



Department for  
Business, Energy  
& Industrial Strategy

# Energy Company Obligation

ECO+: 2023 – 2026

Closing date: 23 December 2022

November 2022



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# General information

## Why we are consulting

This document sets out proposals for the Energy Company Obligation (ECO).

ECO is a programme to deliver energy efficiency measures in homes across Great Britain. ECO+ will be an addition to the current ECO scheme to deliver rapid installation of energy efficiency measures to a wider pool of households, including those on the lowest income and those in the least energy efficient homes in the lower council tax bands. The consultation covers ECO+ for the period April 2023 to March 2026.

A draft impact assessment is published alongside this consultation to support the policy proposals.

We would like to hear from a wide range of stakeholders, including consumer representatives, energy suppliers and those with an interest in energy efficiency and fuel poverty policies.

## Consultation details

**Issued:** 29 November 2022

**Respond by:** 23 December 2022

**Enquiries to:**

Email: [beisecoplusteam@beis.gov.uk](mailto:beisecoplusteam@beis.gov.uk)

**Consultation reference:** ECO+ consultation

Any responses submitted via this email address might not be identified as formal responses and might not be considered.

**Audiences:**

Stakeholders with an interest in domestic energy efficiency and heating in Great Britain and domestic energy suppliers.

**Territorial extent:**

This consultation is for England, Wales and Scotland.

## How to respond

Please respond directly to the questions posed, though additional comments and evidence would also be welcome. Your response should be submitted online using the dedicated online portal:

**Respond online at:** <https://beisgovuk.citizenspace.com/home-local-energy/ecoplus>

Please do not send responses to this consultation by post to the department, as we may not have access to them.

When responding, please state whether you are responding as an individual or representing the views of an organisation.

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy policy](#).

We will summarise all responses and publish this summary on [GOV.UK](#). The summary will include a list of names or organisations that responded, but not people's personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government's [consultation principles](#).

If you have any complaints about the way this consultation has been conducted, please email: [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

# Foreword

From 1 October 2022, the Energy Price Cap increased to £3,549 per year for dual fuel for an average household. To keep bills affordable, the government announced that gas and electricity bills across Great Britain would be frozen, meaning a typical household would pay around £2,500 a year for their energy. The government has also started to implement the Energy Bills Support Scheme which is delivering a total discount of £400 in instalments from October 2022 to March 2023. This is helping 29 million households in GB with their energy bills, with those not eligible for the main scheme and households in Northern Ireland set to be reached with comparable payments. However, just over 12 months ago the average annual bill was just £1,271 meaning even with the price freeze the average bill has doubled in a year.

Energy efficiency measures offer a significant opportunity to provide sustained support to consumers during challenges this winter and beyond, by reducing their energy bills over the longer term and making our energy system more secure and resilient to future price shocks. At the same time, they ensure our homes are warm and safe while achieving our net zero targets that will generate green growth and skilled jobs. The existing levels of support for energy efficiency were set when the energy prices were around half their current level. Given the increase in energy prices and the government's statutory fuel poverty target for England (to ensure that as many fuel-poor homes as is reasonably practicable achieve a minimum energy efficiency rating of band C, by 2030) there is reason to provide further energy efficiency measures for households who previously received no support at all, as well as those on the lowest incomes.

The Energy Company Obligation (ECO) has been in place since 2013 and is responsible for the installation of around 3.5 million insulation and heating measures in 2.4 million homes. ECO is an established scheme having undergone multiple iterations, with ECO4 the latest scheme, delivering £4 billion from 2022 to 2026. To respond to the unprecedented increase in energy prices, this consultation sets out our proposal for a three-year additional scheme, ECO+, which would run alongside and complement ECO4 delivery.

Under our proposals, ECO+ will support the installation of additional energy efficiency measures in around 410,000 homes. It will target support at a wider group of households living in the least efficient homes in the lower Council Tax bands, who are not supported through other schemes, as well as low-income and vulnerable households. ECO+ will support these households to cut annual bills by an average of £310 per home (based on energy prices consistent with the Energy Price Guarantee from April 2023). Without intervention, many households will struggle to pay their bills not just this winter but over the next few years.

Previous ECO schemes have been successful in delivering large volumes of measures at pace. ECO is therefore one of the most effective ways to rapidly reach the greatest number of households. To enable swift implementation of ECO+, we intend to keep the scheme design as closely aligned to ECO4 as possible (with the key exception of multiple measure delivery requirements). ECO+ will provide an opportunity to accelerate our ambition to reduce energy



bills and fuel poverty, and increase energy security, while also contributing to our high ambition net zero targets.

# Executive Summary

This document sets out proposals for a new Energy Company Obligation (ECO), ECO+, which is intended to run from Spring 2023 until March 2026 at a value of £1 billion over the three years.

The main aim of the scheme is to provide rapid installation of energy efficiency measures to a wider pool of households, including those on the lowest income and those in the least energy efficient homes in the lower Council Tax bands, reducing energy bills and reducing fuel poverty in the face of significant energy price rises.

On 1 October 2022, the government introduced the Energy Price Guarantee (EPG), freezing gas and electricity bills across Great Britain so that a typical household would pay no more than around £2,500 per year for energy. On 17 November 2022, the government announced that this figure will rise to £3,000 per year for the average household from April 2023 to the end of March 2024, with a planned review in consultation with consumer groups and industry of the best approach to consumer protection in the longer term. The government also started to implement the Energy Bills Support Scheme, delivering a discount of £400 off energy bills in instalments over the winter. As part of the broader energy support package, the government is temporarily covering the cost of environmental and social obligations in domestic energy bills through the EPG. ECO+ will be funded in the same way.

We propose to implement ECO+ through new regulations that place obligations on the larger energy suppliers to deliver notional annual bill savings through the delivery of energy efficiency measures. The overall obligation will be divided across three mandatory annual targets. This approach, aligned with the three-year spending profiles, aims to drive momentum while ensuring suppliers have adequate time to ramp up delivery over the three-year period. The level of annual obligations reflects an increase in the total spend assumed for the general eligibility group of 10%, to take account of the expectation that households in this group will contribute towards the cost of some measures installed.

To support rapid delivery and reduce the administrative burden we propose that ECO+ build on the infrastructure and requirements of the existing ECO4 scheme. We propose to mirror the ECO4 scoring framework, obligation threshold and approach to suppliers failing in ECO+. Where aspects of the schemes differ, our intention is to ensure these remain as similar as possible. This will assist both speed and cost-effectiveness of delivery.

Since launch in 2013, the ECO schemes have supported households across Great Britain, through a unified scheme. The proposals in this consultation are set out on the basis that this approach will continue to apply. For Scotland, the BEIS Secretary of State can make ECO Orders that are Great Britain-wide, by obtaining the consent of Scottish ministers. Under the Scotland Act 2016, powers were transferred to Scottish ministers to decide key aspects of the scheme, such as eligibility and measures implemented. We invite views through this consultation on how the scheme can best support Scottish consumers. To enable the Scottish

Government to assess responses to this consultation and determine their future approach, we will share responses with the Scottish Government, subject to confidentiality requests.

We propose ECO+ is broadened out from ECO4 to a larger eligibility pool split between two groups. The first **low-income group** will broadly retain the same eligibility requirements as for ECO4, focusing on low-income and vulnerable households. A second **general group** will expand to all homes in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales with an EPC of D or below. To avoid homes being treated under ECO+ when they could receive a deeper retrofit under ECO4, we propose that all low-income group homes with an EPC band D, and only low-income group homes with EPC bands E, F or G that cannot meet the ECO4 minimum score improvement requirement, will be eligible for support under ECO+.

To ensure the households most at risk from fuel poverty remain supported under ECO+, suppliers will be required to deliver at least 20% of their annual targets to the low-income eligible pool. Suppliers will have the discretion to determine how much of their remaining obligation should go to the general eligibility group or low-income group.

ECO+ will prioritise affordable insulation measures that can be delivered on a large scale to reach a high volume of households quickly. Both pools will be eligible for single insulation measures, with the low-income group also eligible for heating controls as secondary measures. We also intend to drive consumer contributions through the general group by using ECO4 annual project scores while modelling a proportion of consumer contributions in the general group. We propose to continue support through the Innovation Measures route in place through ECO4 given the benefits they may offer on increased savings or ease of installation but propose that only the standard 25% uplift should be applied, and any Innovation Measure must first be approved for use under ECO4 to ease the administrative burden.

To avoid landlords receiving support through ECO+ when they would otherwise be able to pay in the Private Rental Sector (PRS), we propose limiting the general group to only receiving higher-cost measures which are more likely to require a customer contribution, excluding loft and cavity insulation. Recognising the need to support the most vulnerable PRS households in the low-income group we propose allowing this group to receive any ECO+ insulation measure. For both eligibility groups, EPC F and G homes will be excluded as in England & Wales they would be in breach of the current Minimum Energy Efficiency Standards (MEES) regulation requiring landlords to spend up to £3,500 to improve a home to EPC band E. For social housing in both eligibility groups, which tend to be more energy efficient and can receive support through other schemes, we will limit homes to EPC bands E, F, and G, allowing Ds to receive only Innovation Measures. This will make sure the least energy-efficient homes are targeted. To ensure government money is prioritised towards insulation measures, neither PRS households nor social housing will receive heating controls.

Given the focus of ECO+ is to reach a large volume of households as soon as possible, we aim to allow voluntary early delivery ahead of the scheme start by Spring 2023. We will also drive momentum through mandatory annual targets, rather than a single target for the scheme as a whole.

To help boost the impact of the scheme, we plan to gather evidence on whether we could increase the allowance for local authorities and suppliers to refer households and customers who could benefit most in the low-income group, through the Local Authority (LA) and Supplier flex mechanisms developed for ECO4. In parallel, we will explore other ways in which consumers could be referred to participating energy suppliers or installers, such as through the GOV.UK service to find ways to save energy in your home.

As ECO+ focuses on mainly single low-cost measures which typically fall under a low-risk path, we are exploring whether homes receiving the lower-cost, low-risk measures such as loft insulation in low-risk situations and heating controls should have the option to adopt the TrustMark Licence Plus Scheme instead of the PAS2035 standards under ECO4. This could result in substantial cost-savings which could be used to ensure a higher volume of households receive ECO+ support.

To streamline the consultation process across ECO schemes, we have also proposed a number of amendments to ECO4. We are consulting on proposals to allow as much support as possible to homes whose primary heat source is electric room heaters, including amending the definition of a “renewable heating system” to ensure heating measures that are of benefit to ECO4 households are available to be installed. We are also consulting on proposals to update evidencing requirements in ECO4 to SAP/RdSAP10 so as to bring ECO in line with standard industry practice.

# Chapter 1: Suppliers

This chapter outlines our proposal for supplier obligation targets and plans for implementing these. This includes setting out how we aim to facilitate the early delivery of measures ahead of the formal launch of the scheme.

## Obligation targets

We propose to implement ECO+ through new legislation that places additional obligations on the larger energy suppliers to deliver energy bill savings for consumers, mirroring those obligated under ECO4. We are building on the established ECO programme to facilitate the rapid scale-up of energy efficiency measures. The ECO+ scheme will be worth an extra £1 billion on top of planned ECO4 investments, running for 3 years from spring 2023 – March 2026. This alignment with ECO4 will aid delivery efficiencies, as well as provide an extended period of certainty across the two schemes to help obligated suppliers and the installer supply chain to plan ahead.

Based on modelling for this consultation and the proposals set out, the proposed ECO+ target for obligated suppliers is £57,120,000 in notional annual bill savings, to be achieved by 31 March 2026. This will divide between the 3 years of the scheme as follows:

- April 2023 – March 2024: £9,598,000
- April 2024 – March 2025: £25,722,000
- April 2025 – March 2026: £21,800,000

Previous ECO schemes have been divided into obligation phases, typically a year in length, which require full compliance with the target only in the final year when Ofgem produces a final determination report.

For ECO+, we propose to allocate £130 million of the scheme budget to the first year and £435 million to each of the second and third years.<sup>1</sup> These sums will be used to set the mandatory annual targets, as set out above, based on annual bill savings. The level of annual obligations will also reflect the assumption that, on average, households in the general group will contribute an additional 10% themselves towards the measures selected (see Chapter 5).

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<sup>1</sup> These annual budgets will be increased in line with inflation so that total scheme spend over the three years will equate to £1 billion in today's prices.

**Table 1: Annual Obligation Target Values**

Annual target	Date	Target value <sup>2</sup> (public investment, 2022 prices)
1	1 April 2023 – 31 March 2024	£140.4m (£130m)
2	1 April 2024 – 31 March 2025	£469.8m (£435m)
3	1 April 2025 – 31 March 2026	£469.8m (£435m)

This approach aims to drive momentum while ensuring suppliers have adequate time to ramp up delivery over the 3-year period.

Ofgem will set individual supplier targets each year based on market share, using the same approach and data points as for ECO4. The estimated overall market share of ECO-obligated suppliers is 99.76% as of 31 December 2021, based on their share of domestic customers.<sup>3</sup>

We will work with Ofgem to ensure compliance with the annual targets, including appropriate sanctions where targets are not achieved.

Where elsewhere in this consultation document additional caps and requirements are set, these will apply for each annual target.

We propose that progress in meeting annual targets will be initially tracked using notified measures. This is intended to minimise any additional costs and bureaucracy from annual targets, whilst driving momentum and alignment with budgets as set out above. It takes into account that for previous ECO schemes the rejection of notified measures has been around 1%. In instances where notified measures are subsequently rejected, these will need to be made up for the following year. A full close-down audit and final determination report will be produced at the end of the 3-year scheme. We will work with Ofgem to ensure that compliance checks with each annual target are proportionate in providing the government with assurance that suppliers have delivered in accordance with their obligations.

Suppliers will be notified of their obligation by Ofgem on or before 7 March prior to the commencement of each target year.<sup>4</sup> To support this, suppliers must notify Ofgem of their domestic customer numbers and energy supplied by 1 February of that year.

#### Consultation Question

<sup>2</sup> Assumes average 10% customer contribution from general group towards measures selected.

<sup>3</sup> Source: Ofgem

<sup>4</sup> For year 1, Ofgem would provide an indicative supplier obligation and confirm the final obligation when the new ECO+ Order comes into force.

1.	Do you agree with the proposal to set mandatory annual targets for ECO+?
2.	Do you agree with the approach set out to implementing mandatory annual targets for ECO+?

## Scheme launch and Early Delivery

We propose to progress legislation as soon as possible after we publish the ECO+ Government Response, aiming to have the new ECO+ regulations laid by spring 2023.

