



Department  
of Energy &  
Climate Change

# ECO Steering Group - Delivery

Update on ECO Action Plan – 25<sup>th</sup> April 2014



# Overview of Slides

## 1. Action Plan

- Communication
- Evidence
- Delivery

## 2. Risks & opportunities

## 3. Actions

## 4. Ideas and next steps



# DECC ECO Action Plan

**Scope:** activities that DECC can undertake to support current and future policy delivery.

## Communication

Outward  
communication of  
policy and  
stakeholder  
engagement.

## Evidence

Collecting and  
analysing information  
to support policy  
development, delivery  
and evaluation.

## Delivery

Simplifying,  
streamlining, and  
administration to  
support delivery and  
the customer journey.

# Communications

## Risks

- Misunderstanding of what ECO is and what it can do, how to access it,
- Low levels of public knowledge and therefore demand.
- Lack of understanding about fit with the Green Deal – potential for confusion and reduced demand.
- Lack of clarity on policy, consequential risks of market instability or undesirable policy outcomes.

## Opportunities

- Good stakeholder understanding of policy, effective and useful consultation
- Established and effective two-way stakeholder communication channels.
- Educated customers providing a “pull” for ECO through understanding of benefits.
- Clear and useful technical guidance to support the supply chain.
- Joined up policy, eg with Green Deal, RHI and FITs.

# Communication Actions

## ECO Consultation and Future of the ECO.

- Seven stakeholder workshops in 2014
- Webinar <http://gdorb.decc.gov.uk/news-a-events/257-eco-consultation-webinar>

## ECO Delivery

- [DECC Statistical Reporting](#) – progress updates and key figures.
- Market Intelligence Reporting – project board and policy teams
- [Ofgem Technical Guidance](#)
- [Ofgem Public Reports](#)

## Digital Communications

- [Gov.uk webpages](#) on ECO and [quick guide to ECO](#)
- Linked In posts
- DECC [Blog](#)



## Project Governance – Steering Group and Cross Gov Project Board

- Steering Group agendas and minutes available [online](#)

## Others

- Green Deal Newsletters
- Affordable Warmth ESAS Leaflet

# Communication Next Steps and Ideas

## Government Response to Consultation

- What's needed? – Workshops as per consultation period?
- Any specific communications activity required?

## Local Authority Case Studies

- To support delivery and share best practice/examples of partnership work/funding arrangements/scheme design.
- What would be useful?

## Improving online ECO information

- Is it used? Do you know what's on there?
- Which bits are useful?
- Where do you go to find out information on ECO and Green Deal?

## Offline services

- Phone services – number of existing channels used, Ofgem, ESAS, ORB. Who uses these? How can DECC improve/simplify these?
- Other offline?

# Evidence

## Risks

- Lack of transparency on costs, inconsistent information on what energy bill payers are paying for ECO.
- Poor policy design or inaccurate modelling from a lack of understanding of:
  - Consumer contributions, including finance, blending and incentive schemes;
  - SWI costs: the “hassle” costs and forecast delivery profiles;
  - Supply chain constraints, in particular barriers to off gas grid delivery.
- Quality issues – substandard installations, SWI installations leading to technical issues such as mould and damp.

## Opportunities

- Clear and regularly updated statistics to measure and track policy progress.
- Economic analysis underpinned by good understanding of policy costs and pass through costs to energy bill payers.
- Sound scientific and technical evidence base underpinning policy
- Current and useful market intelligence to feed into policy development and maintenance.
- Clear understanding of lead generation, customer insight and the customer journey to support delivery.

# Evidence

## Market Intelligence

- Monthly meetings with energy suppliers to discuss delivery.
- Supply chain and industry information – ORB fora, provider group. Meetings with trade bodies.

## Costs Transparency

- **Short term:** using legal powers to gather data and information
- **Medium term:** primary legislation to improve ability to obtain, audit & publish ECO information.
- Brokerage - transparent information on costs.

## Social Research and Policy Evaluation

- Green Deal surveys and assessments.
- ECO customer journey: Survey of ECO customers to explore experiences
- Private Rented Sector: Survey of PRS landlords and tenants to explore policy options.

## Scientific and Technical Issues

- Evidence of quality issues and substandard installations
- Technical issues associated with energy efficiency measures.

## Economics evidence base development

- Customer contribution to measures, blending of with GDF/other private funding.
- SWI installation costs.
- Supply-chain constraints - market barriers to delivery of heating /insulation, or to off-gas grid.



# Cost Transparency Project

- **Improving our understanding of ECO costs in the future – how much is ECO costing and what is being passed onto the energy bill payer?**
- **Developing a robust evidence base for the co-creation of policy by government and stakeholders to inform the continuing debate around the appropriate level of these costs.**

SoS letter on 15/04/14 to ECO obligated licensees to require provision of information on ECO costs, including:

- delivery and administrative costs and the proportion of consumer bill costs attributable to ECO;
- quality assurance / audit processes adopted,
- details of contracts for future delivery;
- the ways in which ECO costs are apportioned across different types of customer and account;
- how forecasted ECO costs have been and are factored into pricing; and
- the impact of accounting policies on the way in which ECO costs are reflected in company accounts, and pricing.

