



Department for
Energy Security
& Net Zero

Energy Company Obligation

Great British Insulation Scheme (2023-2026)
& Amendments to ECO4 regulations

Government Response

March 2023



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Ministerial Foreword



Improving the energy efficiency of our homes is the best long-term solution to reducing energy bills and, therefore, tackling fuel poverty.

This is especially the case when energy prices are high and forecast to remain high. From 1 January to 31 March 2023 the energy price cap was £4,279. From 1 April the energy price cap is £3,280 for a dual fuel household paying by direct debit based on typical consumption, a reduction of almost £1,000 from the current level, reflecting recent falls in wholesale energy prices. The government is still protecting consumers from these high prices through the Energy Price Guarantee (EPG), which for a typical household will bring energy bills down to around £2,500 per year until the end of June 2023.

The Energy Company Obligation (ECO) is one of the government's most successful schemes for improving domestic energy efficiency. It obligates the larger energy suppliers to deliver bill savings for households by installing energy efficiency measures. Since it began in 2013 it has delivered around 3.5 million measures in around 2.4 million properties. Around 9% of households in Great Britain have had an ECO measure installed. The latest iteration, ECO4, is expected to deliver energy efficiency measures to an estimated 450,000 low-income and vulnerable households.

However, this support only goes so far. In response to persistently high energy prices, we are extending the support available through a new ECO energy efficiency scheme: the Great British Insulation Scheme (known hereafter as 'the Scheme'). Previously titled and consulted on as ECO+, it broadens the eligibility pool beyond the low-income and vulnerable households that ECO4 prioritises, to millions of others who do not currently benefit from government support to upgrade their homes. We have renamed the scheme to help with consumer recognition and better explain the energy efficiency support available.

A minimum of 20% of the support provided through the Scheme will go towards boosting support for low-income and vulnerable households. This is likely to help those low-income households unable to get support through ECO4 because of their property's physical circumstances, and therefore will help to reduce fuel poverty in Great Britain even further.

The Scheme will run until 2026 alongside and complementing ECO4, as well as existing support schemes like the Home Upgrade Grant and Social Housing Decarbonisation Fund. Together, these schemes provide comprehensive support for those least able to make their homes more energy efficient.

We estimate that the Scheme will make around 300,000 homes more energy efficient, primarily through the installation of insulation measures such as cavity wall insulation. Those receiving

insulation upgrades will see their bills reduce by around £300-400¹ on average per year, while the Scheme is predicted to be delivered by around 2,000 installers per year in the final two years across Great Britain.

The Great British Insulation Scheme is the first scheme launched by the new Department for Energy Security and Net Zero and will deliver greater energy efficiency for hundreds of thousands of households, seizing the opportunities of Net Zero, reducing energy bills and helping to tackle fuel poverty. By rolling out insulation measures such as cavity wall insulation, the Scheme also builds momentum towards government's new ambition to reduce total UK energy demand by 15% from 2021 levels by 2030. The Scheme will enable thousands more to insulate their homes, protecting the pounds in their pockets, and creating jobs across the country.



Lord Callanan

Parliamentary Under Secretary of State for Energy Efficiency and Green Finance

¹ A range is used to reflect the uncertainty in gas prices for domestic consumers.

Executive Summary

We received 176 responses that addressed directly the Energy Company Obligation, ECO+: 2023-2026 consultation questions from stakeholders, including the larger energy suppliers, trade associations, members of the insulation supply chain, organisations focused on fuel poverty, and individuals with an interest in energy efficiency. We received an additional 18 general responses, the views from which were considered but not included in the question summary breakdowns.

Overall, respondents were supportive of the proposals for the Great British Insulation Scheme, previously known and consulted on as ECO+. We have renamed the scheme to help with consumer awareness, and recognition of the support available. The policy decisions in this document reflect the responses to the consultation as well as the government's strategic aims for the Scheme with regards to tackling fuel poverty, achieving Net Zero and the ambition to reduce total UK energy demand by 15% from 2021 levels by 2030 across domestic and commercial buildings and industrial processes.

A full scheme obligation with annual phase targets will be set through legislation. The legislation will specify the framework through which Ofgem, as scheme administrator, will determine the amount of annual bill savings that obligated suppliers must achieve, through energy efficiency (primarily insulation) measures. Suppliers must meet at least 90% of each annual phase target within that year, through qualifying measures, with any shortfall made up by scheme end. There will be no constraints on suppliers exceeding annual targets and making faster progress in meeting their scheme obligation. Suppliers may also begin delivering measures ahead of the legislation coming into force, from the date on which this document is published, and Government will take steps to facilitate this.

The Scheme will target two groups: the "general group" and the "low-income group". The general group will consist of those living in homes with an EPC rating D-G and within Council Tax bands A-D in England and A-E in Scotland and Wales. Eligibility in Wales is expanded from Council Tax bands A-C as consulted upon to better align the proportion of eligible homes in each nation. The low-income group will consist of those living in homes with an EPC rating D-G and broadly mirroring the household eligibility requirements of ECO4 (being on means tested benefits or living in the least efficient social housing). At least 20% of each supplier's annual phase target must be delivered to households in the low-income group.

There will also be a flexible eligibility element to the Scheme, where households that do not meet the low-income group eligibility criteria but are considered by a local authority, or participating energy supplier to be living in fuel poverty or on a low-income and vulnerable to the effects of living in a cold home can be supported. Households treated via this mechanism can comprise up to 80% of a supplier's low-income minimum. To help households to learn about and access the Scheme, we plan to launch a self-referral service in summer 2023 as part of GOV.UK.

For the private rented sector (PRS), the proposal will be retained as consulted on, so that households in EPC bands D and E are eligible in the general and low-income groups, while those in EPC bands F and G will be excluded unless exempt from the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 ('PRS Regulations'). PRS households in the general group are only eligible for higher-cost insulation measures excluding loft or cavity wall insulation. Social housing will be eligible where it has an EPC band of D-G and the eligible measures depend on this EPC rating.

In Scotland and Wales, low-income off-gas households living in rural areas will be supported with a 20% uplift to the score given to each measure. In England, where different arrangements apply, the Home Upgrade Grant will support low-income off-gas households; it has ringfenced 60% of funding for rural local authorities. In a change to the approach proposed in the consultation, obligated suppliers will not have to prove that low-income properties cannot meet the ECO4 minimum requirement in order to be eligible for support through the Scheme. This is to simplify delivery and ensure support is available for all low-income households.

There will be no requirement to improve properties by a certain number of EPC bands and the Scheme will focus solely on the delivery of insulation and heating control measures. All measures must be delivered in accordance with PAS 2035; this includes cavity and loft-insulation in all scenarios and heating controls.

Each household in the general group will only be able to receive one measure. Owner occupied households in the low-income group are eligible for heating controls in addition to an insulation measure. In setting the overall scheme obligation, we assume that households in the general group will collectively contribute £80 million towards insulation measures (equivalent to 10% of the £800 million scheme budget earmarked for this group). However, it will be for suppliers to manage how this is achieved overall, with any contributions agreed on an individual household basis linked to the work done. Innovation Measure (IM) scores will receive a 25% or 45% uplift, as applies in ECO4, in the low-income group only.

As consulted on, ECO4 partial project scores will be used in the Scheme to calculate the bill savings a measure achieves. As pre-retrofit RdSAP (Reduced Data Standard Assessment Procedure) assessments are required for all retrofits under the Scheme, EPCs will not be required to evidence the pre-installation energy efficiency rating of a property.

The cost of delivering the Great British Insulation Scheme will be included within the Energy Price Guarantee. To facilitate that, an allowance for the scheme has been included by Ofgem in the default tariff cap (the price cap) from April 2023 onwards.

In terms of scheme administration, the notification processes and deadlines will remain as proposed in the consultation. The trading of obligations and transfer of measures will be permitted, within set parameters, as widely supported by respondents to the consultation.

The Scheme will support households across Great Britain, recognising the benefits in terms of efficiency and reduced bureaucracy from a single, consistently designed scheme. The UK Government will work in dialogue with the Scottish and Welsh Governments to implement the Scheme.

ECO4 Amendments

Overall, respondents were supportive of the proposals to amend the ECO4 scheme as consulted on. The following changes will be introduced.

The definition of a renewable heating system will be amended back to the ECO3 definition of “wholly or partly”. A new definition will be introduced to allow electricity generation equipment, such as solar PV to be installed alongside electric storage heaters (ESH) and electric heating systems (EHS) to be together considered a renewable heating system if some of the electrical output produced by the solar PV is used to generate heat.

Solar PV may be installed in both on-gas and off-gas homes that either already have a hydronic heat pump, ESH or an EHS 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 options where ESH/EHS may be installed will be extended to homes with neither an efficient nor inefficient heating system (i.e., homes with no heating or use only plug in room heaters or wall mounted electric heaters), and for off-gas homes where it is not possible to install measures from the off-gas heating hierarchy in these homes. However, there are no changes to the types of eligible measures allowed in different tenure types.

Off-gas homes may connect to district heating systems fuelled wholly or partly by gas in accordance with the off-gas heating hierarchy at stage 2.

Future Publications

Following publication of this document, government will lay affirmative regulations in Parliament, which we expect to come into force later this year. The policy described here is subject to Parliamentary approval of the regulations. Ofgem, the administrator of the Scheme, will publish separate guidance for local authorities, the devolved administrations, and suppliers. The government will publish the Final Impact Assessment for the Scheme in spring 2023.

Analysis of Responses

Sample sizes are smaller in open ended questions. Therefore, to avoid misrepresenting the data in this sample we have described the data using qualitative terminology. In outlining the response to each of the questions, “majority” indicates the clear view of more than 50% of respondents in response to that question. The following additional terms have been used to summarise the views of respondents: “most respondents” indicates more than 75% of those answering a particular question; “many respondents” indicates 40%-50% of those answering the particular question; “some respondents” refers to the range between 20% and 39%; “a minority of respondents” means less than 20% and “a few respondents” means fewer than 10%. All percentages have been calculated in terms of the overall responses to each question, unless otherwise stated. Within each summary of question responses, to calculate the percentage of those who agreed, we have considered those who provided a yes or no response.

Devolution

ECO has always supported consumers across Great Britain and the Scheme described in this document will apply in England, Scotland and Wales. As set out in Chapter 7, some ECO related powers were devolved to the Scottish Government under the Scotland Act 2016. The UK Government will work in dialogue with the Scottish Government and with the agreement of Scottish Government Ministers to implement the Scheme in Scotland.

In Northern Ireland, energy policy is devolved to the Northern Ireland Executive and the Department for the Economy has lead responsibility for the development of energy efficiency policy. The Energy Saving Trust administers the Northern Ireland Sustainable Energy Programme, which supports the delivery of energy efficiency measures targeting mainly vulnerable customers. In the absence of a functioning Executive, the UK Government has provided support with energy bills to households and non-domestic consumers in Northern Ireland throughout winter 22/23. The EPG has been protecting customers from increases in energy costs across the UK. The Spring Budget announcement that the EPG will be extended at the same level for an additional three months from April to the end of June 2023 will mean that a typical household energy bill in Northern Ireland will be the annual equivalent of around £2,110.

Chapter 1: Suppliers

Obligation targets, including carry-under and carry-over proposals

Question 1: Do you agree with the proposal to set mandatory annual targets for ECO+?

Yes: **113** No: **12** Percentage that agreed: **90%**

51 respondents provided no view on Q1

Question 2: Do you agree with the approach set out to implementing mandatory annual targets for ECO+?

Yes: **79** No: **18** Percentage that agreed: **81%**

79 respondents provided no view on Q2

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+?

Yes: **59** No: **23** Percentage that agreed: **72%**

94 respondents provided no view on Q5

Question 6: Do you agree with our proposal to allow carry-over between annual targets for each of the first two years of ECO+?

Yes: **80** No: **12** Percentage that agreed: **87%**

84 respondents provided no view on Q6

Summary of responses

Annual targets

Questions 1, 2, 5 and 6 relate to the proposal for annual targets and how these should be implemented, including potential provision for carry-under and/or carry-over flexibilities.

Of those respondents offering a view for or against, over 90% supported the proposal to set mandatory annual targets for the Scheme (Question 1) and over 80% supported the proposals for implementing these (Question 2), including building on the already established ECO4 approach, organisational responsibilities, and structures.

There was much agreement that annual targets would help the Scheme gain early momentum. It was also noted that annual targets would provide a level of certainty to help supply chain companies with workforce planning and investments. Set against this, some respondents were concerned about the readiness of Ofgem systems and guidance during the first year of the Scheme. Energy suppliers in particular worried that they could be unfairly penalised if impacted by administrative factors beyond their control, most favouring a 3-year, scheme level target only and/or greater flexibilities if annual targets were implemented.

Another consideration highlighted by some was the potential for hard annual targets to drive up costs at each year end, as obligated suppliers worked to ensure sufficient measures were installed to meet targets. A few respondents noted that the assumption of consumer contributions within the general group would introduce further uncertainties in planning to meet targets, particularly early on.

Taken overall, where respondents offered additional comment, these covered a broad spectrum, with some in favour of hard annual targets and enforcement and others preferring only a scheme level target and/or seeking greater flexibility than the proposals set out.

Ofgem, alongside many energy suppliers, noted the significant additional bureaucracy and costs that hard annual targets, assessed annually based on completed and approved measures, would entail. There was broad support amongst respondents overall that initial assessments of progress should be based on notified measures.²

Some respondents suggested opening up delivery of the Scheme to other organisations, such as local authorities and wider industry, as a potential longer-term development.

Carry-under

“Carry-under” is the term used where suppliers are permitted to meet a part of their obligation for a given period at a later time. There was much support that some level of first year carry-under would be reasonable, given that it will take some time following the Scheme start date for both suppliers and Ofgem to fully implement the required administrative systems such as IT. Views were nonetheless mixed on whether the carry-under flexibilities proposed were right. Several respondents proposed that any permitted carry-under should link to exceptional circumstances and be supported by evidence of reasonable endeavour. Others proposed a higher carry-under of up to 25%, with a provision for year 2 of 10%. Arguments for this more flexible approach emphasised the uncertainties of a new scheme, the fact that legislation is not expected to be in force until summer 2023 and the time that it will take for Ofgem to establish the supporting administrative systems.

² “Notified” means submitted to Ofgem for approval with the required supporting information but subject to administrative checks e.g., to ensure compliance with scheme rules and that the installation has not been submitted previously.

Carry-over

“Carry over” is the term used where suppliers are permitted to meet a part of their obligation for a future period ahead of time. There was broad support for the proposal that unlimited carry-over be applied. A few respondents suggested incentives for over-delivery by suppliers.

Government response

The government will implement a full scheme obligation, with annual phase targets. Recognising the implementation issues and risks highlighted, some flexibility will be allowed in how targets are met. For each annual phase, at least 90% of the target must be met. The requirement for this, based on qualifying measures, will be set in legislation (referred to in the legislation as “qualifying actions”). Any shortfall, which must not be no more than 10% of the annual target in a given year, will need to be made up by scheme end. We believe that set at 90% this allows appropriate flexibility, alongside the obligation trading and measure transfer provisions described in Chapter 5. It acknowledges the opposing views expressed in the consultation responses, calling for either greater or no flexibility in meeting annual targets, whilst helping to drive early progress.

Whether annual phase requirements have been met, either directly and/or drawing on the obligation trading and/or measure transfer provisions, will ultimately be determined through the full scheme close down at the end of year 3, based on qualifying actions.

At annual phase points, Ofgem will assess each supplier’s progress in meeting its annual target by drawing on notifications data and other information, and consider whether any compliance actions are at that stage appropriate.

The same 90% minimum delivery against each annual target, based similarly on qualifying actions, will apply to the low-income minimum obligation for that year.

As set out in the government’s initial proposals, unlimited carry-over will be allowed where suppliers have exceeded delivery of their phase target for either of the first two years of the scheme. This will apply to both the overall target and the low-income minimum, helping to incentivise more rapid delivery of both.

Preliminary target

The government recognises that the final impact stage assessment (IA) will provide key information to inform delivery planning, including setting the overall scheme and annual phase targets. We aim to publish this as soon as possible in follow up to this consultation response. In the interim, we know that some energy suppliers would find it helpful to know the maximum value of the targets that will be set, to facilitate delivery planning based on a minimum price per notional annual bill saving.

The Scheme target for obligated suppliers for the first year is likely to be no higher than £8,550,000 in notional annual bill savings (ABS), to be achieved by 31 March 2024.

This first-year maximum target corresponds to a minimum market price (pound per ABS) at which installers and energy suppliers can cost-effectively treat homes in the first year based on Scheme modelling. This minimum market price determines a hypothetical maximum overall target which has been pro-rated according to how much of the Scheme budget is available in the first year. This sets the first-year maximum target.

The actual total and annual targets will be confirmed through the final impact assessment when published, and as set out in the regulations to be laid shortly in Parliament. The actual first year annual target will not exceed the figure published above. Following feedback from energy suppliers on how the annual targets were set in the Energy Company Obligation, ECO+, 2023-2026 consultation³, the actual targets published in the final impact assessment will also be calculated by pro-rating the actual overall target according to how much of the Scheme budget is available each year.

Scheme Launch and Early Delivery

Question 3: Do you agree with our proposal to facilitate early delivery under ECO+ ahead of the ECO+ Order coming into force?

Yes: **110** No: **9** Percentage that agreed: **92%**

57 responses provided no view on Q3

Question 4: What additional information would suppliers need to deliver ECO+ measures before the ECO+ Order comes into force?

61 written responses received

115 responses provided no view on Q61

Summary of responses

Most respondents were in favour of facilitating early delivery, i.e., ahead of the new Great British Insulation Scheme legislation coming into force. However, many of those raised concerns based on experience of ECO4 early delivery. The predominant concern was about the risk of policy changes during finalisation of the Order, with particular concern expressed about whether this could result in some measures delivered early being discounted and installers or suppliers needing to pick up the cost. Some respondents requested either guarantees that they would not bear the costs of early delivery measures that were subsequently deemed ineligible, or that Ofgem adopt a more flexible compliance assessment

³ In the Energy Company Obligation, ECO+:2023-2026 consultation, the annual targets for the first two years of the Scheme were set above the levels that corresponded to pro-rating the overall target by the Scheme budget available in those years. This was based on the assumption that energy suppliers / installers would prioritise delivery to the homes that are most cost effective to treat in earlier years before moving to less cost-effective installations in later years. This approach to setting annual targets will be relaxed when determining the final targets to give energy suppliers more flexibility in which homes are treated when.

approach to such measures. Such assurances were seen to be important in giving installers the confidence to participate early.

A few stakeholders queried whether the TrustMark Licence Plus (TMLP) framework would apply to or be adequate for early delivery under the Scheme, and others wondered whether supply chain constraints might limit the opportunities to deliver early.

Many respondents offered views on the information needed to facilitate early delivery. A majority highlighted household eligibility, measure eligibility, standards and evidence requirements, alongside noting more broadly the need for final or at least draft Ofgem guidance. Where the guidance requirement was highlighted, some respondents said all guidance was needed while others requested only targeted early delivery guidance and Local Authority Administration guidance (supporting the Flex mechanism, see Chapter 2). A significant number flagged the need for a finalised Ofgem Data Dictionary, TrustMark Data Dictionary, draft regulations, and a summary of differences between the Great British Insulation Scheme and ECO4 to reduce the risk of rejections stemming from confusion over scheme requirements.