However, given the aim for ECO+ to drive a rapid scale-up of energy efficiency measures, we want to allow suppliers to deliver measures ahead of the Order coming into force, with the facility to have these measures recognised towards meeting their obligations retrospectively. We will make provision for this within the regulations themselves.

We recognise that suppliers will need sufficient key information on ECO+ scheme requirements to have confidence that eligible measures installed voluntarily before the legislation is in force and before full Ofgem guidance and systems are in place will subsequently count towards their obligation. As such, we propose to publish scheme information as soon as possible following the completion of this consultation, through the Government Response or other statement.

We propose allowing suppliers to deliver ECO+-eligible measures from the publication date of the ECO+ Government Response or other statement. Any early delivery would need to be in line with the policy as set out.

Core scheme requirements that we would look to confirm to support early delivery include:

- Scheme eligibility requirements;
- Eligible measures; and
- Standards requirements.

With regards to ECO+ standards, we will work with TrustMark to ensure the relevant Licence Plus Scheme is available for early delivery measures, should this proposal be taken forward.

We recognise that suppliers will use data set out in the final Impact Assessment to negotiate contracts with installers, based on the total bill savings target and average value per bill saving assumed. As necessary in advance of publishing a final Impact Assessment, we intend to publish a statement of what the maximum possible bill savings target would be in the ECO+ legislation. This could provide suppliers with a cost reference point for contracting for early delivery with their supply chain.

Consultation Question

3.	Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?
4.	What additional information would suppliers need to deliver ECO+ measures before the ECO+ Order comes into force?

## Carry-under

Carry-under is a mechanism allowing suppliers to offset a limited amount of under-delivery from one ECO+ annual target to the next.

We recognise that setting mandatory annual targets will reduce overall flexibilities and could increase delivery costs for suppliers, with potential issues for suppliers and Ofgem if they are required to process a large number of measures towards year-end. This may be particularly the case as the scheme gets up and running. In mitigation, and alongside the flexibilities provided through the trading of obligations and transfer of qualifying measures (see Chapter 5), we propose to allow up to 10% “carry-under” of a supplier’s annual target for the first year of the scheme. As such, suppliers will be able to meet up to 10% of their Year 1 obligation in Year 2. This is not intended to be a relaxation of the target itself, and we expect suppliers to make their best endeavours to meet the annual target set. Any shortfall will be recorded in the supplier performance report.

### Consultation Question

5.	Do you agree with our proposal to allow each supplier a maximum of 10% carry-under of the Year 1 obligation to Year 2 for ECO+?
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## Carry-over

ECO+ aims to facilitate the rapid delivery of energy efficiency measures to a high volume of households. The approach of mandated annual targets supports this goal. We also do not want to hold back suppliers who want to and are able to go faster, or indeed see a pause in delivery where a supplier meets its annual target early. We therefore propose to allow unlimited “carry-over” of any surplus bill savings that are achieved beyond each supplier’s annual target, to be accounted for in the following year’s target. This will be relevant for the year 1 and year 2 targets.

### Consultation Question

6.	Do you agree with our proposal to allow unlimited carry-over between annual targets for each of the first two years of ECO+?
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## Cost assumptions

To ensure supplier obligation targets are fair and proportionate, we are working to refine our understanding of expected search, installation, compliance and administrative costs.

### Search costs

Suppliers reasonably incur costs in identifying households and properties that would be eligible for support through the ECO scheme, and in verifying that eligibility. In many cases, these costs will be first incurred by the installer, who will pass them on to the supplier. This can include paying third parties for referrals and additional targeted marketing.

The assumed search costs used in ECO4 are shown in Table 2 below. These cost assumptions are derived from a survey of the supply chain and other stakeholder feedback and have been adjusted in line with inflation. All search costs are per successful installation. For example, if two eligible households are needed to be found per successful installation then the costs of finding both households are included.

**Table 2: Assumed Search Costs (2022 prices)<sup>5</sup>**

Measure	Homes on the gas grid (£)	Homes off the gas grid (£)
Cavity Wall Insulation	270	450
Loft Insulation	200	450
Floor insulation	300	450
Solid Wall Insulation	300	450
Heating Controls <sup>6</sup>	0	0

<sup>5</sup> Original Source: BEIS Supply Chain Survey, increased in line with inflation and rounded up to the nearest 10.

<sup>6</sup> Assumed to be zero as heating controls will only be offered as a secondary measure and its search costs are included in that of the primary measure.

### Search costs under the two eligibility groups

Unlike ECO4, ECO+ will include a general eligibility group. The pool of eligible households in this group is larger than for the low-income group, covering homes in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales, with an EPC of D and below.<sup>7</sup>

We believe that this larger pool will make it easier to find eligible and willing households, which could lead to lower search costs for suppliers. There should also be significant efficiencies to be gained, where potential ECO+ and ECO4 eligible households can be explored together. The modelling for this consultation has used the same search costs for both the low-income and general eligibility groups, though for the final modelling of the ECO+ obligation we are planning to reduce the assumed search costs for the general group. We would welcome views on whether the search costs for the general group should be lowered and by how much.

### Reducing search costs across the scheme

We believe that our plans to increase opportunities for local authorities and suppliers to refer households in fuel poverty and in the most inefficient homes, using their own insights and data, could also reduce search costs.

As set out in the referrals section of Chapter 2: Homes and household eligibility, we intend to continue the Local Authority (LA) and Supplier Flex referral routes, as under ECO4, and to increase the proportion of a supplier's low-income minimum obligation that can be met in this way.

We also plan to explore other ways in which we might improve the "customer journey", including a potential self-referral route for households through GOV.UK.

We welcome views on how search costs could be reduced generally across the scheme. Minimising search costs, whilst also extending the reach of the scheme to those households who could most benefit, will enable more of the obligation to be spent directly on measures.

### Measure cost assumptions

As measure cost assumptions are critical in determining supplier obligation targets, we want to understand better what costs suppliers would expect for different measures.

Our estimates for the capital costs of installing measures are provided in Table 3. The estimates are based on the cost assumptions used in the ECO4 final stage Impact Assessment (given in 2021 prices). A 60% uplift has been applied to cavity wall and loft insulation, based on evidence of the costs of these measures from the 2020/21 Green Homes Grant Vouchers Scheme. The costs of all measures in 2021 prices are then inflated by 10% to convert them into 2022 prices and rounded to avoid spurious accuracy. Table 3 includes those measures we are able to incorporate into our modelling, therefore our focus is to gather data on these measures only. Pitched roof insulation, flat roof insulation, room-in-roof insulation and park home insulation measures were not incorporated into our modelling when it was

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<sup>7</sup> See Chapter 2: Homes and Household Eligibility for more information.

created as these tend to be less prevalent through the scheme and we do not have the resources to add them in retrospectively. They are therefore not included in Table 3.

**Table 3: Capital cost assumptions used in ECO+ modelling (2022 prices)<sup>8</sup>**

Measure Description	ECO4 costs in 2021 prices		60% uplift for CWI and loft		2022 prices (10% uplift & rounded)		Units for unit cost
	Fixed cost (£)	Unit cost (£)	Fixed cost (£)	Unit cost (£)	Fixed cost (£)	Unit cost (£)	
Low-cost cavity wall insulation	270	3.2	432	5.1	480	6.0	£ / m2 treated
High-cost cavity wall insulation	1700	30	2720	48	2995	55	£ / m2 treated
Loft insulation	160	5.2	256	8.3	285	9.5	£ / m2 treated
Solid wall insulation (external)	4200	124	-	-	4620	140	£ / m2 treated
Floor insulation	0	37	-	-	0	45	£ / m2 treated
Room thermostat	90		-	-	100	0	N/A
Boiler programmer	73	-	-	-	80	0	N/A
Thermostatic radiator valves <sup>9</sup>	-	-	-	-	220	30	Rooms Treated

<sup>8</sup> Source: [ECO4 Final stage Impact Assessment](#) increased based on emerging cost evidence and in line with inflation, before rounding.

<sup>9</sup> Thermostatic radiator valves did not feature in the ECO4 modelling.

The average installation costs of low-cost cavity wall and loft insulation for houses treated in the model are provided by house type in Table 4. These estimates are calculated based on the capital cost assumptions provided in Table 3 and the mean treated area of representative homes. The figures are presented in 2022 prices and rounded to avoid spurious accuracy. They do not include other costs (e.g., admin, search or compliance costs) which will also be relevant for overall costings.

**Table 4: Average installation cost used in the modelling by house type (2022 prices)**

Build type	Low-cost Cavity Wall Insulation (£)	Loft Insulation (£)
Bungalow	940	970
Detached	1390	1300
Semi-detached	1040	950
End of terrace	950	890
Mid-terrace	920	850
Purpose built low-rise flat	790	820
Purpose built high-rise flat	800	890
Converted and non-residential	830	860

### Additional costs of compliance with retrofit standards

Under ECO+, it is proposed that lower-cost, simple measures installed (loft insulation and heating controls) could adopt TrustMark Licence Plus. A £395 cost per home treated is assumed based on a £350 retrofit assessment and £45 measure lodgement with TrustMark. Our modelling assumed a £350 retrofit assessment to avoid being optimistic on delivery. Such an assessment may be required to determine what is a low-risk installation. The need for this is discussed in Chapter 6: Quality and Standards. We will update the modelling costs of TrustMark Licence Plus based on the final requirements under the ECO+ scheme.

For more complex, higher-cost measures, PAS2035 standards will apply (see Table 5, Chapter 6, for detail on which measures fall under which standard). A £950 PAS cost is assumed, in line with the ECO4 impact assessment. However, we recognise that PAS costs vary depending

on the measure type and risk pathway. We would value further information on expected PAS costs by measure type and risk pathway, or if respondents do not have this, then information on average PAS costs.

### Supplier administration costs

Our administrative cost assumptions for ECO4 are currently based on those from ECO3. Given that a lot of the administrative requirements for ECO+ will be the same as under ECO4, we believe that the costs relating to these could be lower compared to ECO3. We welcome views on this.

Consultation Question	
7.	<p>Search costs: Do you agree with our assumed search costs, as outlined in Table 2?</p> <p>Please provide BEIS with information on search costs supporting your response.</p>
8.	<p>Search costs across the two eligibility groups: Do you agree with our plans to use lower search costs for the general eligibility group in the final ECO+ modelling compared to the low-income group? If so, by how much should we reduce search costs in the general group?</p> <p>Please provide BEIS with information on search costs supporting your response.</p>
9.	<p>Reducing search costs generally across the scheme: Do you have any ideas on how search costs could be reduced across the scheme?</p> <p>Please provide BEIS with information on search costs supporting your response.</p>
10.	<p>Measure cost assumptions: Do you agree with our estimates for the capital costs of installing measures, as outlined in Table 3?</p> <p>Please provide BEIS with information on measure costs supporting your response.</p>
11.	<p>Measure cost assumptions: Do you agree with our estimates for the average installation costs of installing cavity wall and loft insulation, as outlined in Table 4?</p> <p>Please provide BEIS with information on measure costs supporting your response.</p>
12.	<p>Additional costs of compliance with retrofit standards: Do you agree with our assumptions for compliance with TrustMark and PAS2035 standards?</p> <p>Please provide BEIS with any information on PAS2035 compliance costs by measure type and risk pathway for the following insulation measures: cavity wall, solid wall, loft, pitched roof, flat roof, under-floor, solid floor, park home and room in</p>

	<p>roof. If not available, please provide information on average PAS2035 compliance costs for these measures across all risk pathways.</p>
13.	<p>Supplier administration costs: Are you expecting administrative costs under ECO+ to be lower than under ECO3, given that a lot of the requirements under ECO+ are the same as under ECO4?</p> <p>Please provide BEIS with information on administrative costs supporting your response.</p>

# Chapter 2: Homes and Household Eligibility

This chapter outlines the proposed homes and household eligibility criteria.

## Household eligibility groups

The government has a number of existing schemes that aim to address fuel poverty, including ECO4, Home Upgrade Grant (HUG), the Social Housing Decarbonisation Fund (SHDF) and the Local Authority Delivery (LAD) scheme. However, in the context of rapidly increasing energy prices and the cost-of-living crisis, it is vital to offer more support to the most vulnerable households as well as those who are not currently eligible for other schemes but are at risk of struggling to pay for their energy bills.

Therefore, we propose ECO+ scheme eligibility be divided into two groups. The first, broader group of households will cover households who are not eligible for support under other ECO schemes. This group will cover all homes in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales, with an EPC of D and below. The second group of households will cover low-income households, mirroring ECO4 eligibility. In this consultation, these are referred to as the “general eligibility” and “low-income” groups, respectively. We intend for a minimum of 20% of the ECO+ annual spend to be targeted at the low-income eligible group (see further information in Chapter 1: Suppliers). Based on the modelling for this consultation, spending 20% of the ECO+ budget on the low-income group will lead to this group accounting for at least 20% of the overall ECO+ target. While ECO+ will focus on owner-occupied homes, it will also support inefficient social housing and private rented housing subject to some restrictions (see further information below on social housing and private rental sector).

### Consultation Question

14.	Do you agree ECO+ should target two groups with the first focusing on a general group with wider eligibility requirements and the second focusing on low-income households in line with ECO4?
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## General Eligibility Group

To ensure ECO+ will support as many people struggling to pay their bills as possible during the immediate cost-of-living crisis, ECO+ will support a wider pool of households through a general eligibility group. We propose the group will cover all homes in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales, with an EPC of D and below. We propose using the Council Tax band proxy as a simple, easy-to-administer way of targeting homes that are likely to be in need while aiming to exclude those on the highest incomes. Households in this group are those who are considered more likely to be at risk from struggling to pay their energy

bills but would otherwise be ineligible for support through other schemes. By including this broader eligibility group, ECO+ will help bridge the current gap in support for these households and allow more cost-effective delivery of measures to a larger volume of homes through reduced search costs.

### Consultation Question

15.	Do you agree with our proposal to target “general group” support at households in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales with an EPC of D and below?
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## Low-income Eligibility Group

To ensure the scheme provides support to those most in need, we intend to mirror the ECO4 eligibility requirements and apply these to the ECO+ low-income group as much as possible. ECO4 eligibility has been recently consulted upon and is well understood by industry and other stakeholders.<sup>10</sup> ECO4 targets EPC band D-G homes of low-income and vulnerable households who are either on:

- Means-tested benefits, or
- living in the least efficient social housing, or are
- referred by local authority, devolved administration or energy supplier participating under the flexible eligibility element of the scheme (see section on LA and Supplier Flex).

