

## Analysis of the consultation options (1/2)

- **The Assessment of Impacts** sets out DECC's early assessment of the package of measure compared to a Business As Usual scenario (ECO unchanged from current framework) for the period to 31 March 2017.
- Recognise the **uncertainty** associated with modelling impacts as some measures of the package, like the levelisation mechanism, will depend on the energy suppliers' unknown trajectories for ECO compliance.
- A range of sensitivities were undertaken to highlight the sensitivity of ECO delivery costs to external and policy parameters.
- **Welcome evidence from consultees** to inform our final modelling to be published alongside the forthcoming government response.



# Analysis of the consultation options (2/2)

## Summary of the high-level results from set out in the Assessment of Impacts

- A **positive Net Present Value** of the preferred option of £2.2bn.
- **Delivery costs and cost pass-through remain uncertain** (and the current modelling does not capture DHS and likely overestimates SWI delivery). We estimate that the annual average delivery costs of the preferred option is around 30-35% ( around £450-£510m) lower in the period to 31 March 2015 than without change.
  - The range reflects uncertainty about whether suppliers will over-deliver on 2015 CERO targets and carry forward to 2017 targets.
  - Other uncertainties include the volume of CERT/CESP carry-forward and the impact of levelisation
- We estimate that around **120,000 SWI, 900,000 CWI and 600,000 LI will be taken up to 31 March 2017** under the preferred option. Comparison with BAU:
  - ETT CWI uptake is around 100,000 greater (ETT CWI eligible as a primary measure in CERO)
  - HTT CWI uptake is around 600,000 lower (33% reduced CERO target)
  - SWI uptake is safeguarded by the proposed minimum
  - LI uptake is around 30,000 lower as we assume that most LI uptake is packaged with HTT CWI
- We estimate that **around 35,000 jobs will be supported in 2015** – the difference from BAU reflects the lower overall uptake of measures under the preferred option compared to BAU.