



# Draft NISEP Framework Document 2020/21

Draft revised NISEP Framework  
Document in track change format.  
The final document will be published in  
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## About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs, Markets and Networks. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



### Our mission

To protect the short- and long-term interests of consumers of electricity, gas and water.



### Our vision

To ensure value and sustainability in energy and water.



### Our values

- Be a best practice regulator: transparent, consistent, proportionate, accountable and targeted.
- Be professional – listening, explaining and acting with integrity.
- Be a collaborative, co-operative and learning team.
- Be motivated and empowered to make a difference.



## Abstract

The Northern Ireland Sustainable Energy Programme (NISEP), formerly the Energy Efficiency Levy, has provided funding for energy efficiency schemes on an annual basis since 1997/98. This is funded through a charge applied to every unit of electricity (known as a Public Service Obligation, PSO).

On 19<sup>th</sup> August 2019, the UR published a discussion paper on the review of NISEP. This paper clarifies that NISEP will continue for 2 more years, i.e. until March 2022. In order to facilitate this extension and taking into consideration comments made during our review of NISEP, the UR has reviewed and updated the NISEP Framework Document (which sets out technical processes and procedures that will be used in the administration of NISEP).

## Audience

All Primary Bidders to NISEP or organisations that wish to become Primary Bidders.

## Consumer impact

The impact of the proposed changes is to protect customers by improving procedures and controls.

## **Background and purpose**

The purpose of this paper is to provide stakeholders and Primary Bidders with information on the changes to the technical processes and procedures that will be used in the administration of NISEP.

NISEP is an annual programme of energy efficiency schemes. It is funded by all electricity consumers through a flat per kilowatt hour (kWh) charge added to the NIE Networks Public Service Obligation (PSO).

NISEP has its origins in the Energy Efficiency Levy (EEL) which began in 1997/98. It was reviewed a number of times including in 2008 when it became NISEP and the following objectives were set:

- Efficiency in the use of energy;
- Socially and environmentally sustainable long-term energy supplies; and
- The above at best value to customers whilst also having due regard to vulnerable customers.

Since then, NISEP has been extended on a number of occasions following requests from the Department for the Economy (DfE) and/or following consultation to allow DfE to consider the future of energy efficiency provision and to ensure that there was no gap in provision in Northern Ireland.

Currently, 80% of NISEP funding is ring-fenced for priority schemes (those aimed at helping vulnerable/low income customers); the remaining 20% goes to non-priority domestic or business schemes.

The NISEP Framework Document provides guidance on the technical processes and procedures to all those who wish to bid for and participate in the running of NISEP schemes. As part of our review process we conducted a 'Call for Evidence'. The 'Call for Evidence' was used to inform both the NISEP discussion paper, published by UR on 19<sup>th</sup> August 2019 and also the revised NISEP Framework Document. Appendix 1 of this paper is a track change document showing the changes which are proposed to the existing NISEP Framework Document.

## NISEP Framework Document 2020/21

EST and the Utility Regulator are providing stakeholders with the opportunity to review and feedback on amendments made to the Framework Document for 20/21 (see highlighted changes). We took into consideration the following:

1. Experience from running NISEP since last September and the last issue of the Framework Document;
2. Information from the delivery of other schemes, where available;
3. Points from the 'Call for Evidence' where it was possible, to include recommendations for change.

Some of the points raised in the 'Call for Evidence' included tightening up on quality monitoring and auditing procedures within NISEP and we have incorporated this into the updated Framework Document. We have also taken into consideration other points raised, such as vulnerability criteria.

Ofgem and NIHE are currently reviewing their best practice in relation to CWI. Once these reviews are complete, Utility Regulator reserves the right to update our best practice guidelines stated in the Framework Document in line with other programmes.

Some of the main changes highlighted within the document are summarised below, however, please read the document in full to understand all changes.

Please note: the Cost Effectiveness targets are still to be updated by EST.

### Essential Criteria

Applicants must have previously undertaken at least one successful energy efficiency, fuel poverty or renewable energy scheme to the value of at least **£100,000**; increased from a value of £50,000. [See Page 7.](#)

### Registration to become a Primary Bidder

The criteria to register has been extended. There is now an additional 7 points highlighting additional documentation that needs to be provided to the Programme Administrator. [See Page 6 and Page 9.](#)

### Review and Withdrawal of Primary Bidder Status

Changes include a review of Primary Bidder status every 3 years (from 20/21) where current non-licensed Primary Bidders must resubmit documentation to EST for review. It is also important that Primary Bidders notify EST if there are changes to their businesses as highlighted in this section. **In addition we have clarified when Primary Bidders will be removed where quality or other issues are identified.** [See Page 9-10.](#)

### **Amount Available to Bid for**

The maximum total bid for the first two years of participation in the NISEP as a Primary Bidder will be £500,000 or an amount equivalent to the value of any previous single energy scheme they have delivered, whichever is the lesser amount. If an organisation has demonstrated successful delivery of their first year schemes, following Audit, the maximum bid cap will be increased but will not exceed £1,000,000, in their third year and then up to £2,000,000 in their fourth year. [See Page 10.](#)

### **Funding Allocation**

The funding allocation within the 80% ring-fenced for vulnerable customers has been changed; 40% of the NISEP funds will be ring-fenced for priority domestic 'whole house solution' schemes and 40% is allocated to other schemes such as priority domestic 'individual measures'.

Within the 20% remaining, 10% is allocated to conventional schemes and 10% innovative schemes. The conventional 10% has a new ring-fence of 7.5% for commercial schemes and 2.5% for non-priority domestic schemes. This is to allow non-priority domestic schemes to be assessed separately to commercial schemes at submission stage. [See Page 13-14.](#)

### **Payment of NISEP Funding**

A 20% random sample will be selected by EST for each claim made on a monthly basis. [See Page 22.](#)

### **Vulnerability Criteria**

A consistent approach to the vulnerability criteria in relation to income brackets for domestic schemes has now been stipulated in the Framework Document. [See Page 25.](#)

### **Cold Calling**

Primary Bidders must not rely on cold calling techniques to generate referrals. If work is being carried out in close proximity and there is opportunity to engage with householders who may also be eligible for the scheme, a leaflet drop with information about the scheme including contact details can be left. [See Page 26-27.](#)

### **Quality Monitoring**

Further requirements strengthening the quality monitoring process have been incorporated. 20% of cavity wall insulation and 5% of loft insulation installs must be inspected independently (increased from a 10% requirement). First inspections should exceed a 90% pass rate, Primary Bidders should be taking appropriate action to ensure this. Quality monitoring should be carried out by a suitably qualified, independent person, such as a UCAS accredited installer.

For CWI work, the quality inspector must assess the accuracy of the m2 of the property against the m2 claimed under NISEP. Primary Bidders should also ensure that customers are asked if any financial contribution has been sought. It is the responsibility of Primary Bidders to inform relevant bodies i.e. BBA / KIWA, of poor quality monitoring results. All terms must be transparent to sub-contractors. **See Page 57-58.**

## **Next Steps**

**Please respond by COP Friday 6<sup>th</sup> September with comments on the proposed changes to [nisep@est.org.uk](mailto:nisep@est.org.uk).** The Framework Document will be published towards the end of September when the 'Call for Schemes' is issued; therefore, comments will not be accepted beyond this date.