We do not intend to make any changes to the ECO4 eligible benefits carried over to the ECO+ low-income group (listed in Table i of Annex A). However, we do propose several changes to the low-income eligibility criteria to distinguish the group from households that receive support under ECO4 (see under ‘interaction with other schemes’).

### Consultation Question

16.	Do you agree with our proposal to target all eligible low-income households living in EPC band D-G through the low-income group?
17.	Do you agree with our proposal to carry over the same eligible benefits from ECO4 to the low-income group under ECO+?

<sup>10</sup> <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026>



## Low-income minimum requirement

To ensure a minimum amount of support is provided to those most in need, we propose to set a low-income minimum requirement through the scheme, of at least 20% of each annual target.

Setting a low-income minimum requirement will provide suppliers with flexibility in how they achieve the remaining ECO+ target, which can be met through delivery to both low-income or general group consumers, both of which will be unconstrained. This will ensure that some low-income households are supported whilst extending the scheme to the wider pool of households in the general group.

### Consultation Question

- |     |   |
|-----|---|
| 18. | Do you agree with our proposal to set a low-income group minimum requirement equivalent to 20% of each annual target with flexibility on whether the remaining obligation is delivered to low-income or general group households? |
|-----|---|

## Local Authority (LA) and Supplier Flex

A core aim of ECO+ is to reach a large number of households and deliver a high number of energy efficiency measures as quickly as possible. To help with this, we want to extend the routes through which those most in need of support can get help under ECO+. Under LA and Supplier Flex, a local authority or participating supplier can refer private tenure households that it considers to be living in fuel poverty or on a low income and vulnerable to the effects of living in a cold home. Suppliers have the option to work independently from local authorities and refer households based entirely on their own debt data as long as each referred household falls into a proxy referral category, such as homes in receipt of Council Tax reduction.

For ECO4, LA and Supplier Flex is capped at 50% of a participating supplier's total obligation. These households would otherwise not receive support under ECO4 as they do not receive means-tested benefits.

We propose carrying over the same LA and Supplier Flex mechanism and the associated due diligence and conditions that apply under ECO4 for the low-income group. Across both ECO+ and ECO4, this consistency will ease delivery and avoid added complexity. To ensure ECO+ can reach a greater pool of households in most need of support, as well as reduce search costs for both the government and suppliers, we want to explore ways for further encouraging LA and Supplier Flex referrals through the scheme.

We know that many local authorities will welcome this opportunity to support local people and improve local homes, drawing down the wider resources that are available through the ECO scheme. We want to work with local authorities to make the most of this route, recognising that some have found it difficult to take advantage due to capacity issues. We are exploring ways of using existing infrastructures, such as the regional Net Zero Hubs and Net Zero Go, to share

good practices, increase efficiencies and smooth the experience for local authorities to assist those most in need of help.

We also intend to work with suppliers to encourage the development and expansion of their own Supplier Flex referral routes and embed best practices across suppliers. This will enable suppliers to identify more of their own consumers who are in sustained energy debt and refer them for support under ECO+.

If there is evidence to support LA and Supplier Flex referrals making up a more substantial part of the low-income obligation, we intend to increase the cap on LA and Supplier Flex delivery to up to 80% of a supplier's low-income minimum. Evidence could demonstrate that increased use of LA and Supplier Flex allows better targeting of fuel-poor homes or offer a more streamlined consumer journey while driving down search costs for suppliers.

As set out above, any delivery beyond the 20% minimum will be unconstrained and suppliers will have the flexibility to deliver the remaining obligation to any low-income (including unlimited flex households) or general group households.

We recognise the potential for referrals through suppliers to ramp up significantly in light of rising energy prices and the new general eligibility group. Suppliers could refer and support even more of their own consumers outside the low-income Supplier Flex criteria, who simply meet the general eligibility group criteria. The establishment of in-house supplier referral mechanisms across participating suppliers may also offer other more streamlined routes into the scheme for consumers who are referred, for example via GOV.UK (see digital referrals section below).

Consultation Question	
19.	Do you agree that we should allow up to 80% of a supplier's low-income minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?
20.	How can referrals through LA and Supplier Flex be facilitated?

## Private Rented Homes

As of April 2020, privately rented homes in England and Wales are required to meet the minimum standard of EPC Band E before they can be let in line with The Energy Efficiency (Private Rented Property, England and Wales) Regulations 2015 ('PRS Regulations'), unless a valid exemption has been registered.

The government committed in the Clean Growth Strategy to look at a trajectory to improve as many privately rented homes as possible to Energy Performance Band C by 2030, where

practical, cost effective and affordable. The government has consulted on this and expects the Government Response to be published in due course.

For the time being, ECO+ will support eligible PRS households in the low-income and general group in line with the existing regulations. Therefore, given landlords in England and Wales are already required to improve homes to an EPC band E up to a spend cap of £3,500, PRS households in EPC bands F and G will be excluded, with limited exceptions. Landlords with F and G EPC-rated PRS homes will only be eligible for ECO+ support if either of the following two conditions apply: (i) if the property has registered a valid exemption,<sup>11</sup> or (ii) if the property is not in scope of the PRS regulations because it is not legally required to have an EPC<sup>12</sup> or it is not let on one of the relevant tenancy types (shorthold assured or regulated tenancy, or on certain types of domestic agricultural tenancies). As with ECO4 and for administrative simplicity to ensure fast delivery, we propose the same ECO+ criteria apply for Scotland to exclude PRS households in EPC band F and G. We are discussing these issues with the Scottish Government and will also welcome views from others.

For the **general eligibility group**, PRS households will only be able to receive higher-cost measures that are more likely to be delivered with a customer contribution from the landlord through the scheme. They will therefore not be eligible for loft or cavity wall insulation, as these are less likely to require a customer contribution from the landlord. PRS homes will be eligible for all other insulation measures including solid wall, pitched roof, flat roof, under floor, solid floor, park home and room-in-roof insulation as detailed in Chapter 3: Eligible Measures. This will incentivise landlords to contribute towards improving their homes where they are able to do so. As with owner-occupier households in the general eligibility group, PRS households in the general eligibility group will not be able to receive secondary heating controls.

PRS households in the **low-income group** will be eligible for all insulation measures but will not be eligible to receive a secondary heating control. This is recognising government money is most efficiently used towards primary insulation measures in PRS households and landlords are expected to provide functioning heating systems for their tenants.

### Consultation Question

21.	Do you agree with our proposal that only PRS households in EPC bands D and E should be eligible for ECO+ in the general and low-income group, while PRS households in EPC bands F and G should be excluded, other than when exempt from the minimum energy efficiency standard?
22.	Do you agree PRS households should not be eligible for secondary heating controls?

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<sup>11</sup> <https://www.gov.uk/government/publications/private-rented-sector-minimum-energy-efficiency-standard-exemptions/guidance-on-prs-exemptions-and-exemptions-register-evidence-requirements>

<sup>12</sup> <https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance>

23.	Do you agree with our proposal that PRS households in the general group should not be eligible for cavity and loft insulation?
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## Social Housing

As in ECO4, whilst on average social housing tends to be more energy efficient than private housing in England, we want to continue to focus support on any social housing tenants that live in the least energy efficient homes.<sup>13</sup>

Social housing in the **general group** must be a household in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales to be eligible for ECO+. We have included social housing in the general group to provide maximum flexibility and allow area-based delivery. Amidst the rising living costs, tenants in social housing will be one of the groups that will benefit the most from reduced energy bills. Given social housing is typically more energy efficient and receives support from other schemes, only EPC bands E, F and G will be eligible in the general group whilst households in EPC band D will be limited to Innovation Measures.

In line with ECO4, for the **low-income group** we propose support will be limited to homes in EPC bands E, F, and G to ensure the least energy-efficient homes are targeted. As with the general group, households in EPC band D are only able to receive insulation measures that classify as an Innovation Measure. As with owner-occupier households, these homes in Band E, F, G will only be eligible for ECO+ where the ECO4 minimum requirement<sup>14</sup> cannot be met.

As with ECO4, we propose limiting the eligible measures for social housing in both groups. We propose they be eligible to receive any single insulation measure but not heating controls. This is because social housing landlords are expected to provide a functioning heating system to their tenants and to avoid duplication with other support, such as the Social Housing Decarbonisation Fund.

We propose ECO+ retains the position in ECO4 that band D homes in both eligibility groups are only eligible for a single insulation measure that classifies as an Innovation Measure, in line with the eligible measure types under ECO+, that have already been approved under ECO4 (see Section 4 Measures). Continuing to limit social housing band D homes to Innovation Measures will continue focus on the development of improved products under the Innovation Measure mechanism.

### Consultation Question

<sup>13</sup> <https://www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2021>

<sup>14</sup> In ECO4, properties with a starting SAP band of F or G must be improved to a SAP band D, and those with a starting SAP band of D or E to at least a C. This is typically referred to as the minimum energy efficiency improvement requirement or MR.

24.	Do you agree with our proposal that social housing will be included for EPC bands E-G in line with the eligibility criteria for general and low-income eligibility groups?
25.	Do you agree that social housing should not receive heating controls through ECO+?
26.	Do you agree social housing in the general and low-income eligibility group with EPC band D should only be eligible for the Innovation Measures that are eligible through ECO4?

## Rural delivery

The government remains committed to supporting households living in rural areas and recognises the increased difficulties faced by these households in receiving support due to increased costs of delivery.

Under ECO4, the government introduced rural off-gas uplifts of 35% in Scotland and Wales in recognition of such properties tending to have higher installation costs. The uplift in scores applies at the project level and recognises that Scotland and Wales are more rural when compared to England. The rural off-gas uplift in Scotland and Wales was also introduced given similar grant schemes, which have an exclusive focus on upgrading off-gas properties, like the Home Upgrade Grant (HUG) scheme in England, were not in place in Scotland and Wales.

For ECO+, the uplift will no longer take into consideration whether a property is connected to the gas grid, given heat generating measures are not eligible under ECO+. Regarding geographical extent, we propose to uplift the final scores for rural properties in Scotland and Wales that receive ECO+ support by 35%, mirroring the approach taken in ECO4.

For the purposes of this consultation document, a ‘rural area’ refers to an area classified as rural in the ‘2011 rural-urban classification of output areas’ document for properties in England and Wales,<sup>15</sup> and in the ‘Scottish Government Urban Rural Classification 2016’ document for properties in Scotland.<sup>16</sup>

However, for England, the Home Upgrade Grant provides energy efficiency and clean heating upgrades to low-income off-gas grid homes. The second phase of this scheme (HUG 2) launched in September 2022 with up to £700 million of funding available to local authorities, and 60% of this funding has been reserved to upgrade homes in rural local authorities.

Therefore, in line with ECO4 policy, ECO+ will not provide a rural uplift to rural homes in England given the overlap in rural areas with the HUG 2 scheme. This will not prevent rural homes from being treated under ECO+ should suppliers choose to do so.

<sup>15</sup> <https://www.gov.uk/government/statistics/2011-rural-urban-classification>

<sup>16</sup> <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2016/pages/2/>

We would like to gather views on whether the 35% uplift should apply to all ECO+ measures in Scotland and Wales, or whether it should only apply to measures that require significant work or are more difficult to deliver in rural areas, and therefore exclude measures such as loft insulation and heating controls.

Consultation Question	
27.	Do you agree with only having a 'rural' rather than 'rural and off-gas' requirement for properties to receive an uplift in ECO+?
28.	Do you agree that rural uplifts of 35% should apply in Scotland and Wales only?
29.	Should the rural uplift only apply to higher-cost measures, and therefore exclude loft insulation and heating controls, delivered in Scotland and Wales through ECO+?

## In-fill

In-fill, which already exists under ECO4, is a mechanism which allows homes to be treated under ECO even if households do not meet the low-income eligibility criteria. In-fill flats must be located within the same block as the flat occupied by ECO-eligible households, whilst in-fill houses must be located on the same street as the house occupied by ECO-eligible households. We introduced it under a previous iteration of ECO to enable local economies of scale to support neighbourhoods to be collectively insulated.

We propose to keep in-fill under ECO+ and adopt the same criteria as under ECO4:

- **Flats:** A ratio of 1:1 in flats for solid wall insulation and cavity wall insulation. This would enable flats to be upgraded subject to each block of flats being at least 50% occupied by those meeting the ECO+ eligibility criteria. The in-fill rule would apply irrespective of whether the in-fill flats within the same block are privately rented, owner-occupied or social housing.
- **Houses:** A ratio of 1:3, so one in-fill property for every three homes that meet the ECO+ eligibility criteria. Under this scenario, measures would be restricted to solid wall insulation only.

For both flats and houses, the in-fill property does not need to meet the ECO+ eligibility requirements, but the properties contributing to the ratio to allow an in-fill house must meet the eligibility criteria in the respective eligibility groups within ECO+. Both the low-income and general eligibility groups will be able to contribute to the in-fill mechanism.

For houses, we recognise there may be an opportunity to combine ECO4 and ECO+ houses to meet the ratio needed for an in-fill house e.g., two ECO+ homes and one ECO4 home would allow for a fourth in-fill house. In ECO+, we propose allowing ECO4 houses to contribute to the ratio allowing for an ECO+ in-fill house, so long as the ECO4 treated house is reported towards

the ECO4 obligation target and installs the same insulation measure. This will ensure houses are not double counted through both ECO4 and ECO+ schemes. ECO+ houses will not, however, be able to contribute to the ECO4 in-fill ratio given the regulations are already in place. As there is a 1:1 ratio for in-fill flats there is no need to introduce blending between the ECO4 and ECO+ schemes.

### Consultation Question

30.	Do you agree that ECO+ should allow the in-fill mechanism with a ratio of 1:1 for flats and 1:3 for houses?
31.	Do you agree we should allow ECO4 houses to contribute to the ECO+ in-fill ratio? Do you foresee any further challenges in blending ECO4 and ECO+ in this area?

## Digital referrals

We want to make it as easy as possible for those households that could benefit from the scheme to be able to get help.

As part of this, we will explore the development of an expression of interest facility through GOV.UK. The government's main online energy advice tool currently offers tailored recommendations to consumers on how to improve the energy performance of their homes, so they can make informed choices on how to cut their energy consumption as well as make their home greener. We want to add new functionality, including the option to self-assess eligibility for government support schemes.

We will work with energy suppliers on options to extend access to the scheme, including enabling householders to refer themselves. Self-referral could also serve as an efficient route, reducing search costs and enabling a greater proportion of funding to be spent directly on measures.

