

Governance, Monitoring, Verification and Evaluation

Energy Company Obligation (ECO) Scheme

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ofgem

Ofgem and ECO

- Ofgem:
 - Energy market regulator
 - Independent non-departmental public body
 - Safeguards interest of existing *and future* energy consumers
 - Administers environmental programmes on behalf of government (Department for Business, Energy and Industrial Strategy)
- Energy Company Obligation:
 - Supplier obligation based on largest energy retailers
 - In place since January 2013
 - Ofgem determines obligations and compliance

Operational administration

- Monthly assessment of reported measures
- Deduplication
- Notification deadline extensions
- Rejecting non-compliant measures
- Processing change requests
- Resolving address errors
- Measure transfers
- Obligation re-elections

Case study: Deduplication

- Cross-reference all ECO2 and ECO1 measures
- Ensures additionality of claimed savings
- Suppliers identify valid/invalid notifications
- 7750 duplicated measures identified in ECO2
 - 4400 resolved

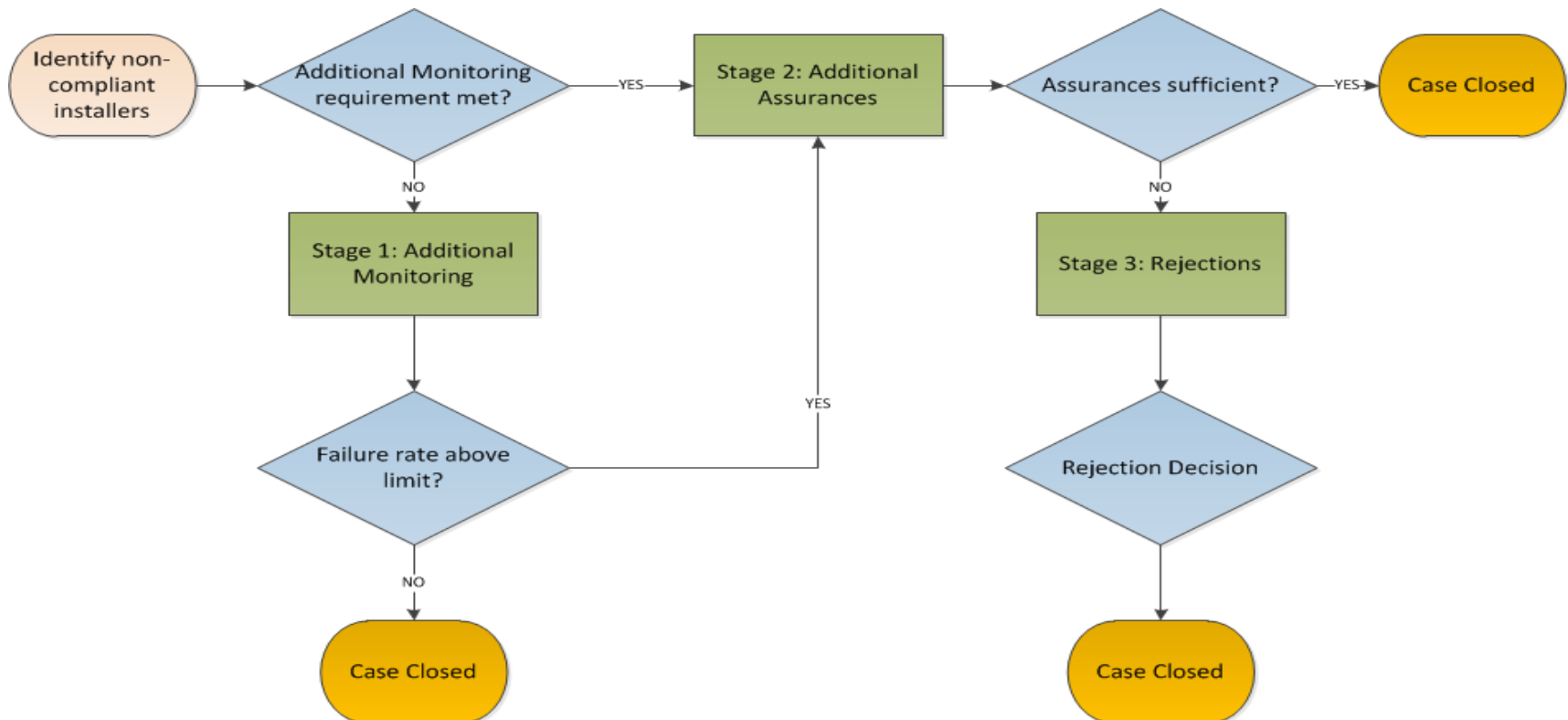
Monitoring and verification

- Monitoring
 - Independent inspections on 5% of measures
 - Verify scores and installation quality
- Audits
 - Process: Suppliers' ability to deliver
 - Measures: risk-based in response to intelligence
- Score verification
 - Outliers checked for plausibility

Case study: Pathways to compliance

- Installers 'quarantined' based on monitoring results
- Require extra assurances of quality and savings accuracy before release
- Almost 80,000 measures quarantined to date

Pathways process flow



Governance and remit

- Powers defined in secondary legislation
- Obligation placed on energy suppliers only
- As administrator, Ofgem can:
 - Set obligations
 - Make final determination
 - Request information
 - Approve or reject energy efficiency measures

Support and assistance

- Guidance documents to assist delivery:
 - Administration: Obligation setting, determination
 - Delivery: Eligibility criteria, scoring, compliance
- Additional guidance on specific issues
- Consultations
- Information for other stakeholders:
 - Domestic consumers
 - Installers and managing agents

Reporting

- Suppliers report delivery on a monthly basis
 - >50 information fields per measure
 - Approx. 50k measures reported on average
- Progress reported to Secretary of State
- Publications on Ofgem website
- Monthly reports to suppliers confirming progress

Useful links

- [ECO Guidance](#)
- [Public progress reports](#)
- [ECO Consultations](#)
- [Energy efficiency statistics \(BEIS\)](#)
- [ECO Newsletter](#)

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.