Some respondents highlighted information on rates of pay as important, while others wanted clarity on indicative obligations and the highest possible target.

Government response

To promote early benefits, support supply chain expansion and maximise delivery flexibilities for industry, the government will allow and facilitate early delivery for the Scheme from the date on which this Government Response is published.

Recognising industry's need for policy clarity, we will work closely with Ofgem so that administration guidance can be available as soon as possible for consultation, while the Scheme's final stage IA will be published shortly after this document.

Following a broader consultation on implementation plans, Ofgem will issue draft guidance and a draft notification template before final versions are published, as with ECO4, alongside a data dictionary. We recognise that risk appetite will differ across obligated suppliers, and that some may choose to start delivery ahead of the legislation coming into force based on this information while others may not. However, to reduce the risk of ineligible measures being installed during early delivery that result in supply chain and consumer issues, we will not allow acceptance of measures delivered ahead of publication of this Government Response. It will not be possible for measures to be credited towards an energy supplier's obligation unless they adhere to the requirements set out in the Scheme's Order, as qualifying actions. For GB Insulation Scheme Flex early delivery measures, a Statement of Intent covering the Scheme must be signed and published before measures under the Scheme can be installed. We will work with Ofgem to assist local authorities that want to pursue early delivery.

A summary of differences between the Scheme and ECO4 is included at Annex 1.

Cost assumptions

Search costs

Question 7: Search Costs: Do you agree with our assumed search costs, as outlined in Table 2 of the consultation?

Yes: **23** No: **28** Percentage that agreed: **45%**

125 respondents provided no view on Q7

Question 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?

Yes: **27** No: **27** Percentage that agreed: **50%**

122 respondents provided no view on Q8

Question 9: Reducing search costs generally across the Scheme: Do you have any ideas on how search costs could be reduced across the Scheme?

55 written responses received

121 respondents provided no view on Q9

Summary of responses

This summary covers Questions 7, 8 and 9.

Of those respondents offering a view on Question 7, marginally more disagreed than agreed with our search cost assumptions. However, those disagreeing had divided opinions: some perceived them as too high, whilst others perceived them as too low.

Reasons provided for thinking assumptions were too high included the fact that the Scheme will have a much larger eligibility pool compared to ECO4; the Scheme being a simpler, largely single measure scheme; the increased appetite for energy efficiency measures amongst the public given high energy prices; and greater economies of scale compared with ECO4.

Reasons provided for thinking assumptions were too low included the need to source household contributions which could contribute to higher search costs. Some respondents suggested there was an underestimation of search costs for ECO4 which should be factored in.

Overall, there was some diversity of views. Installers, ECO managing agents and energy suppliers were amongst those both agreeing and disagreeing with the search cost assumptions.

Where respondents offered a view on Question 8, they were evenly split between those who agreed and those who disagreed with the proposal to assume lower search costs for the general group than the low-income group.

Of those who disagreed, the main reason given was the need to find customers willing to contribute to measures in the general group. Also suggested was that many search costs will remain the same across both groups, such as verifying that a property requires a measure.

Those who agreed with the proposal reasoned that the larger eligible pool and simpler eligibility criteria for the general group compared to the low-income group would lower search costs.

For Question 9, the most frequent suggestion to decrease search costs generally was to increase marketing and communications to raise awareness of the Scheme and the benefits of energy efficiency. Other ideas included developing the self-referral route; widening and/or simplifying eligibility; making greater use of local authorities; and using existing data to reduce search costs, such as government data identifying low-income households.

Government response

This response covers Questions 7, 8 and 9.

The government will retain the search cost assumptions as outlined in Table 2 of the consultation document, which are consistent with the ECO4 cost assumptions. We recognise the arguments put forward both to increase and decrease cost assumptions, including the suggested additional challenges and costs involved in finding households willing to contribute towards measures. However, taken overall there was not sufficient evidence to deviate from the consultation assumptions.

These search costs will be used for both the low-income group and general eligibility group. Respondents provided sufficient evidence and argument to justify using the same search costs for the general group, such as the added cost of finding customers willing to contribute to measures. We believe that this could bring the search cost of the general group more in line with those for the low-income group.

We are grateful for the suggestions put forward by respondents for lowering search costs more generally for the Scheme. For example, through developing the new self-referral route for householders via GOV.UK. We are working with energy suppliers to develop this and will consider further the opportunities for more central scheme promotion. Further information is given on this in the Digital Referrals section in Chapter 2.

Measure cost assumptions

Question 10: Measure cost assumptions: Do you agree with our estimates for the capital costs of installing measures, as outlined in Table 3?

Yes: **29** No: **32** Percentage that agreed: **48%**

115 respondents provided no view on Q10

Question 11: 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?

Yes: **24** No: **28** Percentage that agreed: **46%**

124 respondents provided no view on Q11

Summary of responses

Of those respondents offering views for Questions 10 and 11, there was roughly an even split between those agreeing and disagreeing with the estimates for the capital costs of measure installation as set out in the consultation document.

Energy suppliers and installers were divided between those that agreed and those that disagreed with the estimates set out for Questions 10 and 11. Respondents from devolved/local government and ECO managing agents were more likely to disagree than agree with the measure cost estimates.

Out of the measures listed for Question 10, the cost assumptions for solid wall insulation was challenged most frequently. A quarter of those respondents who disagreed with cost assumptions overall stated that they felt the costs given for solid wall insulation to be too low. Fewer respondents explicitly stated that they felt the costs for cavity wall and loft insulation were too low (about one-eighth of respondents who disagreed with the cost assumptions for Question 10). In relation to the specific cavity wall and loft insulation costs associated with Question 11, where respondents disagreed with the costs, the main challenge was that costs were too low.

A minority of respondents highlighted how the ventilation requirements of PAS 2035 can affect the costs of retrofit projects. These respondents said that the measure cost estimates in the consultation document were too low if additional ventilation measures were required in a property.

The consultation included cost estimates for underfloor insulation. A few respondents suggested separating out underfloor and solid floor insulation as two distinct measures in future publications.

Government response

Whilst respondents were almost evenly split on agreeing/disagreeing with the average installation costs for cavity wall and loft insulation presented in the consultation document, the government has updated its cost assumptions for these measures for the Scheme. This is in light of new evidence obtained through independent surveys of installers conducted over November and December 2022, alongside evidence on installation costs received through the consultation.

The government's updated costs assumptions for cavity wall and loft insulation also draw on evidence from the 2020/21 Green Homes Grant Voucher Scheme on how the cost of insulating a property varies in proportion to its size (measured by floor area). The Scheme's final stage IA, to be published shortly after this Government Response, will set out the cost models used for each property archetype, including the estimated relationships between the costs of measure installation and property floor area.

To show how the updated assumptions affect the estimated costs of insulating different types of property, Tables 1 and 2 compare the average installation costs of cavity wall and loft top-up insulation using the Energy Company Obligation, ECO+: 2023-2026 consultation modelling assumptions, with the average costs based on the updated assumptions that the Department plans to use in the final stage IA – it is not expected that the measure cost assumptions will be updated between now and publication of the final stage IA, though this may occur if significant new evidence challenges the accuracy of those assumptions.

Note that the costs in Tables 1 and 2 do not include the costs of a PAS retrofit assessment, the use of a PAS retrofit designer, coordinator and evaluator or lodgement of a measure with TrustMark; the next section on 'additional costs of compliance with retrofit standards' outlines the government's final position on these costs. However, the updated measure installation costs set out in Tables 1 and 2 are considered to make an allowance for the installation of additional ventilation measures (fans, vents and/or door undercuts) in a proportion of properties where cavity wall or loft insulation is installed.⁴

⁴ Under PAS 2035, where an insulation measure is installed and the existing system for ventilating the property is assessed as inadequate, the ventilation system must then be upgraded as part of the retrofit project.

Table 1: Average easy-to-treat cavity wall insulation installation cost used in the modelling by house type (2022 prices)

Build type	Average cost based on consultation assumptions (£)	Average cost based on updated assumptions (£)⁵
Bungalow	940	1,530
Detached	1,390	2,140
Semi-detached	1,040	1,570
End of terrace	950	1,550
Mid-terrace	920	1,000
Purpose built low-rise flat	790	980
Purpose built high-rise flat	800	1,030
Converted and non-residential	830	980

⁵ Includes an allowance for additional ventilation measures being required in some properties when cavity wall insulation is installed.

Table 2: Average loft top-up insulation installation cost used in the modelling by house type (2022 prices)

Build type	Average cost based on consultation assumptions (£)	Average cost based on updated assumptions (£)⁶
Bungalow	970	1,320
Detached	1,300	1,040
Semi-detached	950	990
End of terrace	890	940
Mid-terrace	850	860
Purpose built low-rise flat	820	860
Purpose built high-rise flat	890	900
Converted and non-residential	860	870

With respect to the other higher-cost insulation measures that can be installed through the Scheme, the government will set out updated installation cost assumptions in the Scheme's final stage IA. These updated cost assumptions will account for a degree of inflation in costs, in line with what has been observed for cavity wall and loft insulation. As was the case at the time of consultation, our modelling suggests that few, if any, of the higher-cost insulation measures will be viable through the Scheme without a consumer contribution.

With regards to heating controls, the government has decided to retain the measure cost assumptions as set out in the consultation document.

We intend to collect data on the cost of installing measures, customer contributions and delivery more broadly over the course of the Scheme using existing powers. We will engage further with obligated suppliers to ensure that any new data collection processes minimise cost and administrative burden where possible.

⁶ Includes an allowance for additional ventilation measures being required in some properties when loft top-up insulation is installed.

Additional costs of compliance with retrofit standards

Question 12: Additional costs of compliance with retrofit standards: Do you agree with our assumptions for compliance with TrustMark and PAS2035 Standards?

Yes: **23**

No: **26**

Percentage that agreed: **47%**

127 respondents provided no view on Q12

Summary of responses

Of those who provided a view, roughly half agreed with the TrustMark and PAS compliance cost assumptions as set out.

Of those who disagreed, the majority held that compliance costs will likely be higher. A few respondents raised concerns about TMLP costs. Others expressed concerns about the validity of the assumptions about compliance costs without indicating whether they felt these to be too high or too low.

Government response

Government will retain the cost assumptions for compliance with PAS 2035 as set out in the consultation document: £950 in 2021 prices, which will be adjusted for inflation using the GDP deflator. There was insufficient evidence provided in the consultation responses to justify a change to this cost assumption, which is also consistent with ECO4 PAS cost assumptions.

As explained in Chapter 6 of this Government Response, we do not plan to adopt TMLP for any measures installed under the Scheme when it launches.

Supplier administration costs

Question 13: 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?

Yes: **8**

No: **29**

Percentage that agreed: **22%**

139 respondents provided no view on Q13

Summary of responses

Of those offering a view, most disagreed that administrative costs under the Scheme would be lower than under ECO3.

Of those that agreed with the proposition, reasons cited included: the reduced evidencing requirements for lofts and heating controls from use of TMLP; the predominance of lower risk measures; and expected synergies with ECO4, where industry participants are already

engaged in its delivery. The last reason was caveated as assuming significant alignment between the two schemes and it was noted that there would be some adjustment costs.

For those that disagreed with the proposition, reasons given included: concerns over inflation impacting costs; ECO4 administrative costs already being higher than those for ECO3; suggested additional complexity or evidencing burdens, such as in identifying households that have already had measures installed via other schemes; and noting that a lack of policy alignment with ECO4 would increase administrative costs.

Government response

The government plans to retain the assumed administrative costs for the Scheme as set out in the consultation document, informed by those for ECO3.

This amounts to 5.9% of the total Scheme £1bn budget, equating to £59m. This figure is based on what energy suppliers self-reported their administrative costs as being under ECO3.

Taken overall, the evidence provided through the consultation was insufficient to justify amending the assumptions set out in the consultation document. We will therefore base the administrative cost assumption on those for ECO3 and not lower than this.

Chapter 2: Homes and Household Eligibility

Household eligibility groups

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?

Yes: **105** No: **23** Percentage that agreed: **82%**

48 respondents provided no view on Q14

Summary of responses

Of those offering a view, the majority agreed with the proposal of having two eligibility groups within the Scheme. Of those that agreed, many believed there should be a stronger focus on low-income households, for example by increasing the minimum delivery from 20% to 50% or by incentivising suppliers to deliver over the 20% minimum delivery level.

Of those that did not agree with the proposal, many believed that there should only be a general group. The reasons that were provided were varied and included that low-income households are eligible in the general group and could be supported there, the reduced complexity of having a single group and the need to support a greater proportion of the housing stock, rather than just low-income households.

A few respondents expressed their support for targeting of disabled households who do not qualify under the low-income group. A few respondents suggested excluding higher income tax bands. There was also some concern the low-income group will create competition with ECO4.

Government response

Government has decided to implement the proposal as consulted and target support to households in a low-income and a general group. This will ensure that some support is safeguarded for the most vulnerable, on top of that provided through ECO4, whilst also supporting a much larger general group of people now challenged by higher energy bills. Considerations on the level of low-income minimum are set out in Question 18. With regards to points raised on encouraging more delivery through the low-income group, steps taken in this consultation aim to encourage delivery to this group; for example, secondary heating controls and Innovation Measure (IM) uplifts will only be allowed in the low-income group.

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?

Yes: **81** No: **51** Percentage that agreed: **61%**

44 respondents provided no view on Q15

Summary of responses

Of those that offered a view, the majority of respondents agreed with the targeting proposals for the general group. A key theme from these respondents was the simplicity of using the council tax and EPC bands to target those who are more likely to be struggling to pay their energy bills.

Of those who did not agree with our position, many argued that Council Tax bands should not be used to determine eligibility. Many respondents suggested expanding the number of council tax bands eligible across all nations, with three suggesting this specifically for Wales. A small number of respondents suggested expanding eligibility to include pensioners and single occupant households in higher council tax bands, or the inclusion of the worst performing properties in higher council tax bands. Others noted the need for EPC band reform given inaccuracies, particularly when comparing identical houses on and off-grid. Some respondents suggested the eligibility should be broadened out, with no council tax band or EPC restrictions to reach as many households as possible.

Government response

Government has decided to implement the proposal mostly as consulted on and target general group support to those in Council Tax bands A-D in England, A-E in Scotland, and A-E in Wales (moving from A-C as consulted on), with an EPC of D or below. Using the Council Tax band proxy is a simple, easy-to-administer way of targeting homes that are more likely to be in need while excluding those in the most valuable homes could be less likely to need support. Using EPC bands allows us to ensure support is going to the least energy efficient homes. This simplicity of approach is streamlines administration and will allow support to be provided to households as soon as possible.

Government has decided to expand eligibility in Wales from homes in Council Tax bands A-C, as proposed in the consultation, to Council Tax bands A-E. This will increase the proportion of eligible homes in Wales from 57% to 87%, better aligning with the proportion in England (A-D; 81% of all homes) and Scotland (A-E; 86%).⁷ The nominal value of eligible homes in each nation differs, with properties up to a value of £162,000 eligible in Wales, compared to £88,000 in England and £80,000 in Scotland. However, the valuations in Wales were recorded in 2003,

⁷ Figures for England and Wales have been derived from Government official statistics on properties by Council Tax Band, available at: <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2022>. The figure for Scotland comes from Scottish Government statistics on the number of chargeable dwellings by Council Tax Band for September 2022, available at: <https://www.gov.scot/publications/council-tax-datasets/>.

compared to 1991 in England and Scotland. This makes a direct comparison on valuation grounds difficult. We have instead used the proportion of eligible homes in each nation as the primary factor in deciding which Council Tax bands are eligible.

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?

Yes: **98** No: **20** Percentage that agreed: **83%**

58 respondents provided no view on Q16

Question 17: Do you agree with our proposal to carry over the same eligible benefits from ECO4 to the low-income group under ECO+?

Yes: **88** No: **17** Percentage that agreed: **84%**

71 respondents provided no view on Q17

Summary of responses

Of those that offered a view, a large majority of respondents agreed with targeting low-income households living in EPC bands D-G through the low-income group. Many participants noted the limitations of EPC bands and welcomed more progress against the EPC Action Plan. A few respondents suggested removing the EPC band restrictions altogether and instead focusing support according to property need, irrespective of EPC band.

Of those that offered a view, a large majority of respondents agreed with carrying over the eligible benefits from ECO4 since it would streamline delivery and reduce complexity. Of those that did not agree, many believed disability benefits should be included on the basis that the recent rises in energy costs disproportionately impacts those who use more energy to manage their disability. Others believed more support should be provided to pensioners for the same reason. Some also noted the need for more support for LA and Supplier Flex ('GB Insulation Scheme Flex') to support disabled and older households who may not qualify under the low-income group.

Government response

Government has decided to implement the proposal as consulted to target low-income households with an EPC band D-G through the low-income group. We want to target support at those who live in the least energy efficient housing and using EPC bands facilitates this in a simple way. We have decided to carry over the same eligible benefits from ECO4 as we agree with stakeholders that this will streamline delivery and reduce complexity. This reflects the support for this position from stakeholders and a wider objective to simplify the Scheme where possible in order to help facilitate delivery as soon as possible. This does mean that targeting of other groups that may be vulnerable, such as pensioners or those with a disability, is not possible through the low-income group. However, these households may of course be eligible

for support through the general group or via GB Insulation Scheme Flex if they meet the relevant requirements.

Low-income minimum requirement

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?

Yes: **73** No: **25** Percentage that agreed: **74%**

78 respondents provided no view on Q18

Summary of responses

The majority who had a view on this proposal agreed with setting 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. Of those who agreed, a few thought the low-income minimum requirement should be higher.

Where respondents disagreed, many also thought it should be higher. The most common suggestion overall was to raise the low-income minimum requirement to 50% of each annual target.

Some who agreed with the proposal did so because they thought ECO4 does not provide a solution for homes requiring minimal insulation upgrades, and therefore support for low-income homes was required through the Scheme. At the same time, some who disagreed suggested that ECO4 does have mechanisms that would support households in the Scheme low-income group. A few respondents on both sides sought further clarity on whether the carry under rules would apply to the low-income measure targets.

Some respondents who disagreed thought there should be no low-income group minimum requirement. Reasoning included that sub-obligations increased administrative burdens and would result in a cost premium for the low-income group. Another argument against it was that those in the low-income group will face additional barriers over those in the general group because of the additional evidence to be provided (for example what benefits they are in receipt of) yet would receive no extra support with supplying this.

Government response

We plan to proceed with the low-income group minimum requirement set at 20% of each supplier's annual phase target. In the context of sustained high energy prices, we believe it is right to boost targeted energy efficiency support for those on low incomes or in other ways vulnerable. Setting this at 20% strikes a balance between safeguarding this extra support for those most vulnerable, which comes on top of that provided through ECO4, whilst recognising

that the Scheme is designed to extend help to a much larger group of people now challenged by higher energy bills.