We appreciate there are challenges to such a referral system that will need to be considered, such as managing consumers' expectations on eligibility and property suitability, and the fact that not all energy suppliers have nationwide coverage all year round from the supply chain to install ECO+ qualifying measures. We welcome views from stakeholders on how these obstacles could be overcome.

### Consultation Question

32.	Do you agree with our plans to explore additional access routes to the scheme, including through GOV.UK?
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33.	Do you have any views or ideas for how best this might be made to work to overcome noted obstacles?
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## Interaction between ECO+ and other schemes

Existing government schemes, including ECO4, are multi-measure schemes that seek to treat a whole house in line with industry best practice, and to prepare homes adequately for low-carbon heating technologies. They are all also focused solely on those on low incomes, least able to pay and in fuel poverty. In contrast, ECO+ is designed to be a mainly single measure scheme, focusing on installing the most cost-effective measures to achieve bill savings in as many homes as possible.

To avoid duplication of subsidy for the same measure, we do not think blending should be allowed with ECO+ where grant (such as the Home Upgrade Grant or Local Authority Delivery schemes) or ECO4 funding is paying for the same measure, as we expect individual measures to only receive funding from one government scheme. As in ECO4, where necessary, we believe there is sufficient scope and expertise to facilitate a property receiving measures funded under multiple funding streams, albeit not to fund the same measure, and where each package of measures is funded under one scheme.

For example, grant and ECO4-funded measures would need to be installed either before or after any ECO+ measures. If other measures are delivered before ECO+ measures that improve the energy efficiency of the property, to receive support under ECO+ the property band must still meet relevant ECO+ requirements. Similarly, where a property has received support under one scheme, it is not precluded from receiving support under another, provided it still meets relevant requirements (however an E, F or G home that has been treated through ECO+ cannot receive further support under ECO4, see Q40 under eligible EPC bands).

The only instance where there may be an interaction between ECO+ and ECO4 will occur through meeting the in-fill ratios (see section on in-fill).

Consultation Question	
34.	Do you agree with our approach towards blending of funding with ECO+?
35.	Are there additional issues you wish to flag about the interactions between ECO4 and ECO+ and/or with other grant schemes?



## Eligible EPC bands

To avoid homes being treated under the low-income group of ECO+ if they are also eligible for a deep retrofit under ECO4, only low-income homes in EPC band D, or homes in EPC bands E, F and G that cannot reach the minimum requirement through ECO4, will be eligible for ECO+. Given EPC band D homes are the most prevalent in Great Britain,<sup>17</sup> allowing them access to either ECO+ or ECO4 will ensure the maximum number of households are supported. It will therefore be up to the market to decide which scheme is best suited to support households.

For the general eligibility pool of ECO+, we propose support should be extended to all households living in a property with a starting EPC band of D or below.

### Consultation Question

36.	Do you agree with our proposal to target the low-income group at eligible households in EPC bands E, F and G that cannot meet the ECO4 minimum requirement?
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## Evidencing whether the ECO4 minimum requirement cannot be met

Where a property in the low-income eligibility group has a starting EPC band of E, F or G, we propose that it must be demonstrated that the property cannot meet the ECO4 minimum energy efficiency improvement requirement (MR) so as not to create competition with and undermine the delivery of ECO4, or that the property is only eligible for a single insulation measure and heating controls.

We are exploring whether to allow certain ECO+ measures to make use of either the TrustMark Licence Plus scheme (TMLP) or PAS2035 (as in ECO4). Adherence to both will be overseen by TrustMark (see Chapter 6: Quality and Standards).

Currently under ECO4, there are certain exemptions that can be used to evidence a property's inability to meet the ECO4 MR. In this scenario, the property would still receive a full project score for the measures installed, but such a property would contribute to the ECO4 scheme-wide exemption allowance of 7,500 properties across the scheme. Therefore, our preferred proposal is to use the same exemption criteria to evidence that a property cannot meet the ECO4 MR and allow these to be treated under ECO+. We are working closely with TrustMark to ensure that where a measure is installed under TMLP, the exemption can be evidenced, where relevant, in the same way as it would be under ECO4 through the appropriate PAS2035

<sup>17</sup> Band D properties account for 43.4% of the English Housing Stock (2020), Table 2.8 <https://www.gov.uk/government/statistics/english-housing-survey-2020-to-2021-headline-report>

documents. This would only apply to those with a starting EPC band of E, F or G within the low-income group.

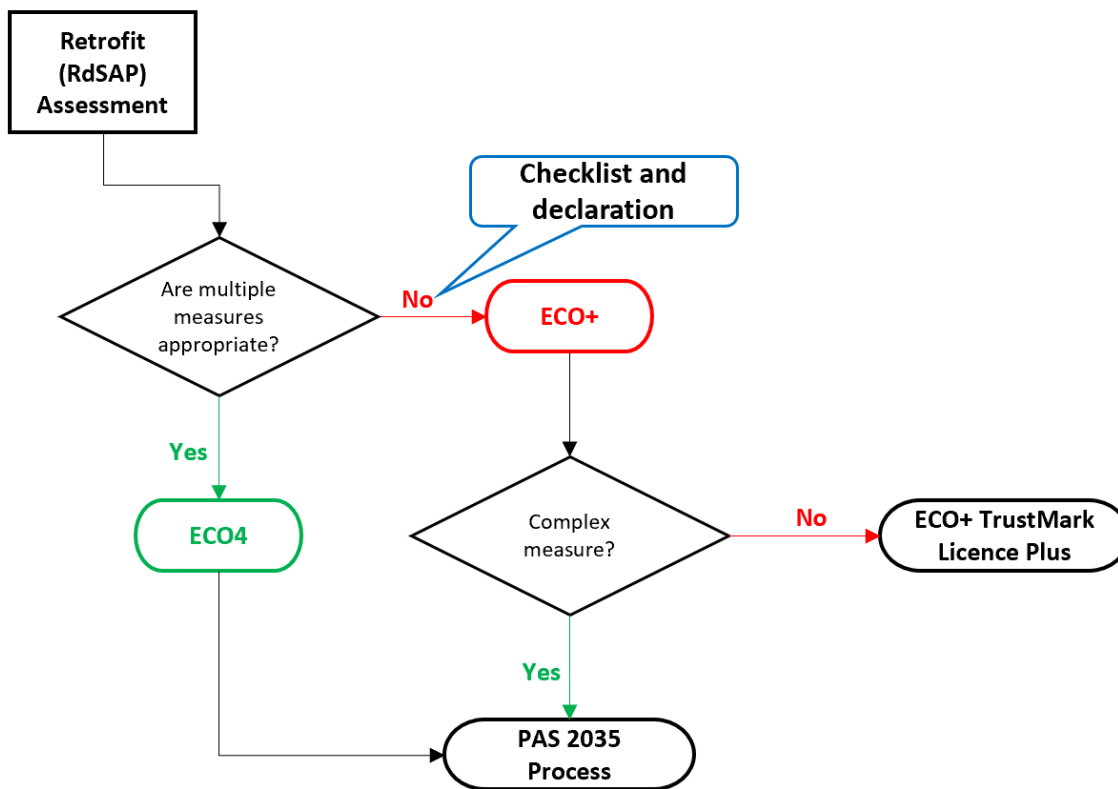
Alternatively, as shown in Figure 1, a pre-installation RdSAP assessment could be used to determine the number of measures appropriate for a property. Under ECO+ TrustMark Licence Plus, an RdSAP assessment takes place as part of the retrofit assessment. This includes the “identification of any energy efficiency measures already installed or proposed at the property”. Similarly, under ECO4, the starting SAP rating of the property must be determined. This can be done via a pre-installation RdSAP assessment as part of PAS2035, (or a valid SAP assessment, or a valid pre-installation EPC for projects outside the scope of PAS) and can also be used to determine appropriate measures for the property. In both instances, where an assessment is performed, this would be carried out by a Retrofit Assessor.

In this scenario, where the property is better suited to multiple measures, and thus deeper retrofit, we intend to exclude that property from being treated under the ECO+ low-income group, unless it can be demonstrated that the property cannot meet the ECO4 minimum requirement. This demonstration should only take account of measure suitability for a property, rather than the cost-effectiveness of installing measures there. We propose the retrofit assessor conducting the assessment will be best placed to make this determination.

If it is deemed that a property cannot meet the ECO4 MR, we propose that this be evidenced via a questionnaire and declaration as part of the ECO+ lodgement, alongside a pre-retrofit RdSAP assessment. We are working with industry and TrustMark to determine the specifics of this document. Furthermore, to disincentivise gaming, where a band E, F or G property has received support under ECO+, we propose that the property becomes ineligible for any subsequent support under ECO4.

We acknowledge that competition may arise between other similar schemes that operate in this space (e.g., HUG, LAD and SHDF) and ECO+. However, due to clear differences in scheme design it is less likely that there will be direct competition between these and ECO+ properties. Therefore, outside of ECO4, we do not propose any further tests, to distinguish which scheme is best suited to a particular property.

**Figure 1: Determination process for ECO+ or ECO4 based on multiple measures**



Consultation Question

37.	<p>Do you agree with our preferred approach to use the ECO4 exemption criteria to evidence whether a property within the low-income group with a starting EPC band of E, F or G cannot meet the ECO4 MR and is thus better suited to receive measures under ECO+?</p> <p>Please include views on how this approach could be improved or modified to better ensure properties receive a whole house retrofit where it is appropriate for them to do so.</p>
38.	<p>Do you agree with our alternative proposal to use the pre-retrofit property assessment and further documentation to determine whether a band E, F or G property cannot meet the ECO4 minimum requirement and is therefore better suited to receive measures under ECO+? How could this test be made more robust?</p>
39.	<p>Do you agree with our proposal not to include further tests to distinguish properties which may also be eligible under the HUG, LAD and SHDF schemes?</p>
40.	<p>Do you agree with our proposal to exclude E, F or G properties that have received support under ECO+ from receiving further support under ECO4?</p>

## Public Sector Equality Duty

The Public Sector Equality Duty, under section 149(1) of the Equality Act 2010, requires that public authorities give due regard to how policies or decisions affect people who are protected under the Act. The general equality duty relates to age (including children and young people), disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We recognise that ECO+ will impact people sharing protected characteristics. The Impact Assessment published alongside this consultation sets out initial data in this respect.

We want to ensure that we consider the fullest range of evidence to understand the scheme's likely impact on different protected groups. Therefore, we invite views and evidence in this regard in response to this consultation.

### Consultation Question

41.	Do you have views or information on how the proposals set out in this consultation will impact people with protected characteristics under the Equality Act 2010?
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## Chapter 3: Eligible Measures

This chapter outlines our proposals for ECO+ eligible energy efficiency measures.

### No minimum requirement

Under ECO4 an eligible household will receive a deeper retrofit upgrade that improves the EPC rating of the household to a minimum level ('the ECO4 minimum requirements'); properties with a starting EPC band of F and G must be improved to at least a D, and properties with EPC bands D and E to at least a C.

Complementary to ECO4, and in line with our objective to prioritise the number of homes treated, ECO+ will deliver mainly single, low-cost insulation measures to households rather than multiple measures. This will ensure the maximum number of households can receive support through the scheme as quickly as possible.

As such, for ECO+ we do not intend to set any minimum requirements to improve the EPC band of a home. With the focus on mainly single, low-cost insulation measures (plus the option of heating controls as secondary measures for low-income households), we recognise it is less likely that a household will be improved by a set number of EPC bands.

#### Consultation Question

42.	Do you agree that there should be no minimum requirement for homes to be improved by a certain number of EPC bands in ECO+?
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### Eligible measures

In line with other energy efficiency schemes and grants, ECO+ will continue a 'fabric-first approach' as this is proven to ensure the transition to low-carbon heating is cost effective for households, the energy system and society. Insulation is the best long-term solution to reducing fuel poverty and does not require customers to engage with measures that are more complex to control, such as heating measures. ECO+ will therefore focus entirely on the delivery of insulation, other than heating controls which will be eligible for low-income households (see heating control section below).

Under ECO+, both the general and low-income group will be eligible for the following insulation measures:

- Cavity wall insulation
- Solid wall insulation (both external and internal)

- Loft insulation
- Pitched roof insulation
- Flat roof insulation
- Under floor insulation
- Solid floor insulation
- Park home insulation
- Room-in-roof insulation

Each household in both eligibility groups will be able to receive one single insulation measure through the scheme. This includes where, for example, a home is comprised of both cavity and solid walls. The home would still only be able to receive one measure type through ECO+ rather than an entire measure package. If a low-income home requires multiple measures, we would expect it to receive support through ECO4 as opposed to ECO+.

Cavity wall insulation and loft insulation are two of the most cost-effective energy efficiency measures to install to reduce energy bills. Data from the Household Energy Efficiency Statistics shows that there is still a significant minority of homes without cavity wall insulation or adequate loft insulation. At the end of December 2021, it is estimated that there were around 5.2 million homes without cavity wall insulation in Great Britain, of which 3.8 million are easy to treat standard cavities and 1.3 million are hard to treat.<sup>18</sup> There were around 7.9 million uninsulated lofts, which includes any loft with no insulation or less than 125mm of insulation (these lofts would benefit from top-up insulation). Of these, around 5.7 million homes require easy to treat loft insulation, whilst 2.3 million are considered to be hard to treat or unfillable.<sup>19</sup> Given the sizeable remaining technical potential for cavity wall and loft insulation, we expect the majority of delivery through the scheme to be comprised of these measures.

Due to the higher costs associated with other insulation measures, combined with the annual bill saving partial project scores we intend to use through the scheme (see Chapter 4: Scoring), our modelling suggests it to be unlikely that many of the other insulation measures will be viable through the scheme without a contribution from the consumer.

### Consultation Question

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<sup>18</sup> Data taken from the BEIS 2021 Household Energy Efficiency Statistics (<https://www.gov.uk/government/statistics/household-energy-efficiency-statistics-detailed-report-2021>). Note that hard to treat cavities are ones that are more difficult or more expensive to fill than standard cavities. This includes properties with a narrow cavity and properties of either concrete or metal frame construction. The definition of hard to treat used in the presented statistics is based on the definition used in the 2013 English, Welsh and Scottish Housing Surveys. The ECO definition of hard to treat differs from this definition slightly as it also includes partial fill cavities and cavity wall properties over three storeys (compared to over four). It also excludes some cavities which assessors would not be able to identify as hard to treat, such as properties with high exposure to wind and rain.

