-DECC-Ofgem*).
- ii) Room in roof insulation measures under ECO (*RPC-3786(1)-DECC-Ofgem*).

The first guidance note is to help suppliers to determine whether a site falls in the category of domestic premises, as defined by the ECO scheme legislation. One of the energy efficiency measures that suppliers can install and notify under ECO is ‘room and roof insulation’. The guidance under ii) provides suppliers, for example, with information to identify exactly the parts of the roof that have to be insulated for the measure to be correctly notified as 100 per cent installed.

The guidance documents appear to update existing guidance to take account of any changes associated with the replacement of ECO1 with ECO2. They are only four and three pages long, respectively.

Impacts of proposal

The assessments consider that the only impact will be familiarisation costs to 12 obligated suppliers. This cost is monetised using evidence from a study on reading speeds and ONS data on wage rates of managers and professionals. This results in aggregate estimates of £259 and £194, respectively.

Quality of submission

As initially submitted, Ofgem’s assessments were not considered to be fit for purpose. This was on the basis that the assessments stated that installers and managing agents also would have to read the guidance but did not monetise this cost, or provide evidence that these costs had already been taken account of in

departmental IAs. The regulator's revised assessments include extracts from two departmental IAs on ECO and argue that costs to installers and managing agents of reading the guidance have already been accounted for in departmental IAs.

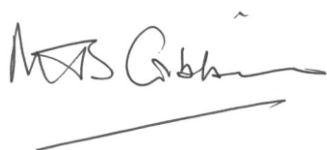
The regulator's assessments are now just sufficient. Familiarisation costs to installers and managing agents appear likely to have been addressed in the recurring administrative costs of the ECO1 scheme, as indicated by the first IA extract, or under supplier delivery costs, as indicated by the second IA extract. Given the brevity of the guidance documents, costs to installers and managing agents are likely to be very small. The regulator's assessments would benefit significantly from providing reference to the scope of familiarisation costs in the ECO2 IA.

Departmental assessment of both guidance documents

Classification	Qualifying regulatory provisions
Equivalent annual net cost to business (EANCB)	£0.0million
Business net present value	£0.0 million

RPC assessment¹ of both guidance documents

Classification	Qualifying regulatory provisions
EANCB – RPC validated	£0.0 million
Business impact target score	£0.0 million
RPC rating (of initial submission)	Not fit for purpose



Michael Gibbons CBE, Chairman

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