We recognise that a low-income group sub-obligation will create some additional administration and associated cost. However, we believe this is proportionate as we work towards meeting the government's statutory fuel poverty targets.

As noted in Chapter 1, suppliers must meet at least 90% of their low-income minimum target within each annual phase of the Scheme level target. The full low-income group minimum requirement must be met by scheme end. Suppliers will have flexibility in how they achieve their overall target outside of the low-income minimum target, through households in the low-income and general groups.

Local Authority (LA) and Supplier Flex

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?

Yes: **70** No: **13** Percentage that agreed: **84%**

93 respondents provided no view on Q19.

Question 20: How can referrals through LA and Supplier Flex be facilitated?

63 written responses provided 113 respondents provided no view on Q20

Summary of responses

Of those who offered a view, most agreed with the proposal. A minority disagreed, with energy suppliers making up four of these 13 respondents. Five energy suppliers agreed with the proposal. Most who disagreed thought that we should allow more or unlimited flexibility in the amount of delivery via GB Insulation Scheme Flex that can be counted towards the low-income minimum requirement.

Across all respondents, the most popular suggestion was that there should not be a limit on the amount of GB Insulation Scheme Flex delivery that can be counted towards a supplier's low-income minimum requirement. A few respondents argued that local authorities need more resource to deliver increased GB Insulation Scheme Flex referrals.

Other suggestions included that GB Insulation Scheme Flex could better link to local support services and assist local authorities with referrals, providing clearer guidance and streamlining of current processes, and conducting a best practice review. A few suggested creating a centralised online referral service. A further view offered was that ECO4 Statements of Intent should also be applicable to the Scheme.

Government response

We will allow up to 80% of a supplier's low-income minimum requirement to be met through GB Insulation Scheme Flex. Households notified under GB Insulation Scheme Flex will be classified as part of the low-income eligibility group, but their contribution to the low-income minimum requirement of 20% of the annual phase target is limited to 80%. Outside of the 80% maximum contribution to the low-income minimum requirement, unlimited delivery to GB Insulation Scheme Flex-eligible households is permitted. The remaining 20% of each supplier's low-income minimum must be delivered to households on means-tested benefits or living in the least efficient social housing. This is to ensure at least some support is reserved for those households. Respondents welcomed the increased ability for obligated suppliers to meet their low-income group minimum requirement through GB Insulation Scheme Flex, which is why we have set the maximum GB Insulation Scheme Flex delivery at 80% of the low-income group minimum requirement, up from 50% allowed under ECO4. Outside of the low-income minimum requirement, delivery will be unconstrained for both general and low-income group households, whether through GB Insulation Scheme Flex or not.

In conjunction with Ofgem, we will work to support local authorities to make the most of the opportunities provided by GB Insulation Scheme Flex. This will include exploring how linking with other local support services can help in reaching those households which could most benefit, as well as identifying best practice and engaging Net Zero Hubs.

Local organisations will also be able to assist clients to access help through the new GOV.UK eligibility checking and self-referral service and accompanying dedicated telephone support. More information is available in our responses to Question 32 and Question 33 in the 'Digital Referrals' section.

In addition, we are working with Ofgem to ensure GB Insulation Scheme Flex administration options are consulted on, stakeholder feedback is considered, and guidance is published as soon as possible after the publication of this Government Response. The GB Insulation Scheme Flex guidance will make clear the declaration process that must be followed. We have considered allowing existing ECO4 Statements of Intent to be used without change for the Scheme, but have concluded that either a new, separate Statement of Intent will be required for the Scheme, or an existing Statement of Intent updated to include criteria for the Scheme. We are aware of concerns around administrative complexity and will work with Ofgem to look at options.

The differences between ECO4 Flex and GB Insulation Scheme Flex eligibility criteria are that, under ECO4, PRS households must be in EPC bands E, F or G for all eligible routes. However, under GB Insulation Scheme Flex, PRS households may qualify if their property is in EPC band D or E for routes 1 and 3. For both ECO4 and the Scheme, owner occupied households with an EPC of D-G are eligible under routes 1 and 3. Under Route 2 of GB Insulation Scheme Flex, owner occupied properties must be EPC E, F, or G and PRS homes must be EPC E. Owner occupied households under Route 2 of ECO4 must be EPC E, F, or G. The reason for the different PRS eligibility criteria is set out in the response to Question 21.

Following consultation feedback and further consideration, we have decided not to permit Route 4 as an option for GB Insulation Scheme Flex. Route 4 was introduced in ECO4 to allow suppliers, local authorities, and devolved administrations an alternative way of identifying and offering energy efficiency measures to low-income and vulnerable households who do not meet the eligibility criteria that already exist. Proposals under Route 4 for ECO4 must demonstrate how low-income and vulnerable households will be identified by using methodology which needs to be distinct to any of the routes already accessible under ECO4. This approach is appropriate for ECO4 since there is no general group and there are therefore households that might be deserving of support and not captured by the Scheme. However, for GB Insulation Scheme Flex consumers can be supported through the general group.

Not continuing with ECO4 Flex Route 4 for the Scheme will simplify the Scheme for Ofgem, local authorities and suppliers while having minimal impact on help available for those most in need. As a result, there will be no uplifts awarded for the purposes of referring households under GB Insulation Scheme Flex.

Private Rented Homes

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?

Yes: **62** No: **45** Percentage that agreed: **60%**

69 respondents provided no view on Q21

Summary of responses

Of those that offered a view, the majority of respondents agreed with the proposals to exclude PRS households with an EPC of F and G in line with the Minimum Energy Efficiency Standards (MEES) regulations⁸. A few respondents said the reason for this was that it would be unfair to those landlords that have improved their properties already if those that have not – those with an EPC of F or G for example – receive support through the Scheme.

Of those that disagreed with the proposal, many highlighted that PRS households as a group have amongst the highest percentage of households living in fuel poverty, which will be exacerbated by landlords also facing higher mortgage rates, resulting in less likelihood of property improvements. Therefore, they argued that support should be less restricted than under the proposal and more EPC bands within the PRS group, for example F and G, should be eligible.

⁸ <https://www.legislation.gov.uk/ukxi/2015/962/contents/made>

A majority of respondents, including those that both agreed and disagreed with the proposal, highlighted the need for new PRS MEES regulations to be made soon. Many highlighted significant non-compliance with MEES regulations, meaning tenants are being unfairly punished. A few suggested providing further support to local authorities to help monitor this.

Government response

Government has decided to implement the proposal as consulted and allow PRS households in EPC bands D and E to be eligible in both groups, while EPC bands F and G will be excluded, other than where they are exempt from the MEES regulations in England and Wales. This will ensure that in-scope landlords in England and Wales do improve homes to an EPC band E up to spend cap of £3,500, as required. Households in England and Wales in EPC bands F and G will only be eligible if either of the following two conditions apply:

- if the property has registered a valid exemption, or
- if the property is not in scope of the PRS regulations because it is not legally required to have an EPC 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).

We recognise the MEES regulations do not apply in Scotland. However, we are excluding PRS households in EPC bands F and G in Scotland to ensure consistency with the situation in England and Wales.

We acknowledge that many respondents pointed out that a high percentage of PRS households experience fuel poverty and do not have the means to invest in insulation. Any eligible PRS household that falls into the low-income group will be able to receive any insulation measure available under the Scheme. This goes further than ECO4, where PRS households and/or their landlords need to invest into a high-cost measure before they can get loft or cavity wall insulation.

Government has also consulted on raising the minimum standard for privately rented homes in England and Wales to EPC Band C. We are considering the responses to the consultation and will publish the Government Response in due course.

Question 22: Do you agree PRS households should not be eligible for secondary heating controls?

Yes: **45** No: **54** Percentage that agreed: **45%**

77 respondents provided no view on Q22

Summary of responses

Of those that offered a view, the majority disagreed with the exclusion of heating controls for PRS households on the grounds of unfairness in comparison to social housing (although these households are also not eligible for heating controls). Other reasons included that heating

controls are effective in decreasing energy bills and emissions and that delivery as a secondary measure to households already receiving other measures is straightforward.

Of those that agreed with the proposal, many noted that more should be done to ensure landlords provide functioning heating controls to tenants as standard.

Government response

Government has decided to implement the proposal as consulted and not allow PRS housing to receive secondary heating controls under the low-income group of the Scheme. As outlined in the response to Question 48 and Question 49, general group households will not be eligible for any secondary heating controls. Landlords are required to install, maintain, and repair a heating system⁹ and support this with heating controls in some circumstances, e.g., two heating controls are required for a new dwelling with a wet heating system that has a total floor area greater than 150 square meters.¹⁰

Through the Scheme, we want to prioritise offering support for longer-term insulation measures that are more expensive than heating controls and are therefore more difficult for landlords to install without support. The average costs for heating controls are much lower than for other insulation measures that are supported under the Scheme (average installation costs for room thermostats is £100; boiler programmers £80, and thermostatic radiator valves (TRV) £220, whilst average costs for easy-to-treat cavity wall insulation is £1,400 and for loft top-up insulation is £1,000)¹¹.

Additionally, the aim of the Scheme is to provide support to as many households in England, Wales, and Scotland as possible. Allowing heating controls to be installed in PRS households would take support away from other households, as the total costs per PRS household would be higher.

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

Yes: **34** No: **72** Percentage that agreed: **32%**

70 respondents provided no view on Q23

⁹ Landlord and Tenant Act 1985, section 11(1)(c) [https://www.legislation.gov.uk/ukpga/1985/70; Housing \(Scotland\) Act 2006, section 13\(1\)\(c\) and section 14](https://www.legislation.gov.uk/ukpga/1985/70; Housing (Scotland) Act 2006, section 13(1)(c) and section 14); <https://www.legislation.gov.uk/asp/2006/1/section/13>.

¹⁰ Building Regulations 2010, Conservation of fuel and power, Approved Document L Volume 1, 2021 edition, L1(b), L2, 5.14; Building (Scotland) Regulations 2004, [Descriptions of building and work, including the provision of services, fittings and equipment, not requiring a warrant](#), Domestic Building Services Compliance Guide for Scotland (2015), Section 2.2, Table 3.

¹¹ The average costs for easy-to-treat cavity wall insulation and loft top-up insulation are based on modelled installations of these measures across all properties in the Department of Energy Security and Net Zero National Household Model (NHM) that can have the measures.

Summary of responses

Of those that offered a view, the majority of respondents disagreed that PRS households in the general group should not be eligible for loft or cavity insulation. Many noted the difficulty of getting landlords to contribute when they will not directly benefit themselves from the energy bill savings. Many also noted that the PRS housing stock is, on average, amongst the least energy efficient housing, with the highest percentage of households living in fuel poverty. A few also emphasised the need to not restrict installations of loft and cavity to ensure that enough homes are heat pump-ready by 2028.

Many of those who agreed and disagreed believed the updated PRS MEES regulations should be the primary way to drive action from landlords in the PRS sectors. A few of those who agreed and disagreed noted that funding should not be used to subsidise landlords' existing obligations through the PRS MEES regulations.

Government response

Government acknowledges the concerns that respondents highlighted regarding PRS households experiencing high levels of fuel poverty. The Scheme is therefore not placing any further restrictions on the eligible measures, allowing PRS households in the low-income group to receive both low and high-cost insulation measures.

Government recognises PRS landlords in the general group are more likely to be able to contribute towards the cost of work under the Scheme as part of their responsibilities to maintain and improve their housing stock. This is because they are more likely to be able to pass costs onto their tenants, whereas PRS landlords with tenants in the low-income group are less likely to be able to pass on costs of energy efficiency upgrades. As such, government will allow PRS households in EPC bands D and E in the general group to receive any eligible insulation measure except loft or cavity wall insulation, which are generally lower cost and therefore are more likely to be paid for in full by the landlord outside of the Scheme. Eligible measures for this group include solid wall, pitched roof, flat roof, under floor, solid floor, park home and room-in-roof insulation which are more likely to require a contribution from the landlord for them to be installed through the Scheme. This approach will prevent support going to private landlords for measures that they are more likely to be able to install without support.

Social Housing

Question 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?

Yes: **80** No: **27** Percentage that agreed: **75%**

69 respondents provided no view on Q24

Summary of responses

Of those who offered a view, the majority were in favour of the proposal to include social housing with an EPC band between E-G for the general and low-income group. Respondents outlined that inefficient social housing already receives support through other schemes such as the Social Housing Decarbonisation Fund (SHDF).

Of the minority that disagreed, some suggested that EPC band D social housing should not be restricted to Innovation Measures (IMs) only and also be able to receive all measure types. Respondents pointed out that a significant proportion of fuel poor homes fall into EPC band D social housing, whilst only a small percentage remain below EPC band D. Other respondents that disagreed with our proposal outlined that social housing already receives support through other schemes and should therefore not be included in the Scheme at all.

Government response

Government will retain the position as consulted on. As outlined by many respondents, this position allows the Scheme to target the least energy efficient homes in a way that is complementary to other schemes such as the SHDF, rather than duplicative. Minimum Energy Efficiency Standard (MEES) regulations for the PRS require that properties cannot be let if they have an EPC rating below band E (unless they have a valid exemption in place).

Consequently, PRS properties with an EPC band of F and G are not eligible, other than where there is an exemption. There is no equivalent regulation currently in place in the social rented sector. The Decent Homes Standard, which applies to the social rented sector, requires that homes are free from category 1 hazards including excess cold and provide a reasonable degree of thermal comfort, but this does not equate to an EPC rating. As a result, we will continue to target the worst performing homes in the social rented sector by retaining the current position of including social housing with an EPC of band E-G and restricting EPC band D social housing to IMs only.

Government has considered stakeholder feedback on whether to restrict EPC band D social housing to IMs only as part of Question 26.

Government has decided to make a small technical change to the eligibility criteria, meaning that all eligible social housing will be treated through the low-income group rather than any being eligible through the general group. This is because we are using the same definition of social housing as ECO4, meaning a property let below the market rate falls under the low-income group under the Scheme. Properties rented at or above the market rate will be classified as PRS properties and not social housing, in line with ECO4. Therefore, it is not possible that a property defined as social housing can be eligible through the general group.

Question 25: Do you agree that social housing should not receive heating controls through ECO+?

Yes: **65** No: **40** Percentage that agreed: **62%**

71 respondents provided no view on Q25

Summary of responses

Of those who provided a written response, the majority were in favour of the proposal to exclude social housing from receiving heating controls through the Scheme. Respondents supported our position on the basis that there are already requirements in place for social landlords to install, maintain and repair a heating system and some heating controls in new dwellings, such as TRVs.

Of the minority who disagreed, many respondents argued to include heating controls as they are a significant measure that regulates heating and can substantially reduce consumption. Others argued that social landlords are often not able to fund and install heating controls, which leads to long delays before households finally receive them. They therefore suggested that the Scheme should offer heating controls to social housing where necessary due to landlords being unable to fund them.

Government response

Government has decided to implement the proposal as consulted and not allow social housing to receive secondary heating controls. Social landlords in England and Wales are required to install a fully functioning heating system and support this with heating controls in some circumstances.^{12 13} Whilst we understand that there are some landlords that do not have the means to install heating controls due to costs, the Scheme is focused on prioritising a ‘fabric-first approach’, providing longer-term insulation measures to households.

Government also recognises that heating controls are much less costly than other insulation measures that are supported under the Scheme (average installation costs for a room thermostat is £100, boiler programmer is £80, and a TRV is £220, whilst average costs for easy-to-treat cavity wall insulation is £1,400 and for loft top-up insulation is £1,000). Therefore, we want to prioritise offering support for measures that are more expensive and are therefore more difficult for landlords to install without support.

Question 26: Do you agree social housing in the general and low-income eligibility groups with EPC band D should only be eligible for the Innovation Measures that are eligible through ECO4?

Yes: **55**

No: **44**

Percentage that agreed: **56%**

77 respondents provided no view on Q26

¹² Building Regulations 2010, Conservation of fuel and power, Approved Document L Volume 1, 2021 edition, L1(b), L2, 5.20 (England and Wales only); Building (Scotland) Regulations 2004, [Descriptions of building and work, including the provision of services, fittings and equipment, not requiring a warrant](#), Domestic Building Services Compliance Guide for Scotland (2015), Section 2.2, Table 3.

¹³ Building Regulations 2010, Conservation of fuel and power, Approved Document L Volume 1, 2021 edition, L1(b), L2, 5.14 (England and Wales only).

Summary of responses

Of those who provided a response, most respondents were in favour of our position to offer only IMs to EPC band D social housing. Most energy suppliers, installers and trade associations agreed with our position as they suggested to retain as much similarity to the ECO4 position as possible.

Of those respondents who disagreed, the most popular alternative suggestion was to allow social housing in band D to also receive other insulation measures, in particular loft and cavity wall insulation. They pointed out that IMs are mostly experimental and should only be deployed using experienced supply chains that are familiar with the market.

A minority of respondents suggested that social housing should be eligible for the same measures as PRS, and that including EPC band D social housing could complement the Social Housing Decarbonisation Fund rather than duplicate it.

Government response

Government will retain the current position to limit EPC band D social housing to IMs only. In comparison to other groups, social housing tends to be more energy efficient, and they already receive support through various other government schemes, such as the SHDF. The Scheme will complement these schemes by offering insulation measures that are considered as innovative and less common in the market compared to other standard alternatives.

Government agrees with many respondents that as much consistency as possible should be kept between the Scheme and ECO4 to ease delivery and reduce scheme complexity. We therefore intend to retain this policy to ensure stakeholders will not need to adapt to differing rules across the two schemes.

Rural delivery

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+?

Yes: **65** No: **26** Percentage that agreed: **71%**

85 respondents provided no view on Q27

Summary of responses

Of those who provided a written response, the majority were in favour of removing the off-gas condition as this is likely to increase the eligible pool of households that can receive the uplift. Others noted that rural households, regardless of gas connection, tend to have lower average EPCs. Simplification of administration associated with this proposal was also noted.

Of the minority who disagreed, some suggested this proposal would be a missed opportunity for a 'joined up government approach' towards off-gas decarbonisation and mean policy (and thus administrative) inconsistency with ECO4. Two respondents noted that uplifts of any sort reduce overall scheme delivery.

Question 28: Do you agree that rural uplifts of 35% should apply in Scotland and Wales only?

Yes: 17 No: 71 Percentage that agreed: 19%

88 respondents provided no view on Q28

Summary of responses

Of those who provided a response, the majority were not in favour of the uplift mirroring ECO4 and applying it only in Scotland and Wales. Respondents argued that Home Upgrade Grant (HUG) and the Scheme are not equivalent in scope or eligibility in the same way HUG and ECO4 are, therefore HUG will not be able to support some households who qualify for the Scheme in rural England. Many respondents noted the increased costs associated with treating rural properties and that these are consistent across GB. Respondents also noted that under this proposal on-gas rural households in England specifically may be left unsupported (subject to Question 27).

Of the minority who agreed, some noted consistency with ECO4 is beneficial for administration. Others noted the lack of equivalents to HUG in Scotland and Wales, and that HUG2 is sufficient to account for properties in England.

Question 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+?