<sup>19</sup> Hard to treat or unfillable lofts means that the loft would be hard or costly to insulate or could not be insulated at all. This can occur in properties with a flat roof, properties with a room in their roof, or properties where the roof has a very shallow pitch, which makes the loft space inaccessible.

43.	Do you agree with the list of eligible insulation measures permitted through the scheme subject to household eligibility rules? Are there any insulation measures missing from the list of eligible measures?
44.	Do you agree with our proposal to offer only single insulation measures to both eligibility groups?
45.	Do you agree that homes should only be eligible to receive ECO+ support once through the scheme, to ensure that the maximum number of homes are able to receive support?

## Customer contribution

While both eligibility groups can choose to provide a customer contribution for a higher-cost measure, we recognise for many low-income group households this will not be possible and this group will therefore be more likely to receive loft and cavity insulation. As such, we expect the majority of higher-cost measures with a customer contribution to be delivered to the general eligibility group, which includes an estimated 8.3 million households in Great Britain that are not part of the low-income group.

To account for the customer contributions in the overall scheme target, in the modelling we have increased the total spend of the general eligibility group by 10% (£80 million over the total three years), recognising that we expect contributions to come from this group. This additional £80m in assumed contributions will result in an increase in the overall scheme target. This will ensure the maximum number of homes can be treated within the scheme budget.

This approach of modelling a proportion of consumer contributions coupled with the annual partial project scores is expected to drive consumer contributions through the general group.

### Consultation Question

46.	Do you agree with our proposal to encourage customer contributions to allow the delivery of higher-cost insulation measures through the general eligibility group?
47.	Do you agree with a 10% spend increase (£80 million over three years) for the general eligibility group in the modelling to account for customer contributions in the overall scheme target?

## Heating controls

Heating controls are another measure that can be delivered at scale quickly, and at a relatively low cost. They can also be installed without any significant disruption. As such, ECO+ will offer

heating controls as a secondary measure for the low-income eligibility group only, otherwise maintaining the “fabric first” approach used in other ECO schemes. This will only be available to owner-occupier households to prevent duplication with other schemes and requirements in place for other tenancy types (see Chapter 2: Homes and Household Eligibility).

Low-income households will be able to receive heating controls if they already opted for a primary insulation measure through ECO+. The secondary measure(s) will need to be installed within 3 months of the associated primary measure to align with the project completion timelines for ECO4. We have put this provision in place as heating controls offer more limited savings when compared to insulation and should therefore not be offered through ECO+ as a standalone measure for households. The below standard heating controls will be available through ECO+:

- Room thermostat and Boiler programmer
- Thermostatic radiator valves

We will allow a household to receive all of the above heating controls, where not already installed, to align with building regulations that require households to install a room thermostat, boiler programmer and thermostatic radiator valves after a heating system or boiler has been installed.<sup>20</sup>

ECO+ will not deliver add-on heating controls, such as Time and Temperature Zone Control, Weather Compensation Controls, and Smart Heating Controls. These measures are not standard requirements in line with building regulations which ECO+ will prioritise for households. These measures are more complex and costly to install and would therefore result in fewer households receiving support overall.

#### Consultation Question

48.	Do you agree with the measures eligible to be installed under the heating control measure type?
49.	Are there any other heating control measures that should be included?

## Innovation

Currently, ECO4 Innovation Measures are eligible for a standard 25% uplift where Innovation Measures can demonstrate a “moderate improvement” against their standard counterparts which are commonly available on the market. A 45% uplift can also be awarded for measures that demonstrate a “substantial improvement”. These uplifts are assessed across a range of

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<sup>20</sup> Article 5.20, 5.21, 5.22 and 6.4 in ‘Conservation of fuel and power, Volume 1: Dwellings [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1099626/ADL1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1099626/ADL1.pdf)



criteria including, but not limited to, expected bill savings, supplier cost savings, environmental impact, or other benefits.

As in ECO4, we believe the delivery of Innovative Measures under ECO+ should be supported due to the benefits they can offer to the supply chain and householder, such as increased bill savings or ease of installation. However, given the nature of ECO+, this must be balanced against the overarching objective of the scheme to prioritise the volume of homes treated in the context of the wider cost of living crisis.

We intend to make use of Innovation Measures that are approved via ECO4 where possible to promote the delivery of them whilst avoiding duplication of processes.

As such, we propose that an ECO+ eligible Innovation Measures must have first been approved for use under ECO4 and be an eligible measure type under ECO+. This will ensure ECO+ remains focused on its wider objectives; it will also reduce the ECO+ administrative burden and scheme complexity.

However, given the ECO+ objectives to prioritise volume of homes treated through delivery of lower-cost simpler measures, we do not intend to allow any 45% Innovation Measure uplifts through the scheme as this could result in more costly measures being installed and result in fewer homes being treated overall.

We will however allow any eligible ECO4 Innovation Measure that is awarded a 25% uplift to be delivered due to the benefits noted above. Where an ECO+-eligible measure is awarded a 45% uplift through ECO4, we also intend to allow this to be awarded a 25% uplift through ECO+.

As in ECO4, delivery of Innovation Measures will continue to be capped at no more than 10% of a supplier's annual ECO+ obligation. The sponsoring supplier uplift of 5% will not be retained under ECO+ given the approvals process will already have been completed under ECO4.

To prioritise the fast delivery of a high volume of measures, we propose that data-light measures that require an alternative methodology (AM) score should not be included in ECO+.

### Consultation Question

50.	Do you agree with our proposal to allow Innovation Measures approved under ECO4 to be installed under ECO+?
51.	Do you agree that delivery of ECO4 innovations should be capped at no more than 10% of a supplier's annual obligation?
52.	Do you agree with our proposal to encourage the delivery of Innovation Measures, that are awarded a 25% uplift as in ECO4, but not to retain a 45% uplift?

53.	Do you agree that any ECO+ eligible Innovation Measure that is awarded a 45% uplift in ECO4 should be awarded a 25% uplift in ECO+?
54.	Do you agree the sponsoring supplier uplift of 5% should not be retained under ECO+?

## Chapter 4: Scoring

This chapter outlines our proposals for ECO+ scoring.

### Overarching scoring framework

Under ECO4, deflated partial project scores (PPS) are awarded to retrofits prior to meeting the ECO4 minimum requirement (MR). Upon completion of the project, Full Project Scores (FPS) are awarded. Where projects are deemed exempt due to meeting relevant exemption criteria, provided other conditions are met, they can still be awarded FPS. PPS are calculated using measure type, starting SAP rating and floor area. The aim of PPS in ECO4 is to reduce the time for installers to be paid, and to ensure they can be paid where circumstances prevent a full project from being completed. Otherwise, retrofits meeting the ECO4 MR receive FPS.

In ECO4, the retrofit score (i.e., full project score) is based on the difference in annual bill savings between the starting intermediate SAP band of the property (pre-retrofit) and the finishing intermediate SAP band of the property (post-retrofit), with regard given to the floor area of the property. Analysis showed this scoring approach was likely to direct greater support to the less energy-efficient homes than alternative methods and would incentivise industry to improve the SAP scores of homes beyond the ECO4 MR.

As the objective of ECO+ is to deliver high volumes of single measures at pace, we propose to adopt the ECO4 scoring approach, with ECO+ eligible measures receiving ECO4 PPSs without the 20% deflator rather than a full project score, given FPSs are based on the difference between a starting and finishing SAP rating.

As a result, a pre-retrofit assessment of a property's SAP band will be required either through an RdSAP (reduced data SAP) assessment or an EPC. We do not intend to require a post-retrofit assessment for ECO+. This means the retrofit score will simply be the aggregate of the PPS for the property (typically just one PPS). As in ECO4, this will be stratified by floor area and use the evidenced pre-retrofit intermediate SAP band as the starting point.

For simplicity and consistency with ECO4, we also propose to mirror the annual PPSs rather than requiring scores be multiplied by lifetimes, as annual scores tend to favour lower cost insulation measures and heating controls in line with our approach to measures and consumer contributions (see Chapter 3: Eligible Measures). Furthermore, as set out in Chapter 8: ECO4 Amendments, we do not propose updating the ECO4 PPS to reflect the shift to SAP10 from the current SAP2012. We do not consider this proportionate as we do not expect SAP10 to be published prior to the ECO+ Order being laid. Postponing this to account for the update would provide limited benefit, whilst delaying support to households.

Adopting other scoring systems (such as ECO3 scoring) would result in delays to the scheme start date, increased administrative costs and inconsistencies with the ECO4 scheme, whereas using the ECO4 scoring system will allow the use of pre-existing systems. It will be necessary

for suppliers, when notifying measures to Ofgem, to distinguish through which scheme the measure has been delivered, ECO+ or ECO4. A system will be put in place that will permit PPS to be recorded as contributing towards suppliers' ECO+ obligations.

ECO4 savings are determined by modelling each measure in isolation, when in reality there is an interaction between measure savings when they are installed as part of multi-measure projects, and therefore overestimate potential savings. To account for this Ofgem apply a score correction factor (deflator) of 10% to all PPS. Given ECO+ will primarily support single measure delivery, we would like to gather views on whether we should remove this correction factor where single measures are installed. Where a heating control is installed as a secondary measure, a 10% correction factor could still be applied.

Consultation Question	
55.	Do you agree with our proposal to adopt the ECO4 overarching scoring framework, for measures delivered under ECO+ to receive ECO4 partial project scores without the 20% deflator?
56.	Where single insulation measures are installed, should we remove the 10% score correction deflator used in ECO4 to account for measure interaction?  Please include views on whether the correction factor should be applied to heating controls installed as secondary measures.

## Evidencing scores

We intend for the starting SAP rating to be evidenced by an existing valid pre-installation EPC, or an EPC/RdSAP assessment undertaken as part of the PAS2030/2035 or TrustMark Licence Plus pre-installation requirements (see Chapter 6: Quality and Standards for more information on ECO+ standards).<sup>21</sup> As we are not setting minimum score improvement requirements or requiring full project scores, we do not intend to require a post-installation RdSAP assessment or EPC for ECO+. We propose to use RdSAP2012 for ECO+ evidencing requirements. The government may update ECO+ evidencing requirements to stipulate that pre-retrofit ECO+ RdSAP assessments must be based on RdSAP10 once that version of RdSAP live. However, this will be kept under review; any future updates will be subject to parliamentary time and priority.

Concerns have been raised around EPC manipulation, including the potential to exaggerate certain property characteristics (such as ceiling height or floor area), as has happened under earlier iterations of ECO. However, the government has arrangements in place to address this. The EPC regime is subject to a programme of planned, unplanned, and risk-based, criteria-led smart audits, incorporating random sampling. The government has agreements with the six

<sup>21</sup> As in ECO4, where an existing EPC is used, it must have been lodged within two years and three months of the first ECO+ measure being installed.

Accreditation Schemes that require them to operate a sound complaints procedure and have Fraud Identification Plans in place.

In November 2021, the EPC progress report was published detailing the work to date on the delivery of the EPC Action Plan. Many of the actions require significant policy or process development before implementation and some will require legislative change to the Energy Performance of Buildings (England and Wales) Regulations 2012, and the government is working towards publishing a consultation on the regulations. Similarly, any concerns about the accuracy of EPCs will be investigated by Ofgem's Counter Fraud team and any measures which are found to have been subject to misrepresentation will be removed from the scheme and may be reported to the police and Action Fraud, as in ECO4.

Similarly, RdSAP assessments lodged within TrustMark's Data Warehouse are subject to automated checks to help identify and flag inconsistencies. RdSAP assessments are also compliance checked as standard by TrustMark-licensed scheme providers, so ECO-obligated suppliers are not required to verify these.

### Consultation Question

57.	Do you agree to our approach for evidencing scores under ECO+?
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## Uplifts

A list of uplifts, deflators and caps can be found in Annex A.

### Multiple uplifts

We do not intend to limit the number of uplifts that can be applied to an ECO+ measure as this would undermine the policy intent of the uplifts themselves.

### Building Fabric Repair uplift

Evidence suggests that remedial work associated with energy efficiency installations, such as repairing cracks in the building fabric or damp issues, is more prevalent in deeper retrofits, like those that occur under ECO4.<sup>22</sup> Given ECO+ will focus on delivering low-cost single measures at scale, we do not believe such an uplift is appropriate under the scheme. As such, we do not propose to include a Building Fabric Repair uplift under ECO+.

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<sup>22</sup> The English Housing Survey estimates that between 10-20% of band E, F and G homes have these kinds of issues.

### ECO4 Flex Route 4 uplift

We propose retaining the 10% uplift that is applied to projects that are delivered under Route 4 of the flexible eligibility mechanism for ECO+. This will only apply to measures delivered to households within the low-income group.

### Rural uplift

As discussed in Chapter 2: Homes and Eligibility, we propose a 35% uplift for measures delivered in rural areas in Scotland and Wales.

### Innovation Measure uplift

As discussed in Chapter 3: Eligible Measures, we propose a 25% uplift for all Innovation Measures, provided they have been approved under ECO4. We also propose that the 5% sponsoring supplier uplift is not retained under ECO+.

# Chapter 5: Delivery and Administration

## Scheme administrator

Under these proposals, the Office of Gas and Electricity Markets (Ofgem) will provide scheme administration for ECO+. It undertakes this role for the wider ECO programme and this will provide continuity and expertise, significantly assisting the efficient set-up and operation of the scheme.

## Payments – Energy Price Guarantee

ECO+ was announced by the Chancellor on 23 September as part of the Growth Plan 2022, confirming £1 billion of help through the scheme between April 2023 and March 2026.<sup>23</sup> The size of the scheme will be £130 million in 2023/24, £435 million in 2024/25 and £435 million in 2025/26, and this breakdown has been used in the calculation of the annual targets for energy suppliers.<sup>24</sup>

From April 2023, the cost of delivering ECO+ will be included in the Energy Price Guarantee (EPG). Between April 2023 and the end of March 2024, the EPG will cap the unit price that consumers pay for electricity and gas, so the average household will pay no more than £3,000. As part of this, the government is temporarily covering the costs of green levies, which would otherwise fall to domestic energy bills. The government will consider in consultation with consumer groups and industry the best approach to consumer protection in the longer term.

In practice, from April 2023 this means that Ofgem will determine an appropriate allowance within the unit price of gas and electricity that will enable an efficient supplier to recover the costs of meeting its ECO+ obligation, in line with the legislation. The same allowance, within the unit price, will apply to all suppliers.

