

ECO2 transition guidance documents: boiler assessment checklist; electric storage heater assessment checklist; delivery and administration; help to heat

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

RPC rating: validated

Description of proposal

This validation statement covers four business impact target (BIT) assessments produced by Ofgem on guidance documents relating to the Energy Company Obligation (ECO) 2 transition scheme. These are (RPC case reference numbers in parentheses):

- i) Boiler assessment checklist (*RPC-DECC-Ofgem-4059(1)*).
- ii) Electric storage heater assessment checklist (*RPC-DECC-Ofgem-4060(1)*).
- iii) Help to heat guidance note (*RPC-DECC-Ofgem-4062(1)*).
- iv) Guidance: delivery and administration (*RPC-DECC-Ofgem-4061(1)*).

Guidance documents (i), (ii) and (iii) relate to the Home Heating Cost Reduction Obligation (HHCRO) of ECO. The first two are checklists to help operatives assess whether a boiler or an electric storage heater should be repaired or replaced as a qualifying boiler or heater under HHCRO. Guidance document (iii) is a note to help suppliers establish evidence for 'help to heat group' eligibility under HHCRO. Item (iv) consists of two guidance documents. One explains to suppliers how to deliver energy efficiency measures that are eligible to contribute towards the ECO targets. The other provides information on how the ECO team administers the scheme and the processes used for verification of information.

Impacts of proposal

The assessments monetise the familiarisation costs to the 15 obligated energy suppliers under the ECO scheme. The estimates are calculated using ONS Annual Survey of Hours and Earnings wage data and data on average reading speeds. Across the 15 suppliers, they range from around £300 (for measure (i)) to just over £3,000 (for measure (iii)). These figures round to zero for BIT purposes.

The regulator's assessments note that businesses down the supply chain, such as installers and managing agents, are also likely to have to familiarise themselves with the documents. The assessments provide references to BEIS/DECC impact assessments (IAs) relating to the ECO scheme overall where they consider that these costs have been captured.

Quality of submission

The regulator's assessments are sufficient. The insertion of appropriate references to departmental IAs is consistent with Ofgem's corrections to previous BIT assessments. 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. The BIT assessments would, however, benefit from providing reference to the scope of familiarisation costs in the ECO2 IA.

The BIT assessment for 'Guidance: Delivery and Administration' includes an adjustment to the hourly wage figure to allow for non-wage labour costs. This adjustment should be applied in the other three assessments, although its absence does not affect the rounded EANDCB figures.

Departmental assessment

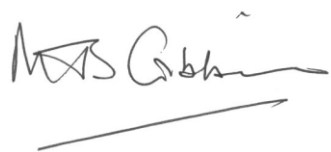
Classification	All qualifying regulatory provisions
Equivalent annual net direct cost to business (EANDCB)	All £0.0million
Business net present value	All £0.0 million

RPC assessment¹

Classification	All qualifying regulatory provisions
EANDCB – RPC validated	All £0.0 million
Business impact target score	All £0.0 million

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

Opinion: EANDCB validation
Origin: domestic
RPC reference number:RPC-4059(1) to 4062(1)-DECC-Ofg...
Date of implementation: 1 April 2017



Michael Gibbons CBE, Chairman