



Department  
of Energy &  
Climate Change

# ECO Consultation

ECO Steering Group

Friday 10 January 2014

# Consultation issues

Three types of issues?

- Fleshing out and consulting on the “December announcement package”
- Other (neutral or deregulatory) improvements and simplifications
- *Possible* wider/deeper issues

Key criterion is to provide certainty, quickly. But do not want to lose the chance to make other changes if that is helpful, and does not conflict.

**N.B. All draft at this stage – initial ideas at official level.**



# 1. Announcements Package

## Level and nature of targets

Do you agree that the ECO scheme should be extended to 2017?

Do you agree that CSCO and HHCRO targets should remain unchanged for 2015, and new targets should be set for the subsequent period to March 2017 at an equivalent level of ambition?

Do you agree the ECO CERO target for 2015 should be reduced by 33%

Do you agree that a new CERO target should be set for 2017 at an equivalent level, of ambition?

Do you agree that underachievement at March 2015 should be carried forward at a penalty rate of 1.1 times the amount of the shortfall for CERO? Do you agree that this flexibility should not apply to CSCO and HHCRO?

Do you agree that the CSCO element of ECO should be extended from the 15% to the 25% lowest areas on the Index of Multiple Deprivation and that the qualifying criteria for the rural sub-obligation should be simplified with the removal of the benefit criteria?

Do you agree that there should be a SWI minimum figure equivalent to 100,000 properties treated by March 2017? Should this be set as number of properties, or as a carbon equivalent? If the latter do you agree that the appropriate equivalent figure is [X]?

# 1. Announcements Package

## Eligible Measures

Do you agree that all forms of cavity wall insulation, including standard “easy to treat” cavities, should be eligible primary measures under CERO?

Do you agree that loft insulation (including the insulation of virgin lofts, and “top up” off lofts which currently have less than 125mm of insulation, to a level of at least 250mm of insulation) should be eligible, primary measures under CERO?

Do you agree that all carbon saving measures, including lofts, should be recommended on the basis of a GDAR? Do you have other views on assurance procedures to minimise the risk of fraud, particularly for lofts and boiler replacements, for example the use of post-installation EPCs ?

Do you agree that district heating schemes should also become eligible primary measures under CERO (with their carbon score determined on a case by case basis in agreement with Ofgem)

# 1. Announcements Package

## Recognising company performance

Do you agree there should be “levelisation” arrangements for recognising and rewarding early progress, and addressing any adverse competitive implications of the other proposed changes?

Where should we set the threshold of progress beyond which the levelisation bonus would kick in (current proposal somewhere between 25-35%) and what should the uplift factor be (current proposal somewhere between 1.75 and 2)?

Do you agree we should amend the legislation to allow the optimum carry forward of excess action from CERT and CESP?

## Timing

Do you agree the changes should, where applicable, be backdated to apply from 1 April 2014?



## 2. Simplification and Improvements

### Measures and standards

Do you agree that the consumer protection arrangements in place for ECO measures are adequate?

Is there a case for amending consumer protections under ECO? And if so, should any elements of the Green Deal consumer protection arrangements be extended to ECO?

In particular, do you believe that additional safeguards are required to ensure the quality of installations under Affordable Warmth?

Do you agree that two year warranties should be required for replacement boilers? If so, what detail of such a warranty should be specified in the legislation?

Is Ofgem's Boiler Assessment Checklist a sufficient compliance mechanism to determine whether a boiler can be classed as a 'qualifying boiler'? Do you have any other suggestions on how Ofgem or DECC should ensure that compliant 'qualifying boilers' are installed under ECO?

What, if anything, could be done to incentivise delivery of boilers repairs?

Do you agree that we should specify the SWI lifetimes in legislation, and do you have any views on what specified lifetimes should be?



## 2. Simplification and Improvements

### **Brokerage**

In light of the proposed changes to ECO, do you believe a case now exists for regulating participation on and use of the brokerage platform?

### **Administration of the ECO scheme**

Comments on the nature and timing of guidance to be produced by the administrator?

### **Costs and transparency**

Do you agree that costs of delivering ECO should be more transparent?

Do you agree we should take and use powers to ensure obligated energy companies provide Government with the necessary information at the appropriate time?

### **Private finance**

Want to find out more about role of private finance (customer contribution, Green Deal, finance, etc)

Do you agree we should not take legislative action to promote blended finance at this time but retain this as an option is the market does not develop as expected?

Were we to take legislative action what would be your preferred option? Do you agree that scoring uplifts is likely to be the optimum approach?

Seek views on the role of customer contributions and other types of finance in AW.

## 2. Simplification and Improvements

### AW Customer Journey

How can we improve the customer journey for households seeking or receiving support through the Affordable Warmth obligation?

Should we specify GDAR as entry route for AW? How might this impact low income and vulnerable households?

Should obligated suppliers should be mandated to use the referrals system for AW which is delivered by ESAS? If so, should there be exemptions in certain circumstances or for certain (e.g. small) suppliers?

Can we do more to encourage delivery to non-gas fuelled households?

Should there be scoring uplift for AW measures to non-gas households?

Should we include electric storage heaters in definition of “qualifying boiler”?





## 2. Simplification and Improvements

“ECO is too complicated” – *so what other concrete ideas could we consult on??*

## 3. Wider Potential Issues

### **Longer term considerations for the scheme could include:**

- Overall scheme design (could we redesign to avoid multiple sub-targets while still retaining key objectives?)
- Looking again at distributional impacts and balance
- Doing more to promote an area based approach to delivery
- Doing more to improve awareness among households, and reduce search costs for companies
- Looking at cost-cap/buy-out mechanisms
- Impact of ECO and other schemes on energy supply market
- “White Certificates”