Through the EPG, the government will pay energy suppliers the difference between what can be charged to consumers through their bills, with the unit price of electricity and gas capped, and what would otherwise be payable. Under the EPG, payments occur one week in arrears on a weekly basis.

In line with the approach that has operated since 2013, obligated energy suppliers will have an incentive to negotiate the best value for money deals with supply chain installers in order to meet their obligations at the lowest cost, to maximise their own competitiveness and profitability.

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<sup>23</sup> The Growth Plan 2022, paragraphs 2.11 and 4.36.

<sup>24</sup> These annual figures will be increased in line with inflation so that total scheme spend over the three years will equate to £1 billion in today's prices. In addition, an assumption will be included of an average 10% contribution from consumers in the general group towards measures selected.

Ofgem and BEIS will monitor the progress and efficiency of ECO+ delivery both overall and with individual suppliers, including to understand costs and trends.

Through the EPG, payments to suppliers are planned to begin in April 2023. Energy suppliers may voluntarily deliver measures towards meeting their obligations in advance of that date, as described in Chapter 1: Suppliers.

Decisions on how the cost of delivering ECO+ longer term will be met will be confirmed at a later stage, alongside that for other environmental and social obligations, noting the review on consumer protection after April 2024 highlighted and in light of developments in the energy market and broader context.

By setting a 3-year obligation, we want to give certainty to the sector now to scale up and deliver over the three years.

### Consultation Question

58.	With the planned inclusion of ECO+ in the Energy Price Guarantee (EPG) mechanism, are there any particular issues or concerns that you would highlight?
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## Measure Notification and Extension

We propose to largely mirror ECO4 notification processes for both the low-income and general eligibility groups.

All measures will need to be notified to Ofgem by the end of the month following the month in which the measure was completed (with separate provision for measures delivered early, before the ECO+ Order and Ofgem systems are fully in place – see Chapter 1: Suppliers). These should be lodged on the TrustMark Data Warehouse and will be issued with a Certificate of Lodgement to demonstrate compliance with TrustMark requirements.

This will assist in prompt reporting of progress towards the obligation and appropriate payments to installers, and support the wider monitoring and reporting of the scheme's operation.

We recognise that in some circumstances an extension for notification may be required. Therefore, consistent with ECO4, we plan to allow up to 5% of measures installed in a given calendar month to receive an automatic extension of three months (separate provisions again applying for any early delivery under ECO+).

In addition, we propose to permit suppliers to apply to extend the notification deadline for a given completed measure. Ofgem will hold overall discretion on whether this should be allowed. This will include determining a 'reasonable excuse' for failing to notify a measure by the default deadline.



We will work with Ofgem and TrustMark to ensure that the lodgement processes in place enable Partial Project Scores to be awarded in a timely manner, where the Certificate of Lodgement from TrustMark has been provided.

Given implementation timescales, Ofgem may not have completed the setup of its supporting IT and administrative systems for the start of the scheme in Spring 2023. If this is the case, for measures installed prior to these systems being in place, an extension of the notification deadline will be granted. Further information on the arrangements for this will be provided by Ofgem nearer the time, including to facilitate the early delivery of measures before scheme launch.

### Consultation Question

59.	Do you agree with our proposed notification processes for ECO+ measures?
60.	Do you agree to our proposal for an extension to notification at the start of the ECO+ scheme?

## Measure completion timings

Under ECO4, after completion of the first measure, additional measures must be completed no more than three months later. ECO3 notification data shows that for most households, multiple measures were installed within a month. It also shows that for the majority of households, multiple measures were installed together during the same installation period.

Given ECO+'s focus mainly on single measures, a single notification deadline will generally apply.

We propose that where properties receive a primary insulation measure under ECO+ accompanied by a secondary heating control, such a heating control should be installed no more than 3 months from the completion of the primary measure. Applications for an extension of this deadline may be made to Ofgem and granted at their discretion.

With the focus on single measures to be notified to Ofgem by the end of the month following the month in which the measure was completed, concerns about delayed payment to installers, which the ECO4 3-month time limit partially sought to address, should be less relevant.

### Consultation Question

61.	Do you agree with our proposal not to impose any installation time limits on single ECO+ measures, but to require secondary heating controls to be installed within 3 months from the completed installation of the primary measure?
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## Trading and Transfers

### Obligations

The trading of obligations between suppliers has been allowed as part of ECO schemes since April 2017. It affords flexibility for obligated suppliers in how they discharge their ECO obligation.

Suppliers may trade obligations with one another, or suppliers within the same corporate group may transfer obligations to one another, subject to conditions. ECO4 allows obligated suppliers to trade any part of their overall obligation up to six months before the scheme ends.

In designing the approach for ECO+, one consideration is the aim of rapid delivery, to extend help to households as quickly as possible at a time of high energy costs. There is a risk that the trading of obligations could impede this goal.

However, we know that a trading mechanism can help suppliers to meet their obligations most cost-effectively. This can be particularly helpful for smaller suppliers. In addition, most suppliers have obligations spread across several licences, so through trading could achieve greater efficiencies from aggregation.

We therefore propose to allow for trading of obligations to take place as part of the ECO+ scheme. Ofgem will oversee that obligations are only traded where the recipient company could bear the consequences of non-compliance.

We propose to limit the trading of obligations between suppliers to within a six-month period from the start of each annual target period (with separate provisions where suppliers merge).

### Measures

We also propose to allow suppliers to transfer qualifying measures (i.e. completed and approved measures) to another obligated supplier if all measures that are linked in a project are transferred together. ECO+ projects will consist of a single measure, or two or more measures where one or more heating controls are installed. We propose that obligated suppliers be allowed to transfer qualifying measures at any time before 31 March 2026.

We propose to give Ofgem the power to reject an application for the trading of obligations and/or the transfer of qualifying measures if there is a significant risk that the trade or transfer would adversely affect the ability of a supplier to deliver its obligations.

#### Consultation Question

62.	Do you agree with our proposal to allow trading of obligations within a six-month period at the start of each annual target period?
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63.	Do you agree with our proposal to allow the transfer of qualifying measures at any time before 31 March 2026?
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## Rejected measures

Individual measures may be rejected by Ofgem for several reasons. These can include administrative errors, fraud or other scheme compliance issues. Where measures are not compliant with the scheme requirements, Ofgem will take relevant action in accordance with their rejection process. In all rejection instances, the rejected measure will not count towards the supplier's fulfilment of their obligation until or unless replaced by a measure which is approved by Ofgem.

## Chapter 6: Quality and Standards

This chapter sets out our proposals for guarantees and installation standards as well as gathering views on supply chain capacity.

### Guarantees

Measures delivered under ECO4 must be installed by an installer registered with TrustMark for that particular measure. Amongst other consumer protection requirements, TrustMark registered installers are required to provide an insurance-backed guarantee. TrustMark registration ensures that those households who have received measures through ECO4 benefit from improved consumer protection.

We intend to continue to require guarantees under ECO+. We intend to mirror ECO4 requirements for all ECO installers to be TrustMark registered, and all measures to be accompanied by a TrustMark approved guarantee of at least two years, with cavity wall, solid wall, park home, underfloor and room in roof insulation measures requiring a 25-year guarantee as set out in TrustMark’s Framework Operating Requirements, to provide robust guarantee requirements for measures and increased protection where possible.

As in ECO4, we recognise the benefits of benchmarking guarantee durations against expected lifetimes of measures, and we therefore intend to require that, in order to be delivered through the scheme, all ECO+ measures must have an associated lifetime in addition to the annual bill savings as required by our scoring approach (see Chapter 4: Scoring).

TrustMark are looking to work with guarantee providers to strengthen existing guarantee protection. We support this decision, and we intend to work with TrustMark to continue to enhance consumer protection where possible.

Any measure that does not meet relevant guarantee requirements will not be considered to be a qualifying ECO+ measure.

#### Consultation Question

64.	Do you agree with our proposal to impose ECO+ guarantee requirements through TrustMark registration?
65.	Do you agree that we should require measure lifetimes through the scheme to benchmark guarantee requirements and for scheme reporting purposes?

## Installation Standards

Under all existing government schemes, including ECO4, energy efficiency measures are delivered in accordance with PAS (Publicly Available Specification) standards (PAS2030:2019 and PAS2035) which requires a holistic, whole-house approach, to retrofits. The PAS standards were a recommendation of the Each Home Counts review, an independent review of consumer advice, protection, standards, and enforcement, that took place following high-profile failures that left consumers at a detriment. We remain committed to the implementation of the recommendations of the Each Home Counts review.

As detailed in Chapter 3: Measures, a principle aim of ECO+ is to offer affordable measures that can be delivered on a large scale at pace, whilst also achieving value for money. In contrast to other government schemes, ECO+ will deliver predominately single, lower-cost insulation measures to households rather than multiple measures. We are therefore looking for ways to minimise scheme costs to ensure the maximum number of households can receive support through the scheme as quickly as possible. One way to reduce costs could be through lower-cost requirements for standards. We are therefore considering whether different requirements could be appropriate for simple, low-risk measures under ECO+, since it is designed as a single measure scheme.

We are inviting views on whether the TrustMark Licence Plus scheme could be used for lower-risk loft and heating control installations delivered through ECO+, while PAS2030/2035 used for all other measures (as in ECO4 and existing government-funded schemes as this is the industry best practice standard)<sup>25</sup> which are usually higher-risk, and more complex to install. Any decision taken around ECO+ does not affect our commitment to the PAS standards or the standards requirements for the other schemes referred to above.

Lower-cost measures such as loft insulation and heating controls are typically considered to be of lower risk and can be, but not always, categorised under retrofit Risk Path A (low risk projects) in accordance with the PAS2035 Retrofit Risk Paths. The risk paths were designed to allow for the level of rigour to be proportionate to the risk involved in the upgrade. Higher-cost measures will typically be categorised as more complex and of higher risk. The main risks can be summarised as dampness and mould arising from poor installations that damage the building's structure needing costly repairs to put right.

Cavity wall insulation varies in complexity to install, and we are therefore inviting thoughts on whether we should allow this to be delivered under TrustMark Licence Plus in low-risk situations or mandate all delivery in accordance with PAS2030/2035.

For the ECO+ modelling, a £950 PAS cost is assumed for CWI, mirroring the ECO4 impact assessment. We understand that in reality, the costs of PAS2035:2019 compliance could be higher with a particularly high example provided by stakeholders of around £1,500, however we understand these might be outliers. We recognise that cost inflation has occurred for a

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<sup>25</sup> For example, Social Housing Decarbonisation Fund, Home Upgrade Grant and Green Homes Grant Local Authority Delivery.

variety of reasons over the last few years; we are therefore using this consultation to gather evidence of the varying PAS compliance costs across risk pathways and measure types to inform the final policy decision and modelling (see Chapter 1: Suppliers for questions on assumed modelling costs for PAS).

By contrast, the TrustMark Licence Plus scheme is currently forecast to cost around £175 (ex VAT) per lodgement for the first 5 lodgements onto the TrustMark Data Warehouse made by an installer whose organisation is not PAS2030 certified, where more intensive audits are conducted, or where a business is returned to escalated monitoring. This lodgement cost reduces to £45 (ex VAT) thereafter following a successful audit. An organisation which is PAS2030 certified is forecast to pay £45 (ex VAT) with effect from their first lodgement. This covers all scheme costs, ongoing audits, and technical monitoring. Costs may differ depending upon the specific requirements of the ECO+ scheme.

We recognise there may be concerns regarding our proposal to take a different approach and a movement away from PAS2035 for low-risk loft insulation and heating controls, due to the progress made across industry through the development and implementation of these standards.

However, the TrustMark Licence Plus scheme will ensure similar consumer protection to that under PAS. Consumer protection is offered by TrustMark under their framework in the form of guarantees and a dispute resolution process. The monitoring and auditing built into the Licence Plus Scheme is intended to ensure the quality of installations using Building Regulations.

We recognise that TrustMark Licence Plus does involve a lower level of assessment of installer competence ahead of carrying out work, instead using a more robust audit regime to ensure that work is carried out to the expected standard. That said, existing PAS-certified installers will be prequalified in terms of initial competence to work under TrustMark Licence Plus if they wish. TrustMark Licence Plus also does not have the same retrofit design and management requirements as PAS2035 and so should not be seen as equivalent in risk management terms. Therefore, only low-risk measures may be suited to TrustMark Licence Plus.

We are gathering views on how best to determine a measure as low-risk, and better suited to TrustMark Licence Plus, while also preventing additional costs associated with, for example, an assessment carried out by a Retrofit Assessor, or other PAS processes with additional costs.

**Table 5: Proposed standards for measures delivered through ECO+**

Measures delivered under ECO+ TrustMark Licence Plus Standards or PAS2035	Measures delivered under PAS2035
Loft Insulation in low-risk situations	Loft insulation in higher-risk situations

Heating controls	Cavity Wall Insulation
	Solid Wall Insulation
	Pitched Roof insulation
	Flat Roof insulation
	Under Floor Insulation
	Solid Floor Insulation
	Park Home insulation
	Room-in-roof insulation

Growing the installer supply chain is essential if we are to deliver across numerous funded schemes currently in operation. It will also be necessary alongside the future policies that will be needed to meet our net zero targets. The TrustMark Licence Plus Scheme should help to reduce barriers to new installers entering the market.

An installer business looking to obtain PAS2030:2019 certification for energy efficiency measures will need to do so through a UKAS-accredited certification body. The exact process for certification will differ according to the certification body, but generally includes desk-based reviews and on-site assessment of proposed measures. Certification will only be issued when an installer demonstrates compliance throughout these assessments and can demonstrate ongoing compliance annually. The cost of obtaining PAS2030:2019 certification through this process can be around £500 (ex VAT) or higher in the first year, depending on the measure and certification body pricing structure. This generally covers membership, administrative fees, and auditing/assessment costs throughout the certification process.

In comparison, registration costs for TrustMark Licence Plus are included in the aforementioned lodgement costs of £175 (ex VAT) for the first 5 lodgements reducing to £45 (ex VAT) thereafter following a successful audit.

Requiring compliance with TrustMark's Licence Plus scheme will help to promote best practice among installers that do not typically work in government-funded schemes, easing the pressure on the already stretched PAS-certified workforce. It could also act as a pathway to PAS certification for more general construction industry companies, embedding best practices in the wider industry.

Measures continue to be developed by BEIS to address supply chain capacity issues. These include, in 2021, a £6 million investment in the Skills and Training Competition which resulted in almost 7,000 training opportunities in the energy efficiency, retrofit and low carbon heating sector. In September 2022, BEIS launched a £10 million Home Decarbonisation Skills Training Competition which will fund training for people working in the same sectors. We are also working with the industry to better understand what else is needed to support growth, as well as what industry-led actions are possible.