Yes: 22 No: 59 Percentage that agreed: 27%

95 respondents provided no view on Q29

Summary of responses

Of those who provided a written response, the majority were not in favour of the uplift applying only to higher-cost measures, arguing that increased costs tend to be linked more to location of installation rather than the measure being installed, and therefore the uplift should apply to all measures. Similarly, respondents advised that often, likely measures are not necessarily known prior to an initial property assessment taking place, so a uniform approach will reduce administrative burden.

Of the minority who agreed, some believed loft insulation and heating controls should be considered secondary rather than primary measures as this approach will incentivise delivery of higher-cost measures.

Government response

This response covers Questions 27, 28 and 29.

Government will retain rural uplifts in the Scheme in recognition of such properties tending to have higher installation costs due to their location and the associated inconvenience of traveling to them. In a report published in March 2019¹⁴, the additional costs associated with installing non-standard insulation in rural areas across GB were found to be on average 2% - 5% higher than in non-rural areas, rising to 11% in certain instances. Therefore, we have elected to award certain rural properties in Scotland and Wales an uplift of 20% rather than 35%. This is lower than ECO4; however, we believe a 20% uplift in Scotland and Wales, recognises the higher costs of rural delivery of insulation and sufficiently accounts for HUG2 in England. It also strikes a balance between being at a level that incentivises delivery, whilst also not being so high that delivery is skewed towards these areas, at the detriment of the total number of homes treated. Furthermore, acknowledging stakeholder feedback, and in keeping with the overall scheme objectives, the uplift will apply to all measure types.

Furthermore, government has decided to apply the uplift to the low-income groups in Scotland and Wales only. This ensures that support remains focused on low-income households who may not be able to cover the additional costs of delivery in these areas.

In recognition of off-gas properties tending to have higher energy costs and to promote off-gas grid decarbonisation, the uplift will only apply to rural off-gas grid properties, in a manner consistent with ECO4¹⁵. Of households living in properties not on the gas grid, 20.1% are fuel poor compared to 12.3% on the gas grid. These compare with 22.9% and 22.0% respectively in 2010, showing the reduction in fuel poverty has largely come from households connected to the gas grid where 50.1% of homes are band A-C compared with 33.3% for off-gas grid homes. The average fuel poverty gap for households off the gas grid was £804, over three times higher than on gas grid households (£222)¹⁶.

As with ECO4, we acknowledge the concerns stakeholders have raised regarding the inconsistency of this uplift across England, Scotland, and Wales. Government is committed to supporting low-income rural households across Great Britain. Low-income households in rural England will be able to benefit from both HUG 2 and ECO4. HUG 2 is focused on low-income off-gas households and has allocated £582m to local authorities in England to be delivered over the April 2023 - March 2025. £348m (60%) of this has been specifically allocated to rural local authorities. Limiting the uplift to Scotland and Wales also protects against any unintended supply chain competition with HUG 2 in England and aligns with the ECO4 position, simplifying

¹⁴ <https://www.gov.uk/government/publications/determining-the-costs-of-insulating-non-standard-cavity-walls-and-lofts>

¹⁵ <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-guidance-delivery> p.42, p. 116.

¹⁶ <https://www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2023>

administration. Government will continue to collect information on and monitor levels of rural delivery across England, Scotland and Wales to ensure the uplift is having the desired effect of supporting delivery to off-gas rural areas where installation costs are expected to be higher.

In summary, a 20% rural off-gas uplift will apply in Scotland and Wales for the low-income group within the Scheme across all measure types. A list of uplifts can be found in Table 3.

In-fill

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?

Yes: **75** No: **9** Percentage that agreed: **89%**

92 respondents provided no view on Q30

Question 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?

Yes: **57** No: **17** Percentage that agreed: **77%**

102 respondents provided no view on Q31

Summary of responses

The vast majority of those indicating a preference agreed with the proposed approach. Most who agreed with the proposal emphasised the need to align with the ECO4 approach to aid scheme simplicity. Many of those against the proposal recommended either more permissive in-fill ratios, that Standard Assessment Procedure (SAP) band D social housing in tower blocks would be eligible for the Scheme to aid in-fill, or that houses be omitted altogether on the basis three eligible houses on one street would already be economically attractive enough for measures like solid wall insulation. Several parties objected to the principle of in-fill altogether, stating that the focus should instead be on eligible homes.

A majority of those offering a view to Question 31 supported the proposal, while around a quarter of those who expressed preferences disagreed. Most objections were on the basis that blending between schemes among in-fill projects would create additional complexity. A few parties, many of whom stated 'no view', said they did not understand the blending proposal, while others that gave a preference had appeared to misunderstand the proposal.

Government response

This response covers Questions 30 and 31.

We have decided to implement the in-fill proposals as consulted, but without the function enabling blending between ECO4 and the Scheme. In-fill creates economies of scale that

makes entire building upgrades possible e.g., in high rise blocks or rows of houses. Government agrees with stakeholders that in-fill blending between schemes adds complexity. Given how permissive the general group already is for the Scheme, the additional benefit from the ECO4 blending is small and outweighed by the additional administrative complexity this creates. As in-fill retrofits will not cover the low-income group by definition, the score from these projects will contribute to the general group component of suppliers' obligations, ensuring more low-income homes can be supported across the Scheme.

Digital Referrals

Question 32: Do you agree with our plans to explore additional access routes to the scheme, including through GOV.UK?

Yes: **109** No: **5** Percentage that agreed: **96%**

62 respondents provided no view on Q32

Question 33: Do you have any views or ideas for how best this might be made to work to overcome noted obstacles?

69 written responses provided *107 respondents provided no view on Q33*

Summary of responses

The majority of respondents to Question 32 agreed with our plans to explore additional access routes to the Scheme, including through GOV.UK. Of those who agreed, many commented that a referral system must be fair for users, energy suppliers and other interested parties. It was particularly noted that it will be important to take account of the needs of those who are digitally excluded. In that regard, some respondents said that a self-referral system could be useful for local support groups, which could themselves use this to help people explore eligibility and register interest in the Scheme.

Another common theme was that the self-referral facility should be developed in conjunction with improvements to the advice available on GOV.UK. Respondents said government must expand and improve the current online energy advice service to offer more tailored support.

The most common response to Question 33 was that organisations such as local authorities and installers should be closely involved with the GOV.UK service. Some respondents said that it would be important to manage user expectations to ensure it was understood that a referral did not guarantee that a measure could be installed.

There was much agreement though that an eligibility checker and new referral facility would be useful, especially if it was extended to other government schemes.

To support those who are digitally excluded, respondents suggested using print media, mail drops and local organisations to ensure information about the Scheme and the ability to self-

refer is available. A few respondents said that energy suppliers should be able to opt out of being sent referrals.

Government response

Government is moving ahead with developing a new GOV.UK facility for self-referral which will include the Scheme and other complementary energy schemes. The aim is to launch this by summer 2023.

We are grateful for the views and ideas shared through the Energy Company Obligation, ECO+: 2023-2026 consultation. These will be taken into account in the design of the new service. We will also engage with industry on the design and implementation of the service to ensure its effectiveness.

Interactions between Great British Insulation Scheme and other schemes

Question 34: Do you agree with our approach towards blending of funding with ECO+?

Yes: **71** No: **16** Percentage that agreed: **82%**

89 respondents provided no view on Q34

Summary of responses

Of those who provided a written response, a majority supported the proposed approach towards blending of funding with the Scheme. Stakeholders noted that allowing blending for the same measure would increase scheme complexity and the difficulty of administering the delivery of multiple measures funded by multiple schemes within a single project.

Of the minority who disagreed, respondents noted that permitting blending may aid the delivery of higher-cost measures such as solid wall insulation under the Scheme and reduce multiple instances of disruption at a property. Other stakeholders noted that where consecutive work is likely, this should be underpinned by PAS 2035. It was also suggested that the Scheme should require post-installation EPCs to aid determining eligibility for future schemes.

Government response

Government has decided to proceed with the proposed approach towards blending of funding, whereby measures funded outside of the Scheme could be installed prior to the start of an installation under the Scheme, or after the final scheme installation has been notified to Ofgem. Government acknowledges stakeholder concerns regarding the inability of the Scheme alone to fund high-cost measures such as solid wall insulation; however, the intent of the Scheme is to prioritise affordable insulation measures that can be delivered on a large scale to reach a

high volume of households quickly. Where it is cost-effective to deliver higher-cost measures such as solid wall insulation, we expect that to occur given they are permissible measures under the Scheme. However, these measures are more likely to require a consumer contribution. Broadly, as in ECO4, we believe there is sufficient scope and expertise to facilitate a property receiving a package of measures funded under multiple funding streams, albeit not to fund the same measure. Government will work closely with Ofgem and TrustMark to ensure that appropriate data structures are in place and duplication of processes is minimised.

Question 35: Are there additional issues you wish to flag about the interactions between ECO4 and ECO+ and/or with other grant schemes?

86 written responses provided 90 respondents provided no view on Q35

Summary of responses

Stakeholders mentioned a variety of issues in response to this question. The main concern related to coherence between government energy efficiency schemes. Respondents noted that support offered under the Scheme may preclude a property from being eligible for another scheme, and that having multiple schemes with overlapping target households is likely to slow delivery across the sector. Similarly, concerns were raised around the potential use of TrustMark Licence Plus (TMLP) within the Scheme, with respondents highlighting that PAS 2035 plays a key role in long-term domestic decarbonisation (see Chapter 6, for more information on Installation Standards).

Other stakeholders used this question to raise issues related to: eligible measures, suggesting that windows and doors should be included; targeting, particularly in relation to rural support across England, Scotland and Wales; administration, suggesting that a register of work should be set up to avoid duplicates, particularly in relation to proposals set out in Question 40; and the customer journey, suggesting that active provision of advice is needed such that households know what they may be eligible for and therefore do not miss out on support.

Government response

The intent of the proposals set out in the Scheme consultation is to prioritise affordable insulation measures that can be delivered on a large scale to reach a high volume of households quickly. Therefore, we will work closely with internal and external stakeholders to ensure that conflict with other schemes and duplication of processes is minimised.

Further information relating to the issues raised by stakeholders can be found in response to other questions raised within the consultation:

- Rural support – Questions 27, 28 & 29
- Customer journey – Question 32
- Coherence between schemes – Questions 34 & 40

- Eligible measures – Question 43
- Installation standards – Questions 66, 67, 68 & 69

Eligible EPC bands

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?

Yes: **77** No: **16** Percentage that agreed: **83%**

83 respondents provided no view on Q36

Summary of responses

Of those that offered a view, the majority agreed with the proposal to target the low-income group at eligible households in EPC bands E, F and G that cannot meet the ECO4 minimum requirement.

There were concerns among those that agreed that while it may be technically feasible to meet the ECO4 minimum requirement for some properties, they may not be financially viable to treat from an installer's point of view. In addition, householders could be unwilling to undergo the disruption associated with a deep retrofit. These factors could mean some properties are unable to benefit from ECO4 or the Scheme.

A few respondents thought it would be more efficient to allow low-income EPC band E, F, and G properties to benefit from the Scheme regardless of whether they meet the ECO4 minimum requirements. This aligned with a few respondents who agreed, stating that the proposal overcomplicates the Scheme.

Government response

We will not require low-income households in EPC bands E, F, and G to prove they cannot meet the ECO4 minimum requirement in order to be eligible. This is due to the complexities, extra time, and extra administration involved in determining whether the ECO4 minimum requirement can be met. With the goal of the Scheme being to deliver predominantly single measures quickly to a large number of households, a simpler, faster approach is preferred.

Factors which have influenced this change include that where a low-income household is not suitable for ECO4, a supplier could easily treat that household through the general group instead, circumventing the ECO4 minimum requirement test. This would not be the optimum outcome for this household since they would not be eligible to receive measures or uplifts that are available to households in the low-income group if they were treated as part of the general group. Additionally, respondents highlighted legitimate reasons that a household may be technically feasible to treat under ECO4 and meet the minimum requirements, but other

reasons mean it would not be suitable. This could leave these types of households without support under the Scheme or ECO4.

The Scheme interaction with the ECO4 minimum score improvement requirement is explored in the next sub-section. To be clear, a house in any eligible EPC band may be eligible for the Scheme and it will not have to be proved that the property cannot meet the ECO4 minimum requirement.

Evidencing whether the ECO4 Minimum Requirement cannot be met

Question 37: 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+?

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.

Yes: **47** No: **29** Percentage that agreed: **62%**

100 respondents provided no view on Q37

Summary of responses

Those supporting this proposal noted it would avoid competition with ECO4 and reduce search costs under the Scheme and be simpler to implement given industry familiarity with ECO4 exemptions.

Of those who disagreed with this proposal, respondents suggested this approach would undermine the role of exemptions in ECO4 and noted that PAS 2035-related exemptions would be difficult to evidence under TMLP. Several respondents highlighted that often customer choice prevents ECO4 installations rather than measure suitability. Respondents also questioned the role and appropriateness of certified persons (Retrofit Assessor, Designers or Coordinators) making this judgement under TMLP.

Question 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 through ECO+? How could this test be made more robust?

Yes: **46** No: **25** Percentage that agreed: **65%**

105 respondents provided no view on Q38

Summary of responses

Of those who supported this proposal, respondents appreciated the comparative simplicity of this approach compared to the exemption option and noted this approach would comparatively widen the low-income EFG eligible pool, though several highlighted the need for third party sign-off of questionnaires and/or declarations. There was a range of views as to who the suitable party was to conduct such a questionnaire and the suitability of a retrofit assessment in determining whether multiple measures are appropriate.

Of those who disagreed, several argued that this approach was too complex, and could be circumvented by re-allocating a household under the general group. Others noted that an RdSAP assessment is not equivalent to a full PAS retrofit assessment, and the former would not be sufficient to determine suitable measures. Finally, some noted that properties tend to be suited to multiple measures, and suitability for a single measure is anomalous.

Question 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?

Yes: **71** No: **13** Percentage that agreed: **85%**

92 respondents provided no view on Q39

Summary of responses

Of those who agreed with our proposal, respondents cited this approach should avoid over-administration or scenarios where properties miss out on any support, though some noted the potential for further tests if the customer journey aspect is streamlined to reduce conflict between schemes. Others noted the ECO supply chain will not necessarily be well versed in other schemes, and not best placed to conduct such tests.

Of those who disagreed, some noted that not including further tests may lead to properties receiving inappropriate support, and schemes cherry picking households. Others noted that the Scheme should be a household's last option for support but conceded the administrative burden of implementing such tests. Some local authorities and housing groups noted further tests would aid them in making robust bids for future schemes, and appropriate allocation of

resources. Comments about mandating PAS 2035 such that households do not favour TMLP and thus the Scheme due to the perceived lack of disruption were also raised.

Question 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?

Yes: **28** No: **69** Percentage that agreed: **29%**

79 respondents provided no view on Q40

Summary of responses

Of those who agreed with this question, some elaborated, noting that this proposal will maximise the number of households that can be supported under both schemes – with stakeholders suggesting this proposal should be modified to focus on properties that have not changed ownership or would be conditional on ECO4 support being offered first.

Of those who disagreed, most respondents argued that this proposal does not consider changing consumer circumstances and may preclude necessary future support. On the former point, respondents noted that changing householder circumstances may render a general group household supported under the Scheme eligible for ECO4 in the future and under this proposal they would not be able to receive support; a change in occupancy at the property may also yield the same outcome. Stakeholders also noted support under ECO4 may become more financially viable in the future. As for the latter point, respondents noted that eligibility for support under ECO4, following receipt of support under the Scheme, would suggest there are still significant energy efficiency challenges that could be addressed but would not be addressed under this proposal.

Stakeholders also noted this proposal may disincentivise energy suppliers from using low-income funding to mitigate future risks. Installers and energy suppliers reiterated concerns about the present inability to check for duplicates, and how this would need to be in place for the proposal to work effectively. There were also comments raised relating to single-measure approach and standards.

Government response

This response covers Questions 37,38,39 and 40.

Government recognises stakeholder feedback relating to changing consumer circumstances and the financial viability of future ECO4 support. Therefore, government will not require low-income band E, F or G to demonstrate that the ECO4 Minimum Requirement cannot be met and therefore will allow industry to determine which scheme is more suitable for the household. In the same way, government will not introduce further tests to determine which other schemes a household may be eligible for. This approach reduces scheme complexity, and associated administration and costs, significantly.

Furthermore, government will not exclude band E, F or G properties that have had support under the Scheme from receiving ECO4 support in the future, and vice versa. However, such properties will not be able to receive further measures under the Scheme, see Question 45.

Public Sector Equality Duty

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?

33 Written responses received

143 respondents provided no view on Q41

Summary of responses

A wide variety of respondents offered views on how the proposals could impact people with protected characteristics, including industry bodies, charities, social enterprises, local authorities, installers and individuals.

Some felt that discrimination could arise where people with protected characteristics are over- or under-represented in different housing situations. For example, where people are more likely to: rent rather than own their property; live in properties in ineligible council tax bands; live in rural areas which are harder to treat; or live in London or other urban areas which are typically under-served and have, for example, a higher proportion of ethnically diverse households.

Views offered on the ways to minimise potential impacts, where these may be negative, included increasing the low-income minimum requirement to at least 50% of the obligation and providing additional support in accessing under the Scheme such as through voluntary and community sector organisations, alternative application routes, and ensuring promotional material is accessible (e.g., via large print and braille formats).

Installers highlighted the increased risk of incorrect measures being installed due to unfamiliarity with a person's individual circumstances.

Government response

We are grateful for the information and views provided in response to this question, which will help inform how the Scheme is implemented to take account of particular issues where these arise for people with protected characteristics.

The new GOV.UK access pathway, available for use also with the help of supporting organisations such as voluntary and community groups, along with the expanded Flex pathways for the Scheme through local authorities and suppliers, should enhance accessibility for protected groups where particular needs or obstacles arise.

Energy suppliers are incentivised through the ECO model to offer measures to households where the greatest energy bill saving impacts could occur, not according to the characteristics of households occupying homes. However, obligations will be set such that at least 20% must be met supporting the low-income group. Given the greater prevalence of households with certain protected characteristics, such as disability, within the low-income group compared to the wider population, reserving at least 20% of the obligation for low-income households will mitigate risks of under-representation in take-up where protected characteristics link to a greater likelihood of being in fuel poverty.

This may also bring some enhancements in what the Scheme can offer, where protected characteristics make fuel poverty more likely. For example, for those in the low-income group heating controls can additionally be available as a secondary measure, and an uplift helps ensure the viability of IMs as an option.

Importantly, too, the Scheme will be implemented in synergy with ECO4, which is investing £1 billion per year between April 2022 and March 2026 to support deeper house retrofits targeting exclusively the low-income group and others with vulnerabilities.

Chapter 3: Eligible Measures

No minimum requirement

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+?

Yes: **104** No: **22** Percentage that agreed: **83%**

50 respondents provided no view on Q42

Summary of responses

Of those who responded, the majority were in favour of having no minimum requirement for homes to be improved by a certain number of EPC bands. Respondents outlined that a minimum requirement is not feasible for a single measure scheme where the aim is to deliver measures to as many homes as possible.

