



elmhurst  
energy

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Elmhurst Energy's response to:

ECO3 – Improving Consumer  
Protection in confidence

Prepared for: BEIS

## 1. Introduction

Elmhurst Energy are pleased that BEIS are seeking a consultation on the ECO3 – Improving Consumer Protection and as such we are delighted to respond to each question in turn.

The Consultation asked 12 questions and we have answered them all below. We hope you find the responses considered and useful for taking the ECO Policy forward in a progressive manner.

## 2. Elmhurst's Response

ECO3 is a complex policy, using 'averages of averages of averages' to determine claimed carbon savings. As a result of this it remains quite complicated to find homes and people that meet its criteria.

The Each Homes Counts (EHC) Review found 27 recommendations that were derived from experiences through the likes of ECO and other energy efficiency related policies. Those 27 recommendations are still there to be fixed.

The introduction of PAS 2035 into an energy efficiency policy is just the start. A criticism of past and current energy efficiency policies is that they often happen in isolation simply to maximise the grant funding opportunity. They take little heed to what is best for the home, or for its occupants. Each Home Counts wanted to ensure that the installed measures must be the 'best' and 'most appropriate' to the home and the family occupying the home.

The context for ECO has also changed in that the government has enshrined in law a commitment to achieve net zero carbon by 2050. To get anywhere near achieving this then it is necessary to ensure that the full potential of each property is achieved. Until now ECO has delivered an average of just over one measure per dwelling and it has been calculated that for our housing stock to achieve its full potential, within the timescales to achieve net zero carbon, that needs to increase to three measures per dwelling.

The current system of 'finding' homes that meet the complex myriad of rules is simply 'not fit for purpose'. Companies walk away from jobs where there is not enough carbon to be traded, irrelevant of the occupants and the poorly insulated home left behind. This is not being fully addressed with the introduction of PAS 2035, but it is a good start.



It is essential that ECO funding is made easier, through reducing the complex rules surrounding carbon trading, and putting the home and the families first.. It must be changed to ensure that the whole home approach is absolutely fundamental to it.

With the introduction of PAS 2035, with Retrofit Assessors and Retrofit Coordinators, we have a greater chance of meeting these targets. The “cost of customer acquisition” will reduce as more measures will be installed into a smaller number of properties, there will be more work in preparing homes for improvement, and by ensuring that only suitable properties are improved, the cost of failure and remediation will also reduce.

The major issue we have now is a misalignment between the revised process and the ECO funding mechanism. The industry needs to work with BEIS and OFGEM to ensure the good practices that PAS 2035 introduces, are adequately funded.

We fully support installers, manufactures and anyone currently operating in the energy efficiency market; we need to work together to improve the millions of homes in the UK that require attention. We can't continue to work in isolation and drive improvements in singular measures into the homes with the most amount of bedrooms!

In our opinion, too much money and resource is being spent on finding homes that meet an unnecessarily complex criteria. This is why PAS 2035 is full of good practice and ensures that the 'tail does not wag the dog'. The advice, assessment, whole home analysis and recommendations provided within PAS 2035 has to be the future, and in order to succeed, this needs adequate funding. The concept that the home is improved and maintenance is fixed, will lead to multiple appropriate measures installed in homes- which makes sense to everyone.

EHC identified all these issues and PAS 2035 is attempting to introduce significant changes to make things right. Its introduction into ECO policy is welcomed as ECO remains the only policy left looking at fuel poor families in the UK. The sooner that ECO rules and criteria are amended to incentivise the 'whole home' approach, the better. Linking 'open data' that already exists via the data warehouse to get installers installing quality into the right homes for the good of the families is also required quickly.



### 3. Questions and Answers

**1. Do you agree with the proposal for the incorporation of TrustMark into ECO3 and, in particular, for installers to have to be TrustMark registered businesses to deliver eligible ECO3 measures, with the exception of Demonstration Actions and certain District Heating Systems (DHS) measures? In particular, do you agree that the increased financial protection requirements under the TrustMark Framework should apply in respect of ECO energy efficiency measures (except demonstration actions and certain DHS measures)?**

Yes, we agree that in order to learn from all of the 27 recommendations from Each Home Counts it is essential that the good practice advocated by PAS 2035 is adhered to within ECO Policy. The introduction of PAS 2035 and TrustMark is just the start. The ECO policy must have funding in place to ensure that the 'whole home' approach is funded, thus making sure that the home is improved in the best way for the asset and the occupants. The ECO policy is currently driven by an overly complex set of rules and criteria, which ultimately only ensures that installs occur in isolation and in the homes with the most amount of bedrooms. The current situation where industry has to walk away from some of the coldest, worst performing homes in the UK as they do not have enough average carbon savings to make the install cost effective is unacceptable.