Consultation Questions	
66.	Do you think we should allow loft insulation in low-risk situations and heating controls to be delivered in accordance with the TrustMark Licence Plus scheme rather than PAS2030/2035?
67.	How can we determine a measure as low-risk without incurring additional costs through, for example, using a Retrofit Assessor or other PAS processes?
68.	Do you agree all other insulation measures should be required to be installed in accordance with PAS2030/2035?
69.	Do you think we should allow cavity wall insulation to be delivered in accordance with the TrustMark Licence Plus Scheme in low-risk situations?
70.	What else can we do to ensure sufficient supply chain capacity in support of ECO+, other retrofit schemes that will be running at the same time (ECO4, the Homes Upgrade Grant (HUG) and the Social Housing Decarbonisation Fund (SHDF)) and, in the long-term, our net zero target? What can we do to reduce competition between these schemes for the supply chain?

## Smart Meters

We propose ECO+ supports the government’s aim of installing smart meters across Great Britain, as part of an essential infrastructure upgrade to make the energy system more efficient, flexible and able to deliver net zero emissions cost effectively. We intend to propose that the provision of smart meter advice be a mandatory requirement alongside the retrofit advice the installer will provide to households as required under the ECO+ TrustMark Licence Plus standards should it be taken forward.

For those households who receive complex measures with a customer contribution under ECO+ we propose that advice on smart meters continue to be a requirement alongside the initial retrofit energy advice required by PAS2035 as required under ECO4.

We expect the provision of smart meter advice will likely lead to increased awareness of the benefits of smart metering amongst customers.



Consultation Question

71.	Do you agree with our proposal that advice should be provided on the benefits of smart meters and how to request installation of a smart meter alongside the advice provided under TrustMark Licence Plus and the energy advice requirements required by PAS2035 (as relevant)?
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## Chapter 7: Territorial Extent

In line with the approach that has operated since 2013, our intention is for the ECO+ scheme to support consumers across Great Britain.

Fuel poverty is a devolved matter, with separate indicators, targets and strategies adopted by England, Scotland and Wales. Although fuel poverty is measured differently in all three nations, the characteristics of households considered to be in fuel poverty across Great Britain are similar.

Scotland and Wales have adopted different versions of the 10% fuel poverty indicator, whereby a household is considered fuel-poor if they need to spend more than 10% of their net income on energy. The Scottish Parliament has approved a new definition of fuel poverty in Scotland as set out in 'The Fuel Poverty (Target, Definition and Strategy) (Scotland) Act 2019'.<sup>26</sup> The Scottish definition gives greater emphasis to other factors such as income and fuel prices, whereas the Low Energy Efficiency (LILEE) indicator, used in England, is driven by income and the energy efficiency of a home.

The costs of delivering ECO+ will be included in the Energy Price Guarantee mechanism (see Chapter 5: Delivery and Administration). The Energy Price Guarantee applies in the same way across Great Britain. It brings the typical household energy bill down to the equivalent of £2,500 per year for the period of 6 months from 1 October 2022, and will rise to the equivalent of a typical household energy bill being £3,000 per year from April 2023 to the end of March 2024.

### Scotland

On 1 December 2017, some of the powers to make ECO Orders were transferred to Scottish ministers by the Scotland Act 2016. These powers provide for Scottish ministers to decide the eligibility criteria for ECO schemes in Scotland and the types of measures this can be used for. Many aspects of ECO remain reserved to the BEIS Secretary of State, including the setting of the scheme target and the apportionment of that target between suppliers. Scottish ministers cannot design a separate scheme in Scotland without the consent of the BEIS Secretary of State.

The BEIS Secretary of State can continue to make ECO Orders that are GB-wide, by obtaining the consent of Scottish ministers. As such, the proposals in this consultation apply to England, Wales and Scotland. To enable the Scottish Government to assess responses to this consultation and determine their future approach, we will share responses with the Scottish Government, subject to confidentiality requests.

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<sup>26</sup> <https://www.legislation.gov.uk/asp/2019/10/enacted>

The proposals in this consultation are set out on the basis that a single ECO+ scheme will apply across Great Britain. Previous ECO schemes have seen the same rules across Great Britain. If it is the case that different rules in Scotland are required, the following aspects of the ECO+ scheme fall within the powers transferred to the Scottish ministers:

- the rules on measure eligibility and scoring in Scotland;
- the rules on household eligibility in Scotland;
- early delivery of measures in Scotland;
- sub-targets and caps applying to measures in Scotland; and
- transfers of measures in Scotland between suppliers.

Aspects of ECO+ that are reserved to the Secretary of State, include:

- the level of the overall obligation;
- supplier thresholds and the supplier allowance; and
- apportionment of the ECO+ target between Scotland and the rest of the GB.

### Consultation Questions

72.	Do you have any views on the proposal for ECO+ to follow the approach of the existing ECO programme, in supporting consumers in all parts of Great Britain?
73.	Do you have views on how the scheme can best support consumers in Scotland, for those aspects that were transferred to Scottish ministers by the Scotland Act 2016?

# Chapter 8: ECO4 Amendments

## Change of regulations

This chapter sets out proposed changes to ECO4 regulations.

### Definition of renewable heating system

We are aware that amending the definition of “renewable heating system” between the ECO3 and ECO4 legislation from “wholly or partly” to “wholly or mainly” has excluded some heating measures that are of benefit to ECO4 households in achieving annual cost savings and reducing their overall energy bill. For example, whilst the electricity generated from solar PV can be used to generate heat using electric heating, it also provides other cost savings for the home by offsetting the amount of mains electricity needed from the grid. Therefore, we propose to amend the definition back to “wholly or partly”.

The ECO4 2022 – 2026 Government Response stated that solar PV may be installed in both on and off-gas homes that either already have a hydronic heat pump, electric storage heater or an electric heating system with a manufacturer responsiveness rating of 0.8 or above when assessed against the Standard Assessment Procedure or have them installed as part of an ECO4 project. The installation of electric storage heaters and electric heating systems is only permitted in a home that already has electric heating. We will amend the regulations to ensure that this position is reflected.

#### Consultation Question

74.	Do you agree with our proposal on amending the definition of renewable heating system?
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### Electric heating for homes with neither an efficient nor inefficient heating system

We are aware that concerns have been raised about the heating support available for a small number of homes, particularly off-gas homes, where the primary heat source is plug-in electric room heaters or wall-mounted electric heaters, and the home is unable to receive a heating measure from the off-gas heating hierarchy.

Under ECO4 regulations these homes would have “neither an efficient heating system nor an inefficient heating system” and are eligible for the following heating measures:

- For on-gas homes, the measures include a wet central heating system, a renewable heating system, a district heating connection, Innovation Measures and the installation of heating controls (Article 28(1)(e)).

- For off-gas homes the measures include those in the off-gas heating hierarchy including: a hydronic heat pump, a wet central heating system that generates heat wholly from a hydronic heat pump, and a connection to a district heating system that delivers heat from a hydronic heat pump. Where these measures are not possible, a district heating connection other than one referred to above or, for rural areas only, equipment that generates heat wholly or partly from biomass. In addition, Innovation Measures and heating controls may be installed (Article 29(1)(d)).

All homes also remain eligible for insulation measures. In addition, where it is not possible to install a heating measure, but insulation and other measures are installed, and there are not enough measures on the improvement options evaluation report or EPC recommendation report to meet the Minimum Energy Efficiency Requirement, that home may be exempt from the minimum requirement (Article 50(3)).

This approach was introduced to enable these homes to become low carbon ready in anticipation of potential improvements in the future that could allow them to switch to renewable or district heating measures. A consistent approach was taken for homes heated by oil, LPG and biofuels where repairs are not possible.

However, we are sympathetic to the concerns raised given the cost-of-living challenges for these households and agree with the suggestion that there should be some support for electric heating in these homes. We, therefore, propose to amend the ECO4 regulations to allow on-gas homes with neither an efficient or inefficient heating system to be eligible for electric storage heaters and electric heating systems. We propose electric storage heaters and electric heating systems<sup>27</sup> will also be eligible in these off-gas homes where it is not possible to install the eligible measures from the off-gas heating hierarchy.

Given the above proposal, we also propose to extend support for electric storage heaters and electric heating systems to off-gas homes with either:

- a broken central heating system or connection to a district heating system fuelled by oil, LPG or biofuel; or
- a broken renewable heating system which is inefficient.

The above applies only where it is not possible to install a heating measure from the off-gas heating hierarchy and it is not technically feasible to repair the existing heating system.

### Consultation Question

75.	Do you agree with our proposal to allow homes with neither an efficient nor inefficient heating system to be eligible for electric storage heaters and electric heating systems, and for these off-gas homes where it is not possible to install measures from the off-gas heating hierarchy?
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<sup>27</sup> “electric heating system” means a central heating system or district heating connection which provides heat generated wholly or mainly from electricity.

76.	Do you agree with our proposal to allow homes with a broken central heating system or connection to a district heating system fuelled by oil, LPG or biofuel or a broken renewable heating system which is an inefficient heating system, where it is not possible to install a heating measure from the off-gas heating hierarchy and a repair is not technically feasible to be eligible for electric storage heaters and electric heating systems?
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### District heating connections for off-gas homes

The connection of off-gas premises to a district heating system that generates heat wholly or partly from gas is not an eligible measure (article 27(1)(d)). This was introduced to prevent an expansion of the use of gas to heat off-gas homes. However, the off-gas heating hierarchy allows a limited number of heating measures and as such in consideration with the above proposed amendments we are aware that this rule may suppress district heating connections in off-gas homes. We, therefore, propose to allow connections to district heating systems fuelled wholly or partly by gas to be installed in off-gas homes at stage 2 of the off-gas heating hierarchy (alongside biomass heating systems in rural areas only), as is the case for on-gas homes.

#### Consultation Question

77.	Do you agree with our proposal to allow connections to district heating systems fuelled wholly or partly by gas to be installed in off-gas homes?
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### Updating PPS to SAP10 for the ECO4 scheme

The ECO4 scheme currently uses a combination of partial project scores (PPS) and full project scores (FPS). The latter is awarded where, inter alia, the minimum requirement (MR) is met; the former is used prior to the MR being met, or at project completion where a valid exemption cannot be evidenced. The ECO4 MR requires improvement of homes starting at SAP band F or G to band D, and E or D to C, unless an exemption applies.

Pre and post RdSAP and SAP assessments are used to ascertain the starting and finishing SAP bands of a property. The version of SAP/RdSAP used in evidencing is set by the ECO4 regulations, which currently stipulate SAP and RdSAP2012. However, SAP10 is now available, while the RdSAP10 is expected in due course. To bring ECO4 in line with standard industry practice, the government plans to update ECO4 evidencing requirements to stipulate that pre and post SAP and RdSAP assessments must be either SAP10 or RdSAP10 versions once both SAP/RdSAP10 versions are live. We will put transitional arrangements in place for projects in progress at the time of the update. We consider moving to SAP and RdSAP10

necessary due to, among other things, the significance of some of the alterations, including substantial changes to assumed fuel costs and feed-in tariff rates.<sup>28</sup>

The FPS are based on SAP2012. However, because pre and post SAP ratings would be evidenced by SAP/RdSAP10 after the implementation of this proposal, the FPS would in practice be out of alignment with the PPS (which are currently based in SAP2012). These can be brought back into alignment by updating ECO4 PPS to SAP10 and updating the applied correction factor.<sup>29</sup>

If we update the ECO4 PPS to SAP10 as planned, PPS awarded before the amendment would be unaffected and comprise the original SAP2012-based PPS.

We are not minded to update the FPS for ECO4 as this would necessitate updating the ECO4 target. This would represent a substantial change to the scheme and therefore create significant uncertainty for industry, who may already have contracted for upcoming phases based on current FPS. Such a change could therefore result in contract renegotiations and reassessments of contracting strategies for ECO4-obligated supplier. Moreover, effectively no alignment issues are created where the FPS are based on SAP2012 but retrofit improvement is evidenced by SAP/RdSAP10.

As we are only proposing that ECO+ use PPS and not FPS, ECO+ will use the existing ECO4 PPS (SAP2012) without creating misalignment issues. We do not expect the PPS update to be ready before the ECO+ regulations are laid. Postponing the ECO+ regulations purely to use the updated PPS will provide little benefit while also delaying support provided to households. We therefore do not consider this proportionate. The ECO+ PPS could be updated to the latest SAP10 PPS via an amendment to the ECO+ regulations at an appropriate time, however this would likely necessitate a revision to the ECO+ obligation target as it would not match the scores used for the ECO+ impact assessment, which will be based on the SAP2012 PPS.

Consultation Question	
78.	Do you agree with our proposal to update the ECO4 partial project scores from SAP2012 to SAP10?
79.	Do you agree with our proposal to require SAP10 and RdSAP10 assessments for ECO4 evidencing instead of SAP2012 and RdSAP2012?

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<sup>28</sup> For more information on changes introduced by SAP10, see <https://bregroup.com/sap/sap10/>.

<sup>29</sup> For more information on the correction factor applied to ECO4 PPS, see <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

## ECO4 exemptions

Where a prospective ECO4 retrofit meets those conditions listed in article 79(2) of the ECO4 Order,<sup>30</sup> it can attract an exemption to either the ECO4 MR, the ECO4 Minimum Insulation Requirement, or both. Ofgem has set the requirements for evidencing these instances, some of which utilise documentation provided already for compliance with PAS2035.

Retrofits containing only a district heating system (DHS) connection, an ECO4 Data Light Measure or a combination do not fall in scope of PAS2035. All other ECO4 retrofits are in scope of PAS2035. Where an exemption is sought for a retrofit not within the scope of PAS2035 and for which PAS2035 evidence would preferably be used, Ofgem will request alternate forms of evidence. However, as evidence associated with PAS2035 is compliance assessed by TrustMark-licensed scheme providers, this presents less fraud risk than the alternatives. It also puts less burden on industry as it has to be produced regardless of whether an exemption is sought as part of PAS2035 compliance.

To remove the risk of fraudulent activity occurring where an exemption usually evidenced by PAS2035 is sought for a non-PAS2035 retrofit, we intend to restrict these exemption circumstances to retrofits falling in scope of PAS2035. The exemption circumstances affected are those three listed under article 79(2)(c) of the ECO4 Order, specifically “local environmental conditions; the fabric or structure of the premises; or physical restrictions on access to the premises”.