Some manufacturers and installers pointed out that EPCs do not measure energy efficiency accurately and thus agree that a minimum requirement based on EPCs should not be required.

Of the minority who disagreed, some suggested a minimum requirement of EPC band C should be included in the Scheme to avoid further upgrades to a household considering Government's aspiration for all homes to reach this EPC threshold by 2035. Two respondents highlighted that the absence of a minimum requirement is likely to result in the Scheme making a smaller contribution to our fuel poverty targets than ECO4.

Government response

Government will retain the position consulted on and will not implement a minimum requirement for homes to be improved by a certain number of EPC bands. The Scheme will mainly deliver single, lower-cost insulation measures to households to ensure the maximum number of households can receive support through the Scheme as quickly as possible. We agree with respondents that it is less likely that a home will be improved by several EPC bands through single measures and thus a minimum EPC improvement requirement is not appropriate. The Scheme and ECO4 complement one another well with regard to tackling fuel poverty: ECO4 treats the severity of fuel poverty with deeper retrofits, while the Scheme will treat the scale of fuel poverty by providing some support to low-income households unreachable by ECO4, as well as those ineligible for ECO4 support.

Eligible measures

Question 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?

Yes: **72** No: **35** Percentage that agreed: **67%**

69 respondents provided no view on Q43

Summary of responses

Of those who offered a written response, the majority were in favour with the proposed list of eligible insulation measures permitted through the Scheme. Respondents highlighted that the lower-cost measures, that are expected to make up the majority of delivery through the Scheme, are most practical for delivery to as many households as possible.

Some trade associations and manufacturers agreed with the proposed measures but pointed towards benefits that additional measures could bring, such as insulation measures for doors and windows. Draught proofing, double glazing, and ventilation measures were the most common ones highlighted by respondents as missing from the Scheme. A few respondents pointed towards the need to incentivise solid wall insulation further, which is needed in many fuel poor homes.

Of the minority that disagreed with our proposal, the most popular suggestion was to allow further insulation measures such as double glazing or draught proofing, to provide suppliers and households with the maximum level of flexibility.

Government response

Government will retain the current position and follow a ‘fabric-first approach’ by offering a wide range of insulation measures that offer long-term energy savings to households. The list of insulation measures suggested for the Scheme can be installed to a wide range of homes and result in substantial cost savings for consumers. Under the Scheme, both the general and low-income group will be eligible for the following insulation measures:

- Cavity wall insulation (including party walls)
- 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

The Scheme will not include other insulation measures – such as draft proofing for doors and windows – as the aim of the Scheme is to make changes to homes that bring significant energy savings in the most cost-effective way.

Details of which measures are available to which eligible groups and which property tenure (i.e., Owner Occupier, Private Rented Sector or Social Housing) are set out in Chapter 2.

Government is aware of issues that some homeowners are finding after having spray foam installed in their loft space and we are actively working with industry and stakeholders to find a resolution. Surveying and professional care bodies are working on protocols to allow assessors to make an assessment of spray foam installations and provide reassurance to lenders. We anticipate these protocols will be available during 2023. In the interim we are continuing to assess the evidence on these issues.

Question 44: Do you agree with our proposal to offer only single insulation measures to both eligibility groups?

Yes: **35** No: **89** Percentage that agreed: **28%**

52 respondents provided no view on Q44

Summary of responses

Of those who offered a written response, the majority disagreed with our proposal to offer only single insulation measures to both eligibility groups. The most prevalent feedback from respondents was that a single measure approach will not make a significant difference to a household's energy consumption and thus make a smaller contribution to fuel poverty and Net Zero targets. Respondents highlighted that without a whole-house approach or deep retrofit, many parts of a home will stay uninsulated.

A substantial number of respondents would prefer a whole-house approach due to the risks associated with installing one measure. They pointed out that installing insulation without taking other parts of the home into consideration could lead to significant issues – such as thermal bridging, condensation, cold spots, or mould spreading. They argued that a detailed risk assessment needs to be carried for each household out to identify how many measures are needed to prevent these from occurring.

Most respondents argued that loft and cavity wall insulation should be offered together at the very least. Another suggestion was to offer heating controls to each household that needs them on top of loft and cavity wall insulation.

Respondents were split between which group should be able to receive multiple measures. Some argued that the low-income group should be eligible for multiple measures as they are missing out on multiple measures from ECO4. Other respondents argued that the low-income

group already gets support from ECO4 and therefore does not need more support, whilst the general group is only being supported through the Scheme and thus would significantly benefit from multiple measures.

Government response

Government will maintain a single measure approach for the Scheme. The aim of the Scheme is to help as many households as possible and could therefore significantly benefit from government support.

By offering only one insulation measure per household, more customers can be reached with the funds available. If a low-income home requires multiple measures, we expect it to receive support through ECO4 as opposed to this Scheme.

We acknowledge the risks that respondents have flagged with a single measure approach. The Scheme will require risk assessments as set out within PAS 2035 ahead of a measure being installed to help prevent risks from materialising. As outlined in response to Questions 66, 68, and 69, all measures delivered under the Scheme will be required to be delivered in accordance with PAS 2035, with consideration given to measure interaction, individual property characteristics, ventilation issues and preventing unintended consequences. This will ensure that PAS standards continue to be embedded throughout the energy efficiency supply chain, and that potential risks such as condensation or cold spots can be prevented from occurring.

Government has carefully considered all other options available, such as offering loft insulation as secondary measure to some households. However, we want to ensure that the maximum number of households can receive support through the Scheme. Installing additional insulation measures to households would reduce the total number that could be supported overall.

Question 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?

Yes: **65** No: **40** Percentage that agreed: **62%**

71 respondents provided no view on Q45

Summary of responses

Of those who offered a view, the majority agreed with our position that households should only be eligible to receive support through the Scheme once to ensure that the maximum number of households are able to receive support.

Several responses that agreed with our position caveated that they would only agree if households would receive multiple measures in the first instance, thus not requiring further treatments in the future.

Of those who disagreed with our position, the most popular suggestion was to allow households to receive multiple measures to increase a home's energy efficiency further. Other respondents highlighted that households should be able to receive treatment again later during the Scheme if there is low demand, in particular, as the Scheme is expected to deliver predominantly lower-cost measures that do not require overly intrusive installation techniques. They pointed out that treating the same household again could reduce search costs and increase energy efficiency for households.

Government response

Government has decided to retain the current position and only allow each household to receive treatment through the Scheme once. One treatment can comprise a primary as well as secondary measure in the low-income group only where this is in line with scheme requirements. The aim of the Scheme is to support as many households as possible. If a low-income household can meet the ECO4 minimum requirement, e.g., via a package of measures, we expect it to receive support through ECO4 as opposed to the Scheme.

In addition, as the technical potential for both loft and cavity wall insulation in the eligible pool is high, a supplier should not need to install more than one measure in each home to be able to reach their obligation target under the Scheme.

To enable the supply chain to check whether a home has already had a measure installed under the Scheme, TrustMark will add a simple indicator (i.e., 'yes'/'no') in their system that retrofit coordinators can view, showing whether a given property has previously received a Scheme measure. This will be based on TrustMark data and, in the first instance at least, will not show the status of the measure in Ofgem's internal systems. The flag will be visible to the Retrofit Coordinator when creating the Scheme project.

Obligated energy suppliers will also be able to check this flag so long as the installer has provided them with the relevant Project Reference and postcode for the measure after installation. Suppliers can view this via their API with TrustMark, where they have one. TrustMark charges parties a one-off fee for setting up this service. It is not a Scheme requirement for obligated suppliers to have an API with TrustMark, though many have chosen to do this.

Customer contributions

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?

Yes: **86** No: **23** Percentage that agreed: **79%**

67 respondents provided no view on Q46

Summary of responses

The majority of respondents supported this proposal, agreeing that the general group should provide a large enough eligible pool of households that are able to contribute to the cost of installations. Others agreed that those who are able to contribute towards installations should do so to ensure government funds are spent on those most in need. Energy suppliers noted the possibility of not meeting their statutory obligations and risking enforcement action if enough contributions could not be found and highlighted that the current cost-of-living crisis makes it harder for consumers to contribute towards the installation of measures. Some respondents called for green finance offers to be formally included in the Scheme consumer journey and for contributions to be banned in the low-income group given that these households are, by definition, unlikely to be able to contribute.

Question 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?

Yes: **30** No: **43** Percentage that agreed: **41%**

103 respondents provided no view on Q47

Summary of responses

Of those who provided a response to this question, some agreed with the proposed 10% increase in spend to account for customer contributions.

Most, including all energy suppliers, disagreed with the proposal. Of those who disagreed, many thought that the percentage should be zero, lower, or no higher than 10%, particularly in the first year of the Scheme to allow for data to be collected on customer contributions. A few respondents stated that assuming a 10% contribution from consumers presented a risk of setting targets too high, resulting in suppliers failing to meet their obligation and being subject to enforcement action.

Others who disagreed either indicated that they expected some contributions from the general group but could not quantify how much this might be, required more evidence to quantify it, stated that a cost cap would be more appropriate, or offered no further comment. A minority of those who disagreed thought that the percentage should be higher, with three respondents specifying 20%.

Other opinions that were offered in response to this question included that: the Scheme as a whole should be larger; seeking contributions will discourage consumers from taking up support offered under the Scheme as households are unable to contribute due to the cost of living crisis; asking for contributions will add complexity to the process which (small) suppliers cannot implement and the onus should be on the DWP to decide who should contribute; a publicity campaign to signal the benefits of installing measures could push up contributions; owner occupiers should not be made to contribute to protect low income and fuel poor homes

but PRS landlords should contribute; and green finance products might be useful to encourage scheme uptake.

Government response

Government has decided to implement the proposal as consulted and retain the 10% increased spend modelled for the general group. We believe that in schemes like the Great British Insulation Scheme there is a role for customer contributions, particularly where there is a more “able-to-pay” group, as these ensure cost-effective delivery of the Scheme and allow a greater proportion of funding to go towards those most in need of support. There is precedent from previous schemes, focused on both low-income and able-to-pay households, to assume contributions for specific measures; the 10% increased spend in the Scheme is broadly in-line with these prior assumptions.

For example, evidence from the ECO3 evaluation (see Annex 4) suggests that amongst households who contributed towards a single insulation measure, the median amount paid was £500. However, this is based on a small sample of those who paid towards the cost (n=78) of installations, which made up only 5% of those who received insulation measures. We also cannot directly apply this finding to the Scheme as ECO3 households are lower income than those in this Scheme. It is also unclear how levels of contributions were agreed between suppliers, installers, and customers.

Furthermore, research carried out by Kantar Public UK on behalf of the Department suggests that increases in the proportion of measure costs co-funded by government are associated with an increase in the likelihood of measure uptake.¹⁷ Although research participants seemed to favour options where no personal contribution to costs was required, requiring customer contributions does not appear to disproportionately reduce consumer uptake. The research consisted of an online experiment and follow-up survey with 1,000 owner occupiers in Great Britain who would meet the eligibility criteria for the Scheme’s general eligibility group. As such, the study provides an indicative view of responses to the retrofit measures being offered and their associated subsidies but does not predict absolute uptake rates in the eligible public.

We acknowledge concerns raised by those who disagree with this policy, particularly regarding sourcing contributions during the current cost-of-living crisis, and the general application of the increased spend when compared to previous measure specific assumptions. We will monitor the level of contributions across the Scheme and use this to inform future policy. We intend to collect data on customer contributions for measures delivered over the course of the Scheme using existing powers. We will engage further with obligated suppliers and the supply chain to ensure that any new data collection processes minimise cost and administrative burden where possible.

¹⁷ <https://www.gov.uk/government/publications/great-british-insulation-scheme-willingness-to-co-fund>

Heating controls

Question 48: Do you agree with the measures eligible to be installed under the heating control measure type?

Yes: **60** No: **21** Percentage that agreed: **74%**

95 respondents provided no view on Q48

Question 49: Are there any other heating control measures that should be included?

Yes: **40** No: **18** Percentage that agreed: **69%**

118 respondents provided no view on Q49

Summary of responses

Of those who responded to Question 48, the majority agreed with the eligible heating control measures proposed. Those who agreed tended not to expand on their response and a few of those who did stated that secondary heating controls would add complexity to the Scheme. One respondent who agreed mentioned that existing boilers are likely to be older and may not be compatible with add-on heating controls associated with Boiler Plus.

The majority of those who disagreed thought other add-on heating controls should be eligible, such as time and temperature zone control, weather compensation controls, and smart heating controls. Some respondents who disagreed thought heating controls should be available as a primary measure, and some thought that they should be available for the general group.

For Question 49, some respondents thought there were no other heating controls that should be included, and some suggested smart heating controls should be included. Ten respondents thought time and temperature zone controls should be included, and eight respondents thought weather and/or load compensation controls should be included.

One respondent to Question 49 challenged the reasoning for the Scheme only including the proposed heating controls. They pointed out that add-on controls were introduced into the building regulations in 2018 and are among the options required when a combination boiler is installed in an existing home. Also, in support of including add-on heating controls, one respondent referenced evidence from the University of Salford which shows that these controls can reduce boiler gas consumption for heating by 10-12% without any need for user intervention.¹⁸ Two respondents thought it should be a requirement that all room thermostats are Class IV or above, as defined under the Energy Labelling Regulation for Space and Combination Heaters. One respondent highlighted the potential for increased administration on inclusion of add-on heating controls.

¹⁸ <https://www.beama.org.uk/resourceLibrary/salford-tests-on-load-and-weather-compensation-.html>

Government response

Government will allow heating controls as a secondary measure for owner-occupier households in the low-income eligibility group. Heating controls will not be an eligible measure for households in the general group or PRS or social housing in the low-income group. This is because heating controls offer more limited savings when compared to insulation, and the Scheme is prioritising insulation and maximising the number of households treated.

To ensure the Scheme delivers support to as many households as possible, only standard heating controls will be included. Since the Scheme does not support the installation of heating measures, the add-on controls that are available under ECO4 and required to be installed when replacing or installing a boiler are not required to be supported under the Scheme. The below standard heating controls will therefore be available as secondary measures in the low-income eligibility group:

- Room thermostat and Boiler programmer
- Thermostatic radiator valves (TRV)

The heating control(s) must be installed within three months of the associated primary measure. Heating controls offer more limited savings when compared to insulation measures and are therefore only to be installed as a secondary measure. We will allow an eligible household to receive all the available heating controls, where not already installed.

Innovation

Question 50: Do you agree with our proposal to allow Innovation Measures approved under ECO4 to be installed under ECO+?

Yes: **80**

No: **7**

Percentage that agreed: **92%**

89 respondents provided no view to Q50

Summary of responses

The majority of respondents had no view on this proposal. Some respondents felt they could not answer due to not knowing what Innovation Measures (IMs) are.

Most respondents who expressed views agreed with government's proposal. Many respondents expressed the view that PAS should be required when IMs are used.

A minority of respondents disagreed with the proposal, saying that IMs added unnecessary complexity, increased average measure costs, and therefore might result in fewer measures overall, and that applicable standards may be less relevant to them. Some respondents felt that IMs would hinder the primary objective of the Scheme: to deliver single low-cost insulation measures to as many households as possible.

Question 51: Do you agree that delivery of ECO4 innovation measures should be capped at no more than 10% of a supplier's annual obligation?

Yes: **39** No: **33** Percentage that agreed: **54%**

104 respondents provided no view to Q51

Summary of responses

The majority of respondents had no view on this proposal. Those supporting the 10% cap agreed that consistency with ECO4 was a strong reason to retain it. Others noted that limiting the IM uplift by using a cap would allow more households to be supported by the Scheme.

Respondents who disagreed fell into two groups: those who believed the cap should be higher or removed, and those who felt the cap should be lower. The main reasons given by those who argued for the cap to be higher or removed were to boost the delivery of IMs and to increase progress toward Net Zero targets. Those arguing to lower the cap consistently said that a lower cap would allow more households to be supported under the Scheme.

Question 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?

Yes: **30** No: **28** Percentage that agreed: **52%**

118 respondents provided no view to Q52

Question 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+?

Yes: **28** No: **30** Percentage that agreed: **48%**

118 respondents provided no view to Q53

Summary of responses

The majority of respondents had no view on this proposal. Responses for and against were evenly split. The main reason for agreeing with the proposal was that removing the 45% uplift in favour of a blanket 25% uplift would allow for more houses to be supported under the Scheme.

Among those who disagreed, there was consideration that the mismatch between the Scheme and ECO4 would likely result in more administrative work and, subsequently, costs. It was also suggested that the reduction in uplift would negatively impact the desire to create and deliver IMs.

Question 54: Do you agree the sponsoring supplier uplift of 5% should not be retained under ECO+?

Yes: **31**

No: **21**

Percentage that agreed: **60%**

124 respondents provided no view to Q54

Summary of responses

The majority of respondents had no view on this proposal. Among those who agreed, it was considered that reducing the uplift would ultimately help the Scheme reach more homes, and that duplicating the sponsoring supplier uplift across ECO4 and the Scheme would cause unnecessary overlap of supplier uplift in both schemes.

Of those who disagreed, respondents felt that sponsoring suppliers should be recognised across both schemes. Some respondents also mentioned that the mismatch between ECO4 and the Scheme could be more administratively burdensome.

Government response

Government has decided to continue to support the delivery of IMs in the Scheme, provided they have already been approved for delivery under ECO4 and are a measure type eligible under the Scheme. Government acknowledges the points made that complexity, cost and standards are all relevant to the installation of IMs and may slightly reduce the number of households that the Scheme reaches. However, supporting innovation in this way can help improve the deliverability of ECO and contribute to transforming the energy efficiency market by supporting newer and innovative products.

Government has decided to permit IM uplifts for IMs delivered to low-income group households only. The decision to limit IM uplifts to this group aligns with government's objective of enabling low-income households to benefit from more innovative measures where they cannot afford to pay for them themselves. As general group households are more likely to contribute towards the cost of retrofits, they are also more likely to be able to benefit from more innovative measures without the need for government support via IM uplifts. As a result, it is more likely that installers will require contributions for IMs delivered to general group households.

For the low-income group, there will be a 25% uplift awarded for IMs that demonstrate a reasonable improvement against their commonly available standard counterparts, and a 45% uplift for IMs that demonstrate a substantial improvement across a range of criteria (including, but not limited to, expected bill savings, supplier cost savings, and environmental impact). The uplift that applies will be determined as part of the ECO4 IM application process.¹⁹

Government has decided to cap delivery of IMs receiving uplifts at 10% of the low-income minimum requirement of 20%. This means that a maximum of 2% of each supplier's obligation

¹⁹ For more information, see: <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-new-measures-and-products-nmap-v01>

can comprise IMs receiving an IM uplift. IM measures can be delivered to low-income households beyond this; however, these will not attract an uplift. Consistency with ECO4 will reduce complexity for stakeholders who are involved in both ECO4 and the Scheme. Maintaining the value of the IM uplift cap at 2% of the overall Scheme will allow more households to be reached. The ECO4 Measure-Specific IM cap, which allows a maximum of 5% of the ECO4 scheme to comprise savings from a specific IM type receiving an IM uplift, will not be retained in the Scheme.