The government has analysed the current policies and has stated that we need to install over three measures per home (rather than just over one), if we are to meet the new climate change ambitions. Therefore, for PAS 2035 to work, the challenge for OFGEM and BEIS is to ensure that adequate funding mechanisms are in place to ensure that the roles described in PAS 2035 drive good advice, assessment, planning, designing and coordinating to ensure that the homes are improved with good quality installs.

We 100% support PAS 2035 as it was the result of years of analysis of the energy efficiency retrofit market and it establishes the process of how to do it properly.

**2. Do you agree that incorporation of TrustMark into ECO3 is sufficient to demonstrate certification and compliance with the appropriate PAS standards?**

TrustMark incorporation into ECO3 is the only way to ensure compliance with the relevant PAS standards.

As with all good standards and practices it is essential that there is a 'closed loop' system in order to feedback all issues to the relevant parts and to continually improve the system. Therefore, any monitoring and evaluation processes will fix any issues found, and will fundamentally feedback to the correct areas to improve those processes too. This means that PAS 2035/30 and all the functions and processes will continue to improve over time. We need to see commitment to the process advocated from EHC and not 'stop start' policies that have introduced more complexities and changes of direction.

**3. Do you agree that incorporation of TrustMark into ECO3 is sufficient to allow all solid wall, cavity wall and park home insulation measures delivered under the scheme to receive the relevant standard applicable lifetime?**

As above.

**4. Do you agree that underfloor and room-in-roof insulation measures should be accompanied by a 25 year or more guarantee under the scheme which not only meets the TrustMark financial protection requirements that apply to all ECO energy efficiency measures but also as a minimum meets the TrustMark "appropriate guarantee" criteria?**

All measures in ECO should receive the best and most appropriate consumer guarantees.

**5. Are there any other complex ECO measures that you think should be accompanied by a 25 year or more guarantee which as a minimum meets the TrustMark “appropriate guarantee” criteria?**

As above.

**6. Do you agree that, to the extent they would apply to demonstration actions and certain DHS measures exempt from the TrustMark requirements, the current ECO3 requirements should be updated to move to the new PAS standards (PAS 2035:2019 and PAS 2030:2019) subject to similar transitional arrangements to those set out in paragraph 15 above?**

In terms of any transitions they should be sensible and pragmatic.

**7. Do you agree with our proposed amendment to remove the 400% uplift for replacement boilers delivered outside of the broken heating system cap?**

This particular rule change epitomises perfectly the complexity of ECO rules that drive us towards single measure installations.

ECO should focus on reducing carbon emissions and should therefore embrace the approach adopted by PAS 2035. This will ensure that the focus of ECO remains on the whole home and reducing energy demand to a minimum, before attempting to size and install a replacement boiler.

**8. Do you agree with our proposal to change the measure lifetime assumption for first time central heating measures to 20 years?**

No strong opinion. It again is just tweaking more complex rules.

**9. Do you agree that first time central heating (FTCH) should be eligible in PRS EPC Band F & G rated properties?**

This is a very interesting question and in essence it is the right approach to ensure that the worst performing rental homes can be improved. But as stated before, if this simply incentivises one singular measure into these homes, when, if they follow PAS 2035 they may well see that the most cost effective solution is fabric insulation as well as a boiler, then this could lead to the installation of over-sized boilers into these homes. ECO must stop starting at the end of the process and begin to embrace the concept that for the family in the home, the best outcome may be a combination of appropriate measures. This will ensure the best outcome for the asset and the home, not the best outcome of a 'tick box approach' to the number of installs.

**10. Do you agree that first time central heating (FTCH) should be included in the LA-Flex in-fill?**

We agree that Local Authorities should be able to utilise grant funding for homes in the most need; but we again can't have isolated thinking in terms one or two measures. If one measure doesn't meet the complex carbon savings based on deemed scores then the industry shouldn't walk away from that property. This attitude and process has to change.

**11. Do you agree with our transitional arrangements for all proposed changes?**

Yes we agree.

## **12. The Government invites views on the general requirements set out in this consultation and the illustrative draft of the amending ECO3 Order, once available.**

As stated previously Elmhurst agrees with the Each Home Counts review and every one of the 27 recommendations. The introduction of the PAS 2035 into ECO Policy is just the start.

The major issue we have now is a misalignment between the revised process and the ECO funding mechanism. The industry needs to work with BEIS and OFGEM to ensure the good practices that PAS 2035 introduces, are adequately funded.

We fully support installers, manufactures and anyone currently operating in the energy efficiency market; we need to work together to improve the millions of homes in the UK that require attention. We can't continue to work in isolation and drive improvements in singular measures into the homes with the most amount of bedrooms!

In our opinion, too much money and resource is being spent on finding homes that meet an unnecessarily complex criteria. This is why PAS 2035 is full of good practice and ensures that the 'tail does not wag the dog'.

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## Contact Details

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