

HHIC response to the ECO3: Improving consumer protection consultation

About HHIC

The Heating and Hotwater Industry Council (HHIC) are the leading representative body for the UK domestic heating and hot water industry, worth £3-4 billion per year. HHIC's membership base covers approximately 94 per cent of heating and hot water solutions available in the UK. HHIC are a division of the Energy and Utilities Alliance (EUA).

Full Response

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)?

HHIC strongly believes that TrustMark should not be incorporated into ECO3. There is no justifiable reason for its inclusion. The additional cost would be better spent helping to take people out of fuel poverty, not for paying for another layer of unnecessary bureaucracy. HHIC have been aware of the view that TrustMark should operate some kind of quality scheme for installers for some time. We have not been convinced however that it is necessary or proportional.

Currently there are approximately 350 businesses registered with Trustmark to undertake heating measures. That represents 0.4% of existing heating businesses. The coverage of TrustMark is clearly not developed enough or established enough to represent a viable scheme to now operate for ECO3.

HHIC believe that the existing structure is delivering the scheme in an appropriate manner with sufficient safeguards. The proposed scheme will financially benefit a number of accreditation companies and TrustMark, but not consumers, installers or ultimately Government who will see costs rise without any discernible change in delivery. We are also concerned about only one company being tasked with managing the scheme without a public procurement exercise and without options for competition. We believe this could be anti-competitive.

HHIC has consistently argued that the industry needs the existing building regulations to be better enforced and to have access to greater resources. We believe that consumer safety is the key priority and better policing and adherence to current standards is needed. What is not needed is another layer of expensive red and blue tape. This additional complexity will almost certainly lead to worse outcomes for more vulnerable people, who could be misled into options they do not want or need. By there not being any oversight to TrustMark, they can operate without the correct level of scrutiny. The pressure to install multiple measures and for Retrofit Coordinators to recommend multiple measures will lead to mis-selling and complaints.

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

HHIC believes that the existing system for ECO3 is sufficient to demonstrate certification and compliance with the appropriate PAS standards. We believe that the TrustMark requirements are too bureaucratic and many of the requirements are about promoting TrustMark itself rather than providing a service.

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?

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?

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?

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?

HHIC strongly disagrees with moving to PAS 2035. As we have previously communicated to BEIS, the heating industry was not involved with the development of PAS 2035 and we believe it is grossly unworkable in any practical sense. The requirements will lead to significant drop off in installations and will probably make some measures undeliverable. This will be due to cost and additional reporting complexity. This is completely disproportionate to any perceived installation problems.

The steering group that determined these new standards did not have representation from the heating industry, despite claims that it was developed by the industry (page 13, consultation). The new standard also calls for a new qualification for a Retrofit Coordinator. Every ECO job will now need one. These do not exist today. The person who wrote the standard is also the person who wrote the training course for new Retrofit Coordinators and who delivers training for it. We are concerned at this level of conflict of interest. We are also concerned that after a two day training course this ‘Retrofit Coordinator’ will be able to prescribe what measures a home has. We cannot see how this will improve quality or reassure home owners. What is much more likely is that they will just prescribe more measures than are necessary in order to maximise profit in order to pay for their employment. This is self-serving and at the detriment of UK consumers. We are alarmed by the lack of oversight of this development. We are also concerned that BEIS believe this can be launched by the end of 2019. There are no Retrofit Coordinators, there is no system set up for this level of bureaucracy to be delivered. It is almost inevitable that there will be a significant delay in being able to sign off and deliver ECO measures. This will coincide with winter when homeowners cannot have delays in getting new heating systems.

We are concerned that technical monitoring of measures will move from Ofgem, the regulator, to Trustmark, a private business (page 17, consultation). We believe this to be a significant overreach for TrustMark and tantamount to privatising the monitoring of ECO3. We also have concerns over the ongoing existence of TrustMark and their ability to deliver. If they were to go out of business what would happen to monitoring? We would be extremely concerned if monitoring were to be transferred to Ofgem and we will be asking BEIS to review this decision, especially in light of the Hackett review.

The consultation states on page 17 that BEIS expect costs to increase for suppliers and industry. We estimate that for business this will equate to £41,000 a year per company per year. This is £500 in registration fee (though as the scheme is not running this is based on other similar schemes), the employing of at least one new member of staff to be a retrofit coordinator (page 16, impact assessment). This is a new role that is currently not in existence so we are basing the wage on a rough estimate of similar roles.

This cost will be passed on in the form of increased costs per measure installed. On page 13 of the impact assessment it is estimated at £350 per measure. The impact assessment on page 13 estimates that this will cost an additional £200m during the lifetime of the policy. These policies will be passed on to consumers through their energy bills and may result in fewer measures being installed in fuel poor homes. We also do not believe those costs to be accurate and we fully expect certain measures to have higher costs.

The impact assessment also admits on page 17 that this burden will disproportionately fall on small business. We expect most to no longer service this market. For BEIS to be introducing a scheme that they themselves admit to be harming small businesses we think is quite astonishing and we do not know how this is compatible with the overall departments objectives.

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

HHIC understands the logic, but we would be concerned if it meant more fuel poor homes were unable to upgrade their heating, which is just as important to reducing bills as installing insulation. ECO3 is supposed to be about improving energy efficiency for those in most need, this should be technology agnostic. This move could be perceived as tactical, to increase sales of a particular measure for political reasons.

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

The lifetime of a boiler is now approximately 18 years so to increase the lifetime for the 'system' seems appropriate. But in reality the 'system' excluding the boiler is probably going to be in-situ for 30-40 years.

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

HHIC agrees.

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

HHIC agrees, especially if it aids link up with the RIIO Fuel Poor Network Extension Scheme

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

We do not believe the transitional arrangements are suitable for TrustMark and PAS2035. The timescales are too short and not flexible. 0.4% of businesses are registered with TrustMark and no company currently employs a 'Retrofit Coordinator'. It will take a significant amount of time to employ and train and then get accreditation. For this reason and the reasons outlined earlier in our response, we do not believe that TrustMark and PAS2035 should be incorporated into ECO3

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.

HHIC does not believe that BEIS has undertaken proper consultation with industry on TrustMark and PAS2035 and appears to have actively avoided consulting with the heating industry, despite multiple requests.

We are also very concerned that this consultation required respondents to purchase a copy of PAS2035 from BSi for £190. This means that many installers were not able to respond as they could not justify the cost.

HHIC asks that BEIS halt the proposed requirements for TrustMark and PAS2035.

Contact

If BEIS wishes HHIC to clarify any of the points outlined in this consultation please contact Isaac Occhipinti, Head of External Affairs at isaac@HHIC.org.uk, 01926 513746 or HHIC, Camden House, Warwick Road, Kenilworth, Warwickshire, CV8 1TH.