Recognising the concerns flagged by some stakeholders on the standards to which IMs must adhere, all measures delivered through the Scheme must be installed in accordance with PAS standards (see Chapter 6, Quality and Standards, for information). Furthermore, for IMs to be added to the ECO4 register and subsequently be adopted in the Scheme they must go through the Technical Advisory Panel (TAP). For IMs to be approved through the TAP, standards of the measures must include provisions designed to ensure the safety and efficacy of the measure.

Government has decided to continue with the consultation proposal for the sponsoring supplier IM uplift to be removed for the Scheme given the approvals process will already have been completed under ECO4.

Chapter 4: Scoring

Overarching scoring framework

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?

Yes: **47** No: **14** Percentage that agreed: **77%**

115 respondents provided no view on Q55

Summary of responses

A plurality of respondents had no view on the proposals. Of those agreeing, the majority welcomed the use of the overarching ECO4 scoring framework and suggested consistency would be the least administratively burdensome approach. Most did not refer to the 20% deflator; where stakeholders did, they agreed with its omission. One party suggested the 20% deflator should be retained if the Scheme was to deliver multiple measures per retrofit. No responses referred to use of lifetime rather than annual bill savings.

Some respondents who agreed stated that aggregated partial project score (PPS) was the most suitable approach for the Scheme and would avoid issues associated with the transition to SAP10 (Standard Assessment Procedure) and RdSAP10 (Reduced Data Standard Assessment Procedure). It was noted that the use of PPS would have a positive impact on the wider supply chain by increasing payment certainty before project initiation.

Of the respondents who disagreed, some thought the proposal would be complex for industry to administer, while others favoured new scores based on SAP10, as opposed to SAP2012, which the ECO4 PPS use. Recognising the updated implementation timelines for RdSAP10, some respondents suggested use of SAP2012 PPS for Year 1 delivery, followed by use of SAP10 for the rest of the Scheme.

Government response

Government has decided to use the overarching ECO4 PPS framework, as proposed in the consultation. This decision recognises the overall simplicity of the approach, the certainty this provides industry, and the minimal administrative burden this creates, given it does not require new scores to be issued nor industry to become acquainted with them. RdSAP10 is not yet live, so government cannot update the PPS to RdSAP10 for the Scheme. We will use the current ECO4 PPSs throughout the Scheme unless we decide to update them following a consultation. Such a change would be subject to analysis on the potential impact of updating scores to SAP10, on which we would consult ahead of any decision.

Question 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.

Yes: **43** No: **10** Percentage that agreed: **81%**

123 respondents provided no view on Q56

Summary of responses

The majority of respondents had no view on the proposals. Of those agreeing, many considered that although it would make the Scheme simpler to administer, it was not necessary to have the 10% correction factor in place for a single measure scheme. Some respondents suggested that a lack of measure interaction made score deflators redundant and that heating controls should not have score deflators applied under the Scheme, while a few respondents suggested that heating controls should not be eligible at all.

Most disagreeing said so on the basis that they felt deflators should be retained for multi-measure delivery, with many of these respondents preferring more of a whole-house approach, similar to ECO4. A majority of those against the proposal also suggested that it would make the Scheme more complex to administer and that deflators should be applied to all scores.

Government response

Government has decided not to remove the correction factor from the PPSs. This is on the basis that applying the correction factor to either all PPS or none at all would scale the overall Scheme target by the same factor (the correction factor or not at all) leaving the underlying installations required to achieve the overall Scheme target unchanged. Moreover, as the ECO4 PPS have the correction factor applied already, Ofgem will not have to reissue updated PPS for the Scheme, which saves time, provides more certainty for industry and reduces confusion risk where multiple PPS tables are available for different schemes. This approach is also consistent with ECO4, where the correction factor applies to both single and multi-measure retrofits; in limited circumstances, the Scheme retrofits can contain two measures. Ofgem consulted, as part of its ECO4 scoring consultation, on whether to apply the correction factor to all measures or only those with multiple measures in each retrofit. Stakeholder preference was for the correction factor to apply to all measures on simplicity grounds.

Evidencing scores

Question 57: Do you agree with our approach for evidencing scores under ECO+?

Yes: **53** No: **24** Percentage that agreed: **69%**

99 respondents provided no view on Q57

Summary of responses

The majority of respondents had no view on this proposal. Some suggested that although they agreed, the requirements of TrustMark Licence Plus (TMLP) under the Scheme would capture the same improvements that an EPC would, potentially creating some duplication. Many were in favour of ECO4 and the Scheme aligning as much as possible. Some respondents viewed SAP as more suitable than RdSAP as they believed it would be more accurate than RdSAP and better account for heating measures. A few respondents suggested that consideration should be given to niche areas and build types in any assessment. Some stakeholders argued that post-retrofit EPCs should be required to provide information to households and aid delivery under future schemes.

Government response

As set out in response to Questions 66-69, government will require that all retrofits are delivered in accordance with PAS 2035. We will therefore require pre-retrofit RdSAP assessments for all the Scheme projects in order to evidence the pre-retrofit SAP rating. In line with PAS 2035, this may be lodged as an EPC. In practice, this means the score for each retrofit will be calculated by the difference in annual bill savings pre and post retrofit. Pre-retrofit bill savings will be evidenced by the pre-retrofit RdSAP assessment, using the intermediate SAP band as in ECO4, while post-retrofit bill savings will be determined by the aggregate PPS of the delivered measures. This scoring approach minimises gaming risk and burden on industry, as set out under Question 55.

RdSAP was designed for use in existing dwellings, i.e., for retrofit, with SAP assessments better suited for assessing new build homes. Great British Insulation Scheme is a retrofit scheme; however, heating systems are not eligible measures under the Scheme, further reducing the necessity for SAP rather than RdSAP assessments. SAP assessments also compel use of many more data points than RdSAP, giving a more tailored assessment of a specific property; however, this increases the instances where gaming could occur. We will therefore not permit SAP assessments to be submitted for evidence in the Scheme.

RdSAP assessments submitted as evidence for retrofits under the Scheme will be based in RdSAP2012. Once RdSAP 10 is available, we intend to update the Scheme regulations to stipulate that RdSAP assessments must be based in RdSAP10.2 for evidencing, bringing the Scheme in line with standard industry practice.

To minimise industry costs, TrustMark will require that a post-retrofit RdSAP assessment is lodged for each retrofit; however, this will not be used to inform the score for the retrofit. As this mirrors ECO4 evidencing requirements, necessitating this avoids the need for some industry parties to amend or create new systems, thereby reducing cost, while the post-retrofit RdSAP assessment itself should pose close to no additional cost as this should be a short desktop exercise. These can also inform government statistics across the Scheme retrofits, increase preparedness for potential support under future government schemes, as well as form the basis of an up-to-date EPC for the property. However, a post-retrofit EPC, as opposed to a post retrofit RdSAP assessment, will not be a scheme requirement.

Uplifts

We set out high level views on uplifts in the Energy Company Obligation, ECO+: 2023-2026 consultation on pages 45-46, with specific questions across the document. Scheme uplifts comprise the IM (Innovation Measures) uplift (see Questions 50-54) and the rural uplift (see Questions 27-29). The latter is new and in effect replicates the ECO4 off-gas, rural uplift in a Scheme context. As set out in the consultation, we will not replicate the Building Fabric Repair uplift as the Scheme focusses primarily on low-cost single measure delivery. The ECO4 Innovation Measure Sponsoring Supplier uplift will also not be replicated in the Scheme; only IMs approved for use in ECO4 can be delivered in the Scheme therefore suppliers will already be benefitting from this uplift in an ECO4 context.

Government will take the same broad approach to calculating the score for uplifts in the Scheme as we have in ECO4: uplifts will apply to only the base score in a given retrofit, i.e., the non-uplifted PPS of the measure or measures, as appropriate. We do not intend to limit the number of uplifts that can be applied to a Scheme measure or project as this would undermine the policy intent of the uplifts themselves.

Table 3: Available uplifts in ECO4 and Great British Insulation Scheme and their associated rates

Uplift	ECO4	Great British Insulation Scheme
Innovation measure (IM)	25% or 45% uplift to IM	25% or 45% uplift to low-income IMs
IM Sponsoring supplier	5% uplift to IM	N/A
Rural, off-gas	35% uplift to project in Scotland and Wales only	20% to low-income measures in Scotland and Wales only

Building Fabric Repair	Function of costs rectified, applied to relevant measure	N/A
Pay-For-Performance	Uplift applied at project level, rate TBD	N/A

Loft Insulation

To counteract the impact of increased compliance costs, due to PAS 2035 adoption for all measures, which has caused the delivery of loft insulation to fall significantly in modelling, government explored applying an uplift to the scores given to these installations to incentivise delivery of the measure. Without a loft insulation uplift, modelling suggests loft insulation will make up a much smaller proportion of delivery compared to cavity wall insulation (CWI).

However, the existing loft insulation scores are much lower relative to the scores for CWI, therefore no reasonable level of uplift would be able to offset the increased compliance costs associated with PAS 2035, for example some property types would require a ~500% uplift. To drive value for money, it is important that the scores for measures stay close to the annual bill savings that those measures promote. Therefore, government has decided not to introduce an uplift to the loft insulation scores. Nevertheless, if PAS compliance costs are lower than expected for loft insulation installs and/or suppliers can generate customer contributions towards the installation of the measure, loft insulation may be delivered in higher numbers.

Chapter 5: Delivery and Administration

Payments – Energy Price Guarantee

Question 58: With the planned inclusion of ECO+ in the Energy Price Guarantee mechanism, are there any particular issues or concerns you would highlight?

47 written responses provided

129 respondents provided no view on Q58

Summary of responses

No respondents argued against the inclusion of the Scheme within the Energy Price Guarantee (EPG) mechanism or highlighted particular difficulties.

Where respondents commented, the two main themes were to urge early clarity on scheme funding for after the EPG ends and an encouragement by some that policy costs be met longer-term from general government expenditure rather than energy bills. There was also some note of the importance of accurate costing in setting the policy cost allowance for the Scheme, including appropriate recognition of inflation.

Government response

Government will proceed as planned with the inclusion of the Scheme within the EPG mechanism.

To facilitate the inclusion of the Scheme within the EPG mechanism, in January 2023 Ofgem consulted on reflecting the Scheme in the default tariff cap (“the price cap”).²⁰ The price cap ensures that default tariff customers pay a fair price for their energy that reflects the efficient underlying cost to supply that energy. Ofgem’s February 2023 decision sets out that an allowance for the Scheme will be included in the price cap from cap period 10a (April 2023 – June 2023) onwards.²¹ The allowance value for price cap period 10a is £5 per typical dual fuel customer and is anticipated to remain around £5 for the other cap periods corresponding with year one of the Scheme. The allowance for future years is expected to be higher, based on the increased scheme spend profile for those years.

Inclusion of the Scheme within the EPG offers some safeguard on affordability where energy bills would otherwise run higher than the EPG level set by government.

In a scenario of declining wholesale energy prices which took the average bill for a dual fuel customer below the EPG level set, some or all of the cost of the social and environmental obligations from that point would be met by customers.

²⁰ <https://www.ofgem.gov.uk/publications/price-cap-consultation-reflecting-planned-eco-scheme>.

²¹ <https://www.ofgem.gov.uk/publications/price-cap-decision-planned-eco-scheme>

Work is underway in conjunction with stakeholders on the best approach to providing consumer protection with energy bills longer term, for those on low incomes or in other ways vulnerable to fuel poverty and a cold home.

Measure Notification and Extension

Question 59: Do you agree with our proposed notification process for ECO+ measures?

Yes: **59** No: **2** Percentage that agreed: **97%**

115 responses provided no view on Q59

Question 60: Do you agree with our proposal for an extension to notification at the start of the ECO+ scheme.

Yes: **54** No: **2** Percentage that agreed: **96%**

120 responses provided no view on Q60

Summary of responses

The overwhelming majority of those stating a preference agreed with the approach to notifications proposed in the consultation document.

A majority of those agreeing were keen to see as much alignment with ECO4 as possible, to minimise complexity. Many industry respondents offered views on what would be necessary to enable suppliers to set up effective notification systems. This included data dictionaries (both TrustMark and Ofgem), notification templates, scheme guidance, the Ofgem-TrustMark API and the supporting IT systems for the Scheme.

Noting these points, a number of respondents queried whether Ofgem would have the capacity to implement the administrative requirements in a timely way, alongside administering other government schemes. Early clarity on the availability of specific systems and processes was highlighted to be important.

In this regard, respondents strongly supported allowing an extension of the required notification deadlines at the start of the Scheme, should scheme administration systems not be ready in time for scheme launch.

Government response

This section responds to both Question 59 and 60. Given strong support and the benefits of aligning the Scheme with ECO4 as much as possible, government plans to implement the notification proposals as set out in the consultation document. This includes that measures

equal to or less than 5% of the measures installed within a given month and notified on time will be allowed an automatic extension.

While the Scheme IT systems are not likely to be ready for scheme start, Ofgem and government are taking steps to mitigate the impact of this, for example by sharing a draft notification template, draft data dictionary and draft scheme guidance as soon as possible. Provision will be made within the Scheme Order and scheme guidance to take account of any misalignment in administration system readiness, and to ensure suppliers have clarity on interim arrangements that will facilitate delivery whilst IT system development is completed. This includes by extending the notification deadline for all measures delivered in 2023 to early 2024. Automatic extensions will only apply after that period, recognising this flexibility.

Measure completion timings

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 measures?

Yes: **66** No: **9** Percentage that agreed: **88%**

101 responses provided no view on Q61

Summary of responses

A minority of respondents disagreed with the proposal to set time limits on only multi-measure retrofits. Two main reasons were given: that either all measures should carry time limits, or that heating controls should be a standalone measure. Some respondents in favour of the overall proposal also suggested that heating controls should be eligible for single measure delivery under the Scheme. This was typically proposed by installers, industry trade bodies and measure manufacturers. Many of those supporting the proposal reflected on the alignment with ECO4, which they said would help to reduce complexity, thereby making delivery easier for industry.

Government response

Heating controls will be the only permissible secondary measure and only offered to low-income consumers in the Scheme. Installing these is generally a quick and straightforward process. Government will therefore require that these are completed within three months of the primary measure.

Given the ease of delivering heating controls, and also the administrative burden that extension requests beyond this limit would pose for Ofgem, we will not permit extensions to the three-month period for completion of secondary measures. Where secondary measures are completed beyond this period, they will not be considered qualifying actions. This broadly aligns with the approach used in ECO3 and prevents long periods between the installation of

primary and secondary measures. This does not affect notification of primary or secondary measures; the notifications deadline for both is the end of the first month following the month in which the measure was completed. Suppliers can manually request notification extensions, with approval at Ofgem's discretion, as in ECO4, while measures equal to or less than 5% of the measures installed within a given month and notified on time may be given an automatic extension, as in ECO4.

Trading and transfers

Question 62: Do you agree with our proposal to limit trading of obligation within a six-month period at the start of each annual target period?

Yes: **43** No: **9** Percentage that agreed: **83%**

124 responses provided no view on Q62

Summary of responses

The majority of those offering a view supported the proposals to allow trading. Reasons offered focused more on general benefits of trading than the specifics of the approach.

Of those disagreeing, most argued that trading should be permitted at any time and not be limited to just a six-month period within each annual phase. This position was advanced primarily by large energy suppliers. One respondent suggested a nine rather than six-month trading deadline.

Government response

Government has decided to set the period within which obligations can be traded at nine months from the start of each annual phase, rather than six months as first consulted on.

Setting a trading deadline within each annual phase aims to encourage swifter progress towards targets. However, this is balanced with the benefits of trading as an additional flexibility for suppliers and to minimise the overall cost of meeting obligations.

Government is persuaded that this balance can be struck by setting the deadline at nine months. This is not expected to increase the administrative burden on Ofgem.

The deadline applies to trading requests from obligated suppliers to Ofgem. It does not place a deadline on Ofgem to approve or reject the requests, though Ofgem will seek to do this in a timely manner.

Question 63: Do you agree with our proposal to allow the transfer of qualifying measures at any time before 31 March 2026?

Yes: **33** No: **6** Percentage that agreed: **85%**

137 responses provided no view on Q63

Summary of responses

Of those respondents offering a view, a large majority supported the proposal to allow the transfer of measures at any time before 31 March 2026.

It was recognised that the transfer of measures, through increased flexibility, could improve the overall efficiency of the Scheme and reduce delivery costs.

Where respondents disagreed with the proposal and gave reasons, these included the concern that allowing transfers could cause delivery uncertainty or raise delivery costs. One respondent was concerned at the different deadlines proposed for the Scheme transfers as compared to ECO4.

Government response

Government plans to align the Scheme transfer deadline with that of ECO4. This will be set at 30 June 2026. Making this alignment will reduce differences between the two schemes, making things simpler for both Ofgem and industry, while giving industry more flexibility and time to transfer measures in the final year.

The facility to transfer measures allows obligated suppliers the choice to deliver qualifying measures themselves, contract directly for their delivery or procure them from other suppliers. This flexibility therefore helps to drive down scheme costs overall and ease deliverability.

Chapter 6: Quality and Standards

Guarantees

Question 64: Do you agree with our proposal to impose ECO+ guarantee requirements through TrustMark registration?

Yes: **92** No: **9** Percentage that agreed: **91%**

75 respondents provided no view on Q64

Summary of responses

Most respondents agreed with the proposal that guarantees under the Scheme should be imposed through TrustMark registration and supported guarantees under the Scheme being in line with ECO4 requirements.

A few respondents expressed concerns about the need for flexibility of guarantees for traditional buildings, where suitable insulation materials for traditional buildings do not offer guarantees.

A concern was raised amongst respondents about the availability of the number of TrustMark registered installers to deliver required measures. A few respondents also expressed concerns about the cover that guarantees provide, suggesting that not all guarantees provide cover for unintended consequences or remediation work.

Concerns were expressed that our wider approach to guarantees may diverge from ECO4 requirements and that this may cause confusion with a lack of consistency across ECO schemes.

Government response

Government considers it appropriate to bring Scheme guarantee requirements in line with ECO4. In order for a measure to be considered as a qualifying action under the Scheme it must be installed by a TrustMark registered installer and in doing so, be accompanied by a TrustMark approved guarantee of at least two-years for loft insulation and heating controls. Cavity wall, solid wall, park home, underfloor and room-in-roof insulation measures require a 25-year guarantee as set out in TrustMark's Framework Operating Requirements.²² This approach will provide robust guarantee requirements for measures and increased protection where possible.

²² [https://www.trustmark.org.uk/docs/default-source/drafts/for-v2-0-\(draft\)-final-08072019.pdf](https://www.trustmark.org.uk/docs/default-source/drafts/for-v2-0-(draft)-final-08072019.pdf)

The Government intends to continue to work with TrustMark to strengthen existing guarantee protection and enhance consumer protection where possible.

Question 65: Do you agree we should require measure lifetimes through the Scheme to benchmark guarantee requirements and for scheme reporting purposes?

Yes: **77** No: **10** Percentage that agreed: **89%**

89 respondents provided no view on Q65

Summary of responses

A majority of respondents agreed with the proposal to require measure lifetimes through the Scheme to benchmark guarantee requirements and for scheme reporting purposes. Those who disagreed used this question to set out concerns regarding existing guarantees as discussed above.