This is likely to affect a very small share of ECO4 retrofits: Those not in scope of PAS2035 where one of those exemption circumstances listed under 79(2)(c) are sought for the retrofit and granted.

Via the ECO4 Design Consultation, the government sought views on whether to permit exemptions for off-gas retrofits that were not able to meet the minimum requirement as too few ECO-eligible measures were recommended for the property in either the PAS2035 options improvement evaluation or in the property’s EPC. Under question 57 of the ECO4 Government Response to that consultation, we chose to permit these for off-gas retrofits only. The government will make amendments to the Electricity and Gas (Energy Company Obligation) Order 2022 to reflect the policy intent surrounding this exemption.

### Consultation Question

80.	Do you agree with our proposal to restrict exemptions to the minimum requirement and minimum insulation requirement that are evidenced by PAS2035 to only those retrofits in scope of PAS2035?
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<sup>30</sup> <https://www.legislation.gov.uk/ukxi/2022/875/contents/made>



# Annex A

## ECO4 eligible qualifying benefits

**Table i: Full list of ECO4 eligible qualifying benefits**

Benefit
Income based Jobseekers Allowance
Income related Employment and Support Allowance
Income Support
Pension Credit Guarantee Credit
Working Tax Credit
Child Tax Credits
Universal Credit
Housing Benefit*
Pension Credit Savings Credit*

**\* New eligible benefits under ECO4**

## Scheme Uplifts, Deflator and Caps Comparison

**Table ii: List of uplifts**

Uplift <sup>31</sup>	ECO4	ECO+
Rural, off-gas uplift	Scotland and Wales only Project level 35%	Scotland and Wales only, no off-gas requirement Measures TBD 35%
Innovation Measure	Measure level 25% or 45%	Measure level 25%
Innovation Measure Sponsoring Supplier	Measure level 5%	N/A
Building Fabric Repair	Measure level Function of costs rectified	N/A
Pay-For-Performance	Project level Rate TBD	N/A
ECO4 Flex Route 4	Measure level 10%	Measure level 10%

**Table iii: List of deflators**

Deflator	ECO4	ECO+
Partial Project Score deflation rate	Project level 20%	N/A

<sup>31</sup> Given ECO+ eligible measure types, uplifts relating to heat generating measures have been omitted.

	Applicable where requirements for a full project score are not met	
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**Table iv: List of caps**

Caps <sup>32</sup>	ECO4	ECO+
Innovation Measure	10% of a supplier’s obligation  Innovation Measures delivered thereafter will be scored as normal	10% of a supplier’s annual obligation  Innovation Measures delivered thereafter will be scored as normal
Pay-For-Performance	10% of a supplier’s obligation	N/A
Partial Project Score	12.5% of a supplier’s obligation	N/A
Exemptions	7500 exemptions allowed across ECO4.	N/A
Data Light Measures (DLM)	5000 of a given DLM allowed to be delivered across ECO4.	N/A
Building Fabric Repair	0.5% of a supplier’s obligation	N/A
ECO4 Flex	50% of a supplier’s obligation	80% of a supplier’s low-income group delivery

<sup>32</sup> Given ECO+ eligible measure types, uplifts relating to heat generating measures have been omitted.

# Consultation questions

A list of all the consultation questions asked in the document can be found below.

List of all Consultation Question	
1.	Do you agree with the proposal to set mandatory annual targets for ECO+?
2.	Do you agree with the approach set out to implementing mandatory annual targets for ECO+?
3.	Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?
4.	What additional information would suppliers need to deliver ECO+ measures before the ECO+ Order comes into force?
5.	Do you agree with our proposal to allow each supplier a maximum of 10% carry-under of the Year 1 obligation to Year 2 for ECO+?
6.	Do you agree with our proposal to allow unlimited carry-over between annual targets for each of the first two years of ECO+?
7.	Search costs: Do you agree with our assumed search costs, as outlined in Table 2?  Please provide BEIS with any information on search costs supporting your response.
8.	Search costs across the two eligibility groups: Do you agree with our plans to use lower search costs for the general eligibility group in the final ECO+ modelling compared to the low-income group? If so, by how much should we reduce search costs in the general group?  Please provide BEIS with information on search costs supporting your response.
9.	Reducing search costs generally across the scheme: Do you have any ideas on how search costs could be reduced across the scheme?  Please provide BEIS with information on search costs supporting your response.
10.	Measure cost assumptions: Do you agree with our estimates for the capital costs of installing measures, as outlined in Table 3?  Please provide BEIS with information on measure costs supporting your response.

11.	<p>Measure cost assumptions: Do you agree with our estimates for the average installation costs of installing cavity wall and loft insulation, as outlined in Table 4?</p> <p>Please provide BEIS with information on measure costs supporting your response.</p>
12.	<p>Additional costs of compliance with retrofit standards: Do you agree with our assumptions for compliance with TrustMark and PAS2035 standards?</p> <p>Please provide BEIS with any information on PAS2035 compliance costs by measure type and risk pathway for the following insulation measures: cavity wall, solid wall, loft, pitched roof, flat roof, under-floor, solid floor, park home and room in roof. If not available, please provide information on average PAS2035 compliance costs for these measures across all risk pathways.</p>
13.	<p>Supplier administration costs: Are you expecting administrative costs under ECO+ to be lower than under ECO3, given that a lot of the requirements under ECO+ are the same as under ECO4?</p> <p>Please provide BEIS with information on administrative costs supporting your response.</p>
14.	<p>Do you agree ECO+ should target two groups with the first focusing on a general group with wider eligibility requirements and the second focusing on low-income households in line with ECO4?</p>
15.	<p>Do you agree with our proposal to target “general group” support at households in Council Tax bands A-D in England, A-E in Scotland and A-C in Wales with an EPC of D and below?</p>
16.	<p>Do you agree with our proposal to target all eligible low-income households living in EPC band D-G through the low-income group?</p>
17.	<p>Do you agree with our proposal to carry over the same eligible benefits from ECO4 to the low-income group under ECO+?</p>
18.	<p>Do you agree with our proposal to set a low-income group minimum requirement equivalent to 20% of each annual target with flexibility on whether the remaining obligation is delivered to low-income or general group households?</p>
19.	<p>Do you agree that we should allow up to 80% of a supplier’s low-income minimum requirement to be met through LA and Supplier Flex, with unlimited flex permitted beyond the low-income minimum requirement?</p>
20.	<p>How can referrals through LA &amp; Supplier Flex be facilitated?</p>

21.	Do you agree with our proposal that only PRS households in EPC bands D and E should be eligible for ECO+ in the general and low-income group, while PRS households in EPC bands F and G should be excluded, other than when exempt from the minimum energy efficiency standard?
22.	Do you agree PRS households should not be eligible for secondary heating controls?
23.	Do you agree with our proposal that PRS households in the general group should not be eligible for cavity and loft insulation?
24.	Do you agree with our proposal that social housing will be included for EPC bands E-G in line with the eligibility criteria for general and low-income eligibility groups?
25.	Do you agree that Social Housing should not receive heating controls through ECO+?
26.	Do you agree social housing in the general and low-income eligibility group with EPC band D should only be eligible for the Innovation Measures that are eligible through ECO4?
27.	Do you agree with only having a 'rural' rather than 'off-gas' requirement for properties to receive an uplift in ECO+?
28.	Do you agree that rural uplifts of 35% should be applied to Scotland and Wales only?
29.	Should the rural uplift only apply to higher-cost measures, and therefore exclude loft insulation and heating controls, delivered in Scotland and Wales through ECO+?
30.	Do you agree that ECO+ should allow the in-fill mechanism with a ratio of 1:1 for flats and 1:3 for houses?
31.	Do you agree we should allow ECO4 houses to contribute to the ECO+ in-fill ratio? Do you foresee any further challenges in blending ECO4 and ECO+ in this area?
32.	Do you agree with our plans to explore additional access routes to the scheme, including through GOV.UK?
33.	Do you have any views or ideas for how best this might be made to work to overcome noted obstacles?
34.	Do you agree with our approach towards blending of funding with ECO+?

35.	Are there additional issues you wish to flag about the interactions between ECO4 and ECO+ and/or with other grant schemes?
36.	Do you agree with our proposal to target the low-income group at eligible households in EPC bands E, F and G that do not meet the ECO4 minimum requirement?
37.	<p>Do you agree with our preferred approach to use the ECO4 exemption criteria to evidence whether a property within the low-income group with a starting EPC band of E, F or G cannot meet the ECO4 MR and is thus better suited to receive measures under ECO+?</p> <p>Please include views on how this approach could be improved or modified to better ensure properties receive a whole house retrofit where it is appropriate for them to do so.</p>
38.	Do you agree with our alternative proposal to use the pre-retrofit property assessment and further documentation to determine whether a band E, F or G property cannot meet the ECO4 minimum requirement and is therefore better suited to receive measures under ECO+? How could this test be made more robust?
39.	Do you agree with our proposal not to include further tests to distinguish properties which may also be eligible under the HUG, LAD and SHDF schemes?
40.	Do you agree with our proposal to exclude E, F or G properties that have received support under ECO+ from receiving further support under ECO4?
41.	Do you have views or information on how the proposals set out in this consultation will impact people with protected characteristics under the Equality Act 2010?
42.	Do you agree that there should be no minimum requirement for homes to be improved by a certain number of EPC bands in ECO+?
43.	Do you agree with the list of eligible insulation measures permitted through the scheme subject to household eligibility rules? Are there any insulation measures missing from the list of eligible measures?
44.	Do you agree with our proposal to offer only single insulation measures to both eligibility groups?
45.	Do you agree that homes should only be eligible to receive ECO+ support once through the scheme, to ensure that the maximum number of homes are able to receive support?

46.	Do you agree with our proposal to encourage customer contributions to allow the delivery of higher-cost insulation measures through the general eligibility group?
47.	Do you agree with a 10% spend increase (£80 million over three years) for the general eligibility group in the modelling to account for customer contributions in the overall scheme target?
48.	Do you agree with the measures eligible to be installed under the heating control measure type?
49.	Are there any other heating control measures that should be included?
50.	Do you agree with our proposal to allow Innovation Measures approved under ECO4 to be installed under ECO+?
51.	Do you agree that delivery of ECO4 innovations should be capped at no more than 10% of a supplier's annual obligation?
52.	Do you agree with our proposal to encourage the delivery of Innovation Measures, that are awarded a 25% uplift as in ECO4, but not to retain a 45% uplift?
53.	Do you agree that any ECO+ eligible Innovation Measure that is awarded a 45% uplift in ECO4 should be awarded a 25% uplift in ECO+?
54.	Do you agree the sponsoring supplier uplift of 5% should not be retained under ECO+?
55.	Do you agree with our proposal to adopt the ECO4 overarching scoring framework, for measures delivered under ECO+ to receive ECO4 partial project scores without the 20% deflator?
56.	Where single insulation measures are installed, should we remove the 10% score correction deflator used in ECO4 to account for measure interaction?  Please include views on whether the correction factor should be applied to heating controls installed as secondary measures.
57.	Do you agree to our approach for evidencing scores under ECO+?
58.	With the planned inclusion of ECO+ in the Energy Price Guarantee (EPG) mechanism, are there any particular issues or concerns that you would highlight?
59.	Do you agree with our proposed notification processes for ECO+ measures?



60.	Do you agree to our proposal for an extension to notification at the start of the ECO+ scheme?
61.	Do you agree with our proposal not to impose any installation time limits on single ECO+ measures, but to require secondary heating controls to be installed within 3 months from the completed installation of the primary measure?
62.	Do you agree with our proposal to allow trading of obligations within a six-month period at the start of each annual target period?
63.	Do you agree with our proposal to allow the transfer of qualifying measures at any time before 31 March 2026?
64.	Do you agree with our proposal to impose ECO+ guarantee requirements through TrustMark registration?
65.	Do you agree that we should require measure lifetimes through the scheme to benchmark guarantee requirements and for scheme reporting purposes?
66.	Do you think we should allow loft insulation in low-risk situations and heating controls to be delivered in accordance with the TrustMark Licence Plus scheme rather than PAS2030/2035?
67.	How can we determine a measure as low-risk without incurring additional costs through, for example, using a Retrofit Assessor or other PAS processes?
68.	Do you agree all other insulation measures should be required to be installed in accordance with PAS2030/2035?
69.	Do you think we should allow cavity wall insulation to be delivered in accordance with the TrustMark Licence Plus Scheme in low-risk situations?
70.	What else can we do to ensure sufficient supply chain capacity in support of ECO+, other retrofit schemes that will be running at the same time (ECO4, the Homes Upgrade Grant (HUG) and the Social Housing Decarbonisation Fund (SHDF)) and, in the long-term, our net zero target? What can we do to reduce competition between these schemes for the supply chain?
71.	Do you agree with our proposal that advice should be provided on the benefits of smart meters and how to request installation of a smart meter alongside the advice provided under TrustMark Licence Plus and the energy advice requirements required by PAS2035 (as relevant)?

72.	Do you have any views on the proposal for ECO+ to follow the approach of the existing ECO programme, in supporting consumers in all parts of Great Britain?
73.	Do you have views on how the scheme can best support consumers in Scotland, for those aspects that were transferred to Scottish Ministers by the Scotland Act 2016?
74.	Do you agree with our proposal on amending the definition of renewable heating system?
75.	Do you agree with our proposal to allow homes with neither an efficient nor inefficient heating system to be eligible for electric storage heaters and electric heating systems, and for off-gas homes where it is not possible to install measures from the off-gas heating hierarchy?
76.	Do you agree with our proposal to allow homes with a broken central heating system or connection to a district heating system fuelled by oil, LPG or biofuel or a broken renewable heating system which is an inefficient heating system, where it is not possible to install a heating measure from the off-gas heating hierarchy and a repair is not technically feasible to be eligible for electric storage heaters and electric heating systems?
77.	Do you agree with our proposal to allow connections to district heating systems fuelled wholly or partly by gas to be installed in off-gas homes?
78.	Do you agree with our proposal to update the ECO4 partial project scores from SAP2012 to SAP10?
79.	Do you agree with our proposal to require SAP10 and RdSAP10 assessments for ECO4 evidencing instead of SAP2012 and RdSAP2012?
80.	Do you agree with our proposal to restrict exemptions to the minimum requirement and minimum insulation requirement that are evidenced by PAS2035 to only those retrofits in scope of PAS2035?

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This consultation is available at: <https://beisgovuk.citizenspace.com/home-local-energy/ecoplus>

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