Government response

Government will continue to require all measures to have an associated lifetime to be installed through the Scheme, in line with ECO4. Measure lifetimes will only be used to benchmark appropriate guarantee requirements and for scheme reporting purposes.

Installation Standards

Question 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?

Yes: **55** No: **60** Percentage that agreed: **48%**

61 respondents provided no view on Q66

Summary of responses

Of the respondents who provided a view, a slim majority disagreed with the proposal to allow loft insulation in low-risk situations and heating controls to be delivered in accordance with the TrustMark Licence Plus (TMLP) scheme rather than PAS 2035.

Those who supported the proposal expressed the view that PAS standards were too onerous and raised concerns about the viability of delivering loft insulation measures under the Scheme through PAS, given the high PAS costs and obligation targets. Concerns were also raised about the overall cost burden of PAS and the proportionality of these for relatively low-cost

measures such as loft insulation and heating controls. Some respondents stated that PAS should be revisited to address these concerns and needed to be adapted for single measures.

Several respondents believed that with adaptations, the TMLP scheme would be suitable for loft insulation in low-risk situations and heating controls. The adaptations suggested included incorporating normative requirements around competency of those who installed measures under TMLP, pre-installation inspection and independent surveillance along with technical monitoring and quality assessment of installers.

Those respondents who disagreed with the proposal emphasised the need to maintain consistency of standards across government schemes. They also raised concerns around the importance of the whole-house approach, emphasising the role PAS-certified retrofit professionals play in preventing unintended consequences. Many respondents highlighted that in their view, risk can only be assessed according to a particular property's characteristics and interactions between measures within that property, and not by measure type.

Significant concerns were raised across respondents, including among those who agreed with the proposal, regarding the importance of including a ventilation assessment to address issues around mould and damp in any set of standards required by the Scheme, particularly in light of the potential impacts on occupants' health.

Concerns were also raised around a lack of consistency across government schemes, with regard to standards, if the Scheme adopted TMLP (for loft insulation in low-risk scenarios and heating controls), suggesting that it would reflect a move away from the Each Home Counts review. Further to this, there were also concerns that requiring differing standards for particular measures and differing from other government schemes could cause potential confusion amongst consumers and installers, and damage consumer confidence.

Furthermore, concerns were raised in regard to TMLP's approach to traditional buildings, as opposed to the fact that PAS 2035 contains specific requirements for these property types.

Question 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?

90 written responses provided

86 respondents provided no view on Q67

Summary of responses

In feedback to this question, a majority of respondents expressed the view that the only way to determine risk was through a Retrofit Assessment either via PAS or by introducing a robust assessment process, which considers the whole building, as part of TMLP. A majority of respondents thought that the PAS 2035 whole-house approach, which includes consideration of measure interactions and individual property characteristics, was the only appropriate method to assess risk and that risks cannot be determined by measure type.

Respondents again used the opportunity to highlight concerns around the cost burden of PAS, particularly for what may be considered low-risk measures. Other suggestions for assessing risk included using pre-determined technical checklists, site inspections and surveys whilst considering ventilation and measure interaction.

Question 68: Do you agree all other insulation measures should be required to be installed in accordance with PAS2030/2035?

Yes: **96** No: **12** Percentage that agreed: **89%**

68 respondents provided no view on Q68

Summary of responses

The majority of those who responded to this question expressed the view that all measures, other than loft insulation in low-risk scenarios and heating controls, should be delivered in accordance with PAS 2035 standards. Those responses reiterated the importance of the whole-house retrofit approach, raising similar concerns regarding unintended consequences, such as ventilation issues.

Respondents who disagreed with the proposal, cited the cost burden around PAS and the barriers to delivery under the Scheme if PAS was required for all measures.

Question 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?

Yes: **43** No: **66** Percentage that agreed: **39%**

67 respondents provided no view on Q69

Summary of responses

The majority of respondents who provided a view on this question, considered that cavity wall insulation (CWI) should continue to be delivered in accordance with PAS 2035 in all situations. Those who expressed this view raised similar concerns around the need for measure interactions and unintended consequences to be considered. A few respondents noted that CWI was, in their opinion, complex, and that there were technical issues around pre-filled cavities and the correct removal of material. Concerns were also raised around previous gaming and fraud, with evidence relating to CWI being extracted and reinstalled, then misrepresented as newly delivered.

Those who considered that CWI could be installed in accordance with TMLP expressed similar concerns around the cost burden of PAS.

Government response

This response covers Questions 66, 67, 68 and 69.

Government recognises the concerns of respondents regarding the need for thorough assessment of measure interactions, individual property characteristics and prevention of unintended consequences. We recognise the importance of ventilation assessments and appropriate action for addressing risks around mould, damp, and the potential impacts on occupants' health.

After careful consideration of the consultation responses received, government considers it appropriate to require that all measures delivered under the Scheme, including cavity and loft insulation in all scenarios and heating controls, be delivered in accordance with the PAS 2035 standard. This will maintain consistency with other government schemes and ensure that the PAS standards continue to be embedded throughout the energy efficiency supply chain.

It should be noted that in the consultation, government sought feedback on whether TMLP could be used as an option for loft-insulation in low-risk scenarios and for heating controls only. Key to this was the question of how low-risk scenarios could be identified. Feedback received from respondents to the consultation, as well as wider engagement, emphasised that, in their view, risk can only be assessed via a whole-house retrofit assessment utilising PAS-certified retrofit professionals to undertake, where relevant, a whole-house risk assessment, dwelling assessment, improvement options evaluation, medium-term improvement plan and retrofit design. Parties stated that this approach considers the interactions between measures and an individual property's characteristics, and that a number of factors contribute to risk, including, but not limited to, the age of the property; the existing measures installed within the property; and considerations around ventilation. After considering the feedback, we consider that the whole-house approach offered by PAS is currently the most appropriate method in these circumstances for assessing risk.

Government's principal aim for consulting on the option for measures to be delivered in accordance with TMLP in specific scenarios was to reduce the costs associated with installation standards in those scenarios. Any adaptations to TMLP to assess the risks around loft insulation would require the incorporation of elements of the PAS process or similar, likely raising the per-retrofit cost of TMLP for the Scheme, and likely resulting in cost increases that could negate one of the primary reasons for moving to TMLP, i.e., to deliver cost savings. We are aware of the impact a uniform PAS approach could have on the volume of loft insulation delivered through the Scheme and have we have explored other ways this could be mitigated, for example through uplifts, earlier in this response to the consultation (see Chapter 4, Scoring).

Acknowledging concerns expressed around the cost of PAS compliance, and how that may impact delivery of low-cost single measures, we are continuing to look at TMLP as an option for these measures over the medium to longer-term. TMLP offers the flexibility to be adapted specifically for the Scheme by incorporating recommendations such as normative requirements

for installer competencies, pre-installation inspection and independent surveillance along with the TrustMark quality assurance process and quality assessment of installers.

Government acknowledges that some respondents felt that PAS can be too onerous a process. Given the risks posed by house retrofits, we believe that PAS is the best current method of mitigating these. In developing schemes to encourage the uptake of home retrofit, government has to balance the need for quality and consumer protection identified in the Each Home Counts review with the cost of meeting those standards.

Government remains committed to the recommendations of the Each Home Counts review, which outlined the need for an end-to-end delivery of retrofit to ensure consumers were protected and risks of unintended consequences minimised, reducing the number of poor-quality installations.

Given concerns expressed by some respondents regarding cost implications and delivery challenges associated with PAS 2035, we will continue to work with the PAS steering group and wider industry to seek to address these where possible without compromising the quality assurance and risk mitigation elements within the PAS framework that are crucial in ensuring the occupants' protection. We are conscious of the overall cost of PAS and the need for any deliberations around future iterations to try to take account of the commercial realities of retrofit.

The PAS Steering Group, which considers proposed changes to the PAS document, is comprised of individual industry experts who represent specific key areas within the energy efficiency and home retrofit industry. The current revision process to the PAS 2035/2030 document is ongoing and will include a public consultation to gather views on the proposed changes to the document. Any comments will be considered and discussed by the technical author and steering group. The 2023 iteration of the PAS 2035/2030 document, which is expected to be published later this year, will, unlike previous versions, be freely available on the BSI website.

Government also acknowledges concerns around extractions and welcomes discussions within the industry to explore the development of a standard methodology and quality assurance framework for insulation extraction.

Supply Chain

Question 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 the schemes for the supply chain?

96 written responses provided

80 respondents provided no view on Q70

Summary of responses

The majority of respondents with views suggested that the home retrofit supply chain required investment into upskilling and increasing capacity. Recurring suggestions included increasing the offering of skills and training, engagement with local authorities, and encouraging apprenticeships and work placements to attract a more diverse workforce.

The majority of respondents also suggested government commit to longer timescales and delivery windows for government schemes to help restore confidence in the supply chain following issues experienced with previous schemes. Clarity and clearer messaging of schemes regarding bidding windows, as well as a longer commitment of government funds, were also suggested. Consistency and transparency were argued to be key in improving confidence and willingness to upscale operations, upskill workforce, and attract new entrants to the supply chain.

Further suggestions from some respondents included: simplifying and/or ensuring consistency across government schemes while maintaining high standards, which would facilitate higher uptake of ECO schemes, including across smaller businesses. Dovetailing schemes to avoid delivery overlaps and reducing competition between them would allow for more efficient delivery. Long-term programme funding rather than project or competition funding was also called for. Some also noted the administrative burden of schemes, including the requirement to lodge work under TrustMark, as slowing delivery.

Government response

Government notes the responses regarding investment into the upskilling and increasing capacity of the home retrofit supply chain.

In September 2022, government launched a £9.2 million Home Decarbonisation Skills Training competition. Facilitated by the Midlands Net Zero Hub, the aim of the competition is to award funding to a range of suppliers to deliver accredited training at scale to the retrofit, energy efficiency and heat pump sectors. The training will either be free or heavily subsidised. This will increase supply chain capacity, both in terms of volume and skill level.

This follows the success of the 2021 competition where the Department of Energy Security & Net Zero invested £6 million in the Skills Training Competition, which resulted in almost 7,000 training opportunities in the energy efficiency, retrofit and carbon heating sector.

This work will be supported by the newly established Energy Efficiency Taskforce (EETF). An early focus for the EETF will be to stimulate the supply chain to address and increase investment, reduce skills gaps, and accelerate pathways to accreditation.²³

²³ <https://www.gov.uk/government/publications/energy-efficiency-taskforce-terms-of-reference/energy-efficiency-taskforce-terms-of-reference>

Smart meters

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)?

Yes: **81** No: **14** Percentage that agreed: **85%**

81 respondents provided no view on Q71.

Summary of responses

Most respondents agreed with the proposal to require the provision of smart meter advice to consumers alongside energy advice requirements under PAS 2035 and TMLP.

Of those who provided a written response, most respondents agreed with the proposal and the intention to align with PAS requirements. Some respondents thought that smart meters should be mandatory in order to receive support through the Scheme and to assist suppliers with targets to increase consumer uptake. However, there were also respondents who expressed the opposing view: that suppliers are already required to hit smart meter targets. Some respondents felt that the delivery of smart meters through the Scheme complicates the nature of the Scheme and would divert funding from the Scheme's original aims. Concerns were also raised around the potential difficulties of some rural properties having smart meters installed, due to, for example, issues with smart meter network connectivity or inability to have smart meters linked to heating oil or liquid gas systems.

Government response

In line with existing requirements under ECO4, the government considers it appropriate to require smart meter advice provision to all households before measures are installed, ideally alongside the initial retrofit advice provided to households required under PAS 2035.

This will provide households in both the low-income and general groups with advice and help households realise the benefits of smart meters.

Smart meters are transforming our energy system, giving households better visibility and control over their energy use and supporting cost-effective delivery of Net Zero emissions. The rollout underpins a flexible energy system, enabling us to use less imported fossil fuels, increasing our energy security and driving growth across Great Britain.

Smart meters are key to helping consumers change the way they use energy. In-Home Displays provide information about energy use in an understandable and convenient format, helping households to manage their energy, and understand their savings due to any energy efficiency measures installed.

Mandating smart meter advice will help to ensure a consistent consumer experience and support our ambition for as many households as possible to benefit from smart metering.

Government is not mandating the installation of smart meters alongside the Scheme measures as the decision to accept the offer of a smart meter rests with the consumer.

The Data Communications Company (DCC) is licensed to operate the national communications network for smart metering and is obligated under the conditions of its licence to provide Wide Area Network (WAN) coverage to at least 99.25% of premises across Great Britain. The DCC is also required by license conditions to seek to provide coverage to all premises where it is practicable and cost proportionate.

Chapter 7: Territorial Extent

Scotland

Question 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 Britain?

45 written responses provided *131 respondents provided no view on Q72*

Question 73: Do you have any 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?

21 written responses provided *155 respondents provided no view on Q73*

For those respondents offering a view, the large majority encouraged building on the long-term approach of the ECO programme in supporting consumers across Great Britain. A further strong theme was for consistent rules or minimal differences to make the Scheme simpler and less administratively bureaucratic and costly to deliver. A few respondents suggested a separated approach for Scotland.

21 respondents offered 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. Of these, most respondents again supported a consistent Great Britain-wide approach. Some respondents noted differences with the Scottish housing stock and that Scottish data should be drawn on, for example in relation to property type and remoteness. A few respondents suggested a separate approach for Scotland.

Some respondents encouraged BEIS (now the Department for Energy Security and Net Zero) and the Scottish Government to engage constructively to ensure an efficient and straightforward scheme.

Government response

Noting the strong views on consistency that came through the consultation, the UK Government will continue to work in dialogue with the Scottish Government to implement the Scheme in a broadly consistent way across Great Britain. The delivery advantages of this have been emphasised through the consultation to be significant, in terms of minimising administrative burden and complexity for industry and consumers, and for overall cost-effectiveness.

Recognising that remoteness can be a particular factor for some Scottish (and Welsh) homes, an uplift on measure scores will apply for rural low-income off-gas grid homes in these administrations (see Question 27).

In addition, the enhanced GB Insulation Scheme Flex provisions, enabling 80% of the low-income minimum and unconstrained use of the Flex mechanism in meeting the remainder of the obligation, will enable local authorities across Great Britain and the Devolved Administrations to work with energy suppliers in targeting those households assessed to be most in need of support.

Additionally, we will work with the Scottish Government to ensure a positive consumer experience and support where householders in Scotland get in touch and express interest in the Scheme and/or ECO4 via the new GOV.UK referral facility that is planned. This will include exploring a possible link with Home Energy Scotland and how that could best work, taking account of other energy efficiency support that is available in Scotland.

Chapter 8: ECO4 Amendments

Definition of renewable heating system

Question 74: Do you agree with our proposal on amending the definition of renewable heating system?

Yes: **73** No: **5** Percentage that agreed: **94%**

98 respondents provided no view to Q74

Summary of Responses

The majority of respondents agreed with the proposal to amend the definition of a renewable heating system back to the ECO3 definition of “wholly or partly”. Some of those that agreed stated that this amendment would enable solar PV alongside electric heating and some hybrids (excluding coal, oil and LPG) to be installed as ECO4 measures. One respondent stated that solar PV should be allowed in all homes alongside batteries. Another respondent stated that bioLPG should be considered a renewable heating fuel under ECO4.

Those that disagreed stated that only high efficiency renewable heating systems such as heat pumps should be allowed, citing cost of energy and carbon reasons.

Government response

Government has decided to amend the definition of renewable heating system (RHS) to allow heating systems fuelled wholly or partly by a source of energy or technology mentioned in section 100(4)(a) or (c) to (h) of the Energy Act 2008²⁴ to be installed. Coal, oil, LPG and biofuels are excluded fuels. Gas is excluded in off-gas homes with the exception of use in district heating systems.

We will also include a new definition to allow electricity generation equipment, such as solar PV to be installed alongside equipment, such as electric storage heaters (ESH) and electric heating systems (EHS), to be together considered a RHS if some of the electrical output produced by the solar PV is used to generate heat by the ESH/EHS on domestic premises. This ESH or EHS must have a manufacturer responsiveness rating of 0.8 or above when assessed against the Standard Assessment Procedure. Installation of solar PV alongside such ESH or EHS will be allowed as a separate installation or as part of an ECO4 project. Solar PV installed alongside a hydronic heat pump is already considered a RHS given both are renewable.

As stated in the consultation document, government will also amend the regulations to ensure that solar PV may be installed in both on-gas and off-gas homes that either already have a

²⁴ <https://www.legislation.gov.uk/ukpga/2008/32/section/100>

hydronic heat pump, ESH or an EHS 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.

In relation to both the RHS definition and for solar PV installations, the rules on when ESH/EHS can be installed will continue to apply first (refer to Question 75). There are also no changes to the types of eligible measures allowed in different tenure types²⁵, therefore, there will be some scenarios where ESH/EHS cannot be installed, and subsequently neither can solar PV, in all tenure type homes.

Biofuels are not permitted in ECO4. Government recognises that not all off-gas grid properties will be suitable for a measure from the off-gas heating hierarchy, and that biofuels such as Hydrotreated Vegetable Oil (HVO) or bioLPG may play a role in the future heating mix. However, further evidence is needed to consider what role these fuels could play, and to develop the policy framework which would support such a role. Homes with broken heating systems fuelled by oil, LPG and biofuel may have these heating systems repaired, subject to the Broken Heating Repair Cap and subject to the ECO4 rules on when these repairs are allowed.

Electric heating for homes with neither an efficient nor inefficient heating system

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?

Yes: **79** No: **10** Percentage that agreed: **89%**

87 respondents provided no view to Q75

Question 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?

Yes: **72** No: **18** Percentage that agreed: **80%**

86 respondents provided no view to Q76

²⁵ Refer to Articles 14 – 16 of the ECO4 Order.

Summary of Responses

The majority of respondents agreed with both proposals set out in Question 75 and 76, giving the same comments on each. Some stated that allowing these additional measures should help these homes, particularly off-gas homes, meet the Minimum Requirement. However, a few were concerned about the potential gaming of the off-gas heating hierarchy and requested guidance on the evidence needed to demonstrate it is not possible to install higher stage measures and when it is not technically feasible to repair a heating system. A few others stated that ESH/EHS should be allowed ahead of biomass heating systems in the off-gas heating hierarchy, that ESH/EHS should be eligible for all tenure types and that the definition of ESH/EHS should be amended to include smart thermal stores.

Some of those respondents that disagreed stated that heat pumps should be suitable for all homes and that ESH/EHS should not be allowed due to the risk of high bills. A few respondents requested that heating systems fuelled by biofuels and LPG, and hybrids of these, be included as an option in the off-gas heating hierarchy before ESH/EHS due to lower installation, running cost and carbon reductions.

Government response

Government has decided to introduce the proposed amendment set out in Question 75, thus extending the options when ESH/EHS may be installed. However, whilst most of the respondents to Question 76 supported the proposal, government has since concluded that allowing electric heating to replace broken oil, LPG and biofuel heating systems where the heating system is not reasonably practicable to repair will not in most cases meet the SAP (Standard Assessment Procedure) cost assessment rule. While any additional costs may be offset by savings made from other measures installed as part of an ECO4 project, such as insulation and solar PV, it cannot be guaranteed and may create unintended consequences in increasing household heating bills. We will therefore not be making this change for now but will keep this under review and consider making this change in the future if we can ensure that these risks are mitigated.

Therefore, ESH and EHS²⁶ may be installed in homes:

- a) where it replaces an EHS;
- b) where one or more ESH is already installed²⁷; or
- c) where there is neither an efficient nor inefficient heating system (i.e., no heating or uses only plug in room heaters or wall mounted electric heaters), and for off-gas homes where it is not possible to install measures from the off-gas heating hierarchy in these homes.

²⁶ All ESH/EHS installed must have a manufacturer responsiveness rating of 0.8 or above when assessed against the Standard Assessment Procedure.

²⁷ Article 28(1)(c) and (d) apply to on-gas homes.

'Not possible' is defined by Article 30(3) of the 2022 Order and includes not reasonably practicable to install the measure. We expect a measure to be reasonably practicable to install where it is shown to be technically feasible to do so and does not result in an increase in energy bills.

One should note that repairs of efficient renewable heating systems can happen ahead of following the off-gas heating hierarchy. There are no changes to the rules on when the Broken Heating Replacement Caps and Broken Heating Repair Caps apply.

The evidence required to meet the off-gas heating hierarchy is determined by Ofgem. To reduce the risk of non-compliance with the off-gas heating hierarchy rules, government will continue to work with Ofgem to ensure guidance is clear on how to evidence and monitor them.

This change provides support for homes, particularly off-gas homes, that are unable to receive a heating measure from those currently eligible. However, there are no changes to the types of eligible measures allowed in different tenure types²⁸, therefore, there will be some scenarios whereby ESH/EHS cannot be installed in all tenure type homes.

We recognise that electric heating can be a costly way to heat a home over other heating fuels, hence its position as the last option in the off-gas heating hierarchy. However, where this is the only viable heating option and where annual space heating cost savings can be achieved for that measure, this should ensure that homes can receive support for new efficient heating systems. The minimum insulation preconditions for heating measures (unless exemptions apply) should ensure that heating bills and carbon emissions are reduced whilst making the home more suitable for low temperature heating in future. Where heating is smart enabled and/or linked with solar PV, this will further reduce heating bills.

District heating connections for off-gas homes

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?

Yes: **53** No: **24** Percentage that agreed: **69%**

99 respondents provided no view to Q77

Summary of Responses

The majority of respondents agreed with this proposal. However, a minority of those who provided a view, both for and against, stated that only hybrid gas and low carbon DHC should be allowed, citing new requirements for heat networks to start decarbonising in the next 10 years.

²⁸ Refer to Articles 14 – 16 of the ECO4 Order.

Many respondents that disagreed stated that only heat pumps or low carbon DHC should be allowed in off-gas homes to support achievement of Net Zero targets and gas should not be extended to those currently not fuelled by gas to avoid increased dependency on it. A few argued that bioLPG and rDME be included as eligible fuels for off-gas homes citing that there is a clear pathway to decarbonise LPG. One respondent stated that electric heating, where combined with solar PV, should be above gas fuelled DHC in the off-gas heating hierarchy.

Government response

Government has decided to allow off-gas homes to connect to district heating systems fuelled wholly or partly by gas as proposed, as is already the case for on-gas homes. Therefore, district heating systems fuelled by all fuels (excluding coal, oil, LPG and biofuels which are banned under ECO4) will be allowed in accordance with the off-gas heating hierarchy at stage 2 (alongside biomass heating systems in rural areas only) where it is not possible to install a heating measure from stage 1 (a hydronic heat pump or connection to a district heating system fuelled by a heat pump)²⁹.

An off-gas home that receives a connection to a gas fuelled DHS will still be considered an off-gas home post-installation for the purposes of ECO4. This change will ensure connections to a greater number of existing district heating systems are possible before measures in stage 3 of the off-gas heating hierarchy may be considered given the amendment to be introduced for electric heating (see Question 75 above). This change is aligned with our commitment in the Heat and Building Strategy to scale up district heating where it makes sense to do so.

As a number of respondents noted, government intends to introduce carbon emission limits for heat networks and the powers to do so via regulations are included in the Energy Bill introduced to Parliament on 6 July 2022. District heating systems are able to unlock otherwise inaccessible larger scale renewable and recovered heat sources – such as waste heat – and due to the nature of the technology, are able to transition to lower carbon sources of heat over time.

Amended off-gas heating hierarchy

The changes introduced will mean that the off-gas heating hierarchy will be amended so that the installation of heating measures will be considered in the following order:

Stage 1: A hydronic heat pump, a wet central heating system that generates heat wholly from a hydronic heat pump or a connection to a district heating system that delivers heat from a hydronic heat pump;

²⁹ Ofgem's ECO4 Delivery Guidance sets out the evidence required to determine when this is not possible.

Stage 2: Where it is not possible to install one of the above, a connection to a district heating system fuelled by a source other than a heat pump (coal, oil, LPG and biofuels are excluded fuels) or a solid biomass heating system³⁰ in rural areas only³¹;

Stage 3: Where it is not possible to install any of the heating measures from stage 1 or 2 above, either:

a) The repair of a broken central heating system or connection to a district heating system fuelled wholly or partly from oil, LPG or biofuel³² or a broken inefficient renewable heating system. Note, repairs must be carried out where reasonably practicable to do so.

OR

b) An electric storage heater or an electric heating system, provided either:

i) Replaces an electric heating system at the home;

ii) An electric storage heater is already installed at the home; or

iii) The home has neither an efficient heating system nor an inefficient heating system (i.e., no heating or uses only plug in room heaters or wall mounted electric heaters).

‘Not possible’ is defined by Article 30(3) of the 2022 Order and includes not reasonably practicable to install the measure. We expect a measure to be reasonably practicable to install where it is shown to be technically feasible to do so and does not result in an increase in energy bills.

Innovation Measure and heating controls may be installed at all stages of the off-gas heating hierarchy.

Solar PV may be installed in 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 according to the rules on when ESH/EHS can be installed on domestic premises. Existing tenure type rules continue to apply.

Where none of the above heating systems can be installed or repaired, that home would remain eligible for insulation. Following this, where there are too few ECO-eligible measures

³⁰ Fuelled by woodfuel, which includes woodchip, logs, wood pellets and wood briquettes.

³¹ Rural areas are defined as those outside of settlements with a population of 10,000 people or more as classified by the 2011 Rural Urban Classification, <https://www.gov.uk/government/statistics/2011-rural-urban-classification> and Scottish Government Urban Rural Classification 2016 <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2016/>. The classification of any given location is determined at postcode level using the Office for National Statistics Postcode Directory look-up tool, <https://onsdigital.github.io/postcode-lookup/>.

³² Both efficient and inefficient broken heating systems and connections to district heating systems fuelled wholly or partly from oil, LPG or biofuel may be repaired.

recommended in the PAS improvement option evaluation and, where applicable, pre-insulation EPC, these homes would be exempt from the Minimum Requirements where appropriately evidenced.

Updating Partial Project Scores (PPS) to SAP10 for the ECO4 scheme

Question 78: Do you agree with our proposal to update the ECO4 partial project scores from SAP2012 to SAP10?

Yes: **59**

No: **15**

Percentage that agreed: **80%**

102 respondents provided no view to Q78

Summary of Responses

Most respondents agreed with the proposal. Of those that agreed, many supported the principle of using the most up-to-date version of SAP. They noted that this change would bring SAP more in line with current pricing, which would create more accurate results. A few respondents approved of the recommended approach on the grounds that it would balance effectiveness with reducing complexity, while also balancing consistency and accuracy. A further few respondents commented that moving to SAP10 would incentivise the uptake of more energy efficient technology, because SAP10 uses a lower CO2 emission factor for electricity than SAP2012.

Of those that did not agree with the proposal, many cited a potential inconsistency with the Great British Insulation Scheme, and the FPS, which will continue to use SAP2012. A few respondents raised a concern that this could result in PPSs higher than FPSs. These respondents took the view that the PPS is notional, and the figure of importance is the FPS. They preferred that the FPS be updated to SAP10 in addition to the PPS. Other respondents, however, agreed with our reasoning in the consultation that updating the FPS in the same manner as the PPS would create larger administrative burden and complications for the ECO4 target.

Moreover, a few respondents took a general view that the potential uncertainty, administrative cost and burden for businesses was disproportionate to the benefit of the change. There was also a sense from a few respondents that the change will have minimal impact.

Government response

Government will proceed with the proposal to update the ECO4 partial project scores from SAP2012 to SAP10. We take the view that a short period of realignment is preferable to keeping an outdated scoring method over the life of the ECO4 scheme. Guidance will be published to ensure the transition is smooth. As proposed in the consultation, we will not

extend the change to the FPS scores, on the grounds that it would affect targets that are already included in legislation, and the level of disruption would be disproportionate.

SAP10 has been released and is in use in the field. Government aims to require that the ECO4 partial project scores are updated such that they are based on SAP10 instead of SAP2012 in the next round of amendments for ECO4. This will include transitional arrangements for projects in progress at the time of the update.

Question 79: Do you agree with our proposal to require SAP10 and RdSAP10 assessments for ECO4 evidencing instead of SAP2012 and RdSAP2012?

Yes: **72** No: **7** Percentage that agreed: **91%**

97 respondents provided no view to Q79

Summary of Responses

Most respondents who gave a view approved of the proposal. A few respondents felt positively that the change would promote more energy-efficient recommendations. One respondent noted that to ensure accuracy, a mechanism will be needed so that the same version of SAP or RdSAP is used for both the pre- and post- project assessments, even where these happen some time apart.

A few of those who disagreed stated that they had consistent opposition to the use of SAP and RdSAP in ECO. One respondent said that making changes halfway through the life of the ECO4 scheme would add unnecessary complexity.

Government response

Government will proceed with the proposal to require SAP10 and RdSAP10 assessments for ECO4 evidencing instead of SAP2012 and RdSAP2012 for the reasons set out in the consultation. Any added complexity for ECO4 scheme participants is in government's view outweighed by the benefits of bringing SAP in line with recent pricing. It is important to align the scores with other schemes and use the most recent available data to assess and compare the energy and environmental performance of dwellings.

Government will lay regulations to introduce these changes in due course. This will include provision for the transition period, including the scoring provisions for before, during and after the transition period ends. As stated in the response to Question 78 above, SAP10 is ready and in use in the field. RdSAP10 is not yet available. For the avoidance of doubt, RdSAP assessments submitted as evidence for Great British Insulation Scheme retrofits will be based in RdSAP2012. We expect to update this requirement in due course to necessitate provision of RdSAP10.2 assessments, for the same reasons set out for ECO4 in the consultation.

ECO4 exemptions

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?

Yes: **52** No: **15** Percentage that agreed: **78%**

109 respondents provided no view to Q80

Summary of Responses

Most respondents who gave a view agreed with the proposal. Only a minority of respondents gave reasons for opposing the proposal. One respondent approved of the recommendation, but asked for clarity on the rules that might be used to determine whether an exemption falls before or after the amendment takes place. One respondent raised a general objection to exemptions in ECO, on the basis that they are prohibitive and prevent customers benefiting from ECO measures.

Government response

Whilst most of those who responded supported the proposal, government has since concluded that excluding these measures from the exemptions may create unintended consequences due to the variety of circumstances throughout the ECO4 Order in which a party may wish to rely on the exemptions. For example, there may be scenarios where someone wishes to use an exemption for when installation is not feasible due to local environmental conditions, and are unable to do so because they are installing solely a district heating connection.

This potential risk is one that we will need more time to consider. We will therefore not be making this change for now. In the meantime, it remains the case that Ofgem must be satisfied that an exemption applies and will in practice demand evidence for this. Therefore, to claim use of the exemptions, parties must find similar way of evidencing these, even though, as noted in the consultation, they do not fall within the PAS 2035 framework.

Nevertheless, we will keep this under review and make the change in future if we suspect there are instances of gaming that make use of the exemptions in this manner, and that it would be proportionate to do so. Alongside this change we would issue guidance explaining when a given measure would be covered by the change.

Annex 1:

Summary of key differences between Great British Insulation Scheme and ECO4³³

	Great British Insulation Scheme (General group)	Great British Insulation Scheme (Low-income group)	ECO4
Eligibility	Broad eligibility. Homes with council tax bands A-D in England (A-E in Scotland, A-E in Wales) and EPC D-G.	Narrower eligibility, EPC D-G – Mostly low-income households on means-tested benefits. Also, those living in social housing and LA & Supplier Flex element that allows referral to households that likely experience fuel poverty but do not receive means-tested benefits.	
Length	3 years, Spring 2023-2026, with opportunity for early delivery.		4 years, Spring 2022-2026.
Size of Obligation	£1bn over 3 years, split £130m/£435m/£435m. Obligation will be split between general and low-income groups.		£1bn per annum over 4 years. 150,000 must be EPC E, F or G.
Supplier Payment	<p>Obligated suppliers incur costs in meeting their scheme obligations and can recoup these via customers' energy bills. Ofgem sets an allowance for this within the energy price cap.</p> <p>Between April 2023 - March 2024, Great British Insulation Scheme and ECO4 will be included alongside other government programme costs falling to energy suppliers within the Energy Price Guarantee mechanism. This</p>		

³³ This table is indicative only, and specific policy can be found in the relevant sections of this Government Response.

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	means that government will meet some or all of the Scheme costs where the price cap is above the EPG level.		
Standards	PAS 2035 standards for all measures. Continuing to explore TMLP.		PAS 2035 standards for all measures.
Scoring	Based on existing ECO4 partial project scores (PPS) and annual bill savings.		Based on difference in average annual bill expenditure between the starting SAP and finishing SAP rating of that property, awarded full project scores (FPS).
Customer Journey	Energy suppliers and supply chain generating leads. Self-referral through GOV.UK	Energy suppliers and supply chain generating leads, alongside referrals via local authorities and energy suppliers using GB Insulation Scheme Flex. Self-referral through GOV.UK	
Measures	Insulation measures only.	Insulation measures, as well as heating controls (as secondary measures for owner occupier homes).	Whole-house retrofit approach allowing multiple measures per household to meet a minimum improvement requirement (MR). Measures include insulation and heating measures.
Customer Contribution	Assumed the general group will collectively contribute £80 million towards insulation measures (equivalent to 10% of the £800	Modelled as fully funded, though consumers are able to contribute.	

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	million scheme budget earmarked for this group). ³⁴	
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³⁴ If required, any contribution is a matter for the customer and installer to agree, linked to the work to be done.

Annex 2:

Scheme Uplifts, Deflator, and Caps Comparison

Table i: List of uplifts

Uplift	ECO4	Great British Insulation Scheme
Innovation measure (IM)	25% or 45% uplift to IM	25% or 45% uplift to low-income IMs
IM Sponsoring supplier	5% uplift to IM	N/A
Rural, off-gas	35% uplift to project in Scotland and Wales only	20% to low-income measures in Scotland and Wales only
Building Fabric Repair	Function of costs rectified, applied to relevant measure	N/A
Pay-For-Performance	Uplift applied at project level, rate TBD	N/A

Table ii: List of deflators

Deflator	ECO4	Great British Insulation Scheme
Partial Project Score deflation rate	Project level 20% Applicable where requirements for a full project score are not met	N/A

Table iii: List of caps

Caps³⁵	ECO4	Great British Insulation Scheme
Innovation Measure (IM)	10% of a supplier's obligation IMs delivered thereafter will be scored as normal	10% of a supplier's low-income minimum annual obligation (equivalent to 2% of each supplier's overall obligation) IMs delivered thereafter will be scored without the uplift.
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 20% low-income minimum requirement. Unconstrained beyond the minimum requirement.

³⁵ Given Great British Insulation Scheme eligible measure types, uplifts relating to heat generating measures have been omitted.

Annex 3: List of Respondents

The following respondents consented to being named:

- AgilityECO Services Ltd
- AirEx
- Anesco
- Association for Decentralised Energy (ADE)
- BEAMA Limited
- Calor
- Centre for Sustainable Energy
- Citizens Advice
- City Energy Network Limited
- Comcat Ltd
- CoreLogic U.K.
- Double Glazing
- Ecogee Limited
- EDF
- Elmhurst Energy
- Energy Friends (UK) Ltd
- EUA
- Genous Limited
- Greater London Authority
- Greater Manchester Combined Authority
- Happy Energy Solutions Ltd
- Historic Environment Scotland
- Imperial College London
- InstaGroup
- Institute of Historic Building Conservation
- Insulation Manufactures Association
- IZ Energy Services Ltd
- National Housing Federation

- National Insulation Association
- Ofgem
- Oscar Onsite
- Pacifica Home Solution Ltd T/A 0800 repair
- PAS Safe Solutions Limited
- Prewett Bizley Architects
- Q-Bot Ltd
- QODA
- Royal Institute of Chartered Surveyors
- Royal Mencap Society
- SteDE Associates
- Surrey County Council on behalf of Surrey Consortium
- Sustainable Energy Association
- The Installation Assurance Authority
- Trust Electric Heating
- UK Energy Management NE
- UK Green Council
- Utilita
- Ventive
- Watford Borough Council
- Worthing Women's Aid t/a Safe in Sussex
- WWF

In addition, responses were received from representatives of Charity/Social Enterprises; Devolved and Local Governments; Energy Suppliers; Housing Group; Industry Bodies/Trade Associations; Installers; Managing Agents and Measure Manufactures; plus 34 individuals.

Annex 4: ECO3 Evaluation

The evaluation findings reported in this Government Response are taken from the commissioned evaluation of ECO. The full report is expected to be published before June 2023.

The findings cited in this Government Response come from a survey within the evaluation that was carried out with ECO3 participants. 2,061 ECO3 households were surveyed between May and July 2022.

A systematic random sample of properties that had received one or more measures from ECO3 (between December 2020 and November 2021) was produced from the ECO database held by Ofgem. The sample was stratified to allow for comparisons to be made across key sub-groups including obligation type and country (obligation-type, nation, innovation/not innovation, solid wall type). Selected households received a paper questionnaire to complete and were also offered the option to respond online. Participants were offered a £10 incentive as a thank you to take part. Fieldwork took place between May 2022 and July 2022. In wave 3, the overall response rate was 26%. Weighting was applied to compensate for systematic differences in design and response probabilities.

The findings reported in the Government Response are taken from two questions, which were asked of beneficiaries of ECO3. These questions explore whether someone paid towards the cost of insulation measures and, if so, how much they paid. The two questions were asked as follows:

- Were the measure(s) installed for free, or did you pay towards the cost of installation?
- How much in total did you pay towards the cost of having the measure(s) installed?
Please provide your best estimate.

As reported in the Government Response, only 5% of those who received insulation measures paid anything towards the cost of installation. The follow-up question was therefore based solely on the responses of this sub-group (n=78).

Given high variability in costs of these insulation measures, the median response (£500) will mask a considerable degree of variation in contributions made towards these measures.

This publication is available from: www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco-2023-2026

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