DECC is proposing to change primary legislation and is undertaking informal consultation on:

- Powers to require energy suppliers to provide information annually on the total costs incurred in delivering government policies in the previous financial year. This would be included in the annual Consolidated Segmental Statement which is provided to Ofgem.
- Widening information gathering powers for ECO (section 103B Utilities Act 2000) to provide a greater ability to use this information within government, improve data quality through auditing and publish information on a supplier level where appropriate.

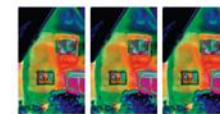
# Evidence – Ideas and Next Steps

## Role of Steering Group

- How can the Steering Group best input to DECC evidence base?
- Consultation responses very useful, should we consider a more structured arrangement?
- What further information can the Steering Group provide on costs?
- How can we get this? Supply chain reporting on costs using templates?
- Are you aware of any research that would be of interest to us? Economic, scientific, social

## Are you aware of our published GD/ECO research and evaluation?

- Household Tracker wave 3: a survey of over 3000 households to gather information on awareness of the GD, attitudes towards energy efficiency, confidence and trust in the Green Deal and its supply chain. <https://www.gov.uk/government/publications/green-deal-household-tracker-wave-3>
- Summary of research with Green Deal assessments: Summary report of several pieces of research have been carried out with households that have a Green Deal assessment, including further analysis on the customer experience  
<https://www.gov.uk/government/publications/research-on-green-deal-assessment-further-analysis-and-new-findings>



GREEN DEAL ASSESSMENT CUSTOMER RESEARCH  
SUMMARY REPORT OF FURTHER ANALYSIS AND NEW FINDINGS  
FROM QUANTITATIVE SURVEYS

# Delivery

## Risks

- Missed opportunities by DECC and others to support delivery and reduce costs within the given policy landscape.
- Barrier costs and hassle costs restrict delivery or efficient identification of eligible customers.
- Policy changes affect the supply chain, industry, create market uncertainty and affect delivery costs.
- ECO is not complementary to other policies and is not complementary to Green Deal.
- Brokerage and the associated IT platform is no longer fit for purpose, or no longer used.
- Administration becomes costly and overly complicated.

## Opportunities

- DECC maximises use of available resources to support delivery within the policy framework.
- Systems and platforms are in place to support delivery.
- Policy integrated with other policies eg Green Deal.
- Policy costs represent value for money and delivery is efficient.
- Scheme transition to future ECO is supported, peaks and troughs avoided.
- Ofgem administration arrangements are fit for purpose.
- Customers and supply chain can easily access clear and useful information which supports delivery.

## Measures Reporting Simplification

- Government- Industry project to simplify/standardise reporting to encourage a consistent approach.

## Energy Saving Advice Service (ESAS)

- Referral service for households likely to be eligible for Affordable Warmth support

## Providing and Managing Brokerage

- Market-based mechanism introduced to support an open and competitive market

## Information, Data and Tools to allow stakeholders to identify eligible areas.

- List of eligible LSOAs and Data zones

## Disseminate information on Home Energy Conservation Act (HECA)

- Examples: LA's plans for Green Deal, ECO and fuel poverty activity, housing stock data, activity on FITs/RHI, planned area-based approaches, an outline of partners and details of co-funding
- Useful for prospective partners to identify any opportunities to work with LAs.

## Addressing Solid Wall issues with BT – external wall insulation guidelines.

# Delivery – Ideas and Next Steps - 1

## Improving the Verification process for HHCRO - Data Matching.

Covered in  
recent  
Steering  
Group

- Working with DWP, Ofgem, energy suppliers and Green Deal Providers to expand the use of DWP data matching so that customers can be shown to be eligible without having to hand over their benefit & tax credit letters.
- Access open to both obligated suppliers and Green Deal Providers (GDPs) – it will be a ‘user pays’ service.
- Simplify the administration of the obligation and enable more cost-effective delivery whilst improving the customer journey.

## Reviewing and Improving ESAS

How can we  
make better  
use of  
ESAS?

- Scope expansion ideas – eg Carbon referrals for CERO/CSCO, Local Authorities?

## Re-energising Rural Delivery

What would  
be useful  
here?

- Splitting out rural and SWI as a brokerage commodity – Covered in recent Steering Group.
- Proposing to allow all households to be eligible recipients in low income rural areas.
- RHI and ECO- review of opportunities for alignment.
- Driving local action, identifying best practice, & disseminating information.

## Simplification of Reporting

What would  
be useful  
here?

- Ongoing work to streamline reporting templates as policy evolves.
- Ofgem to publish standard templates or legislate use.

# Delivery – Ideas and Next Steps - 2

What would  
be useful  
here? What  
is DECC's  
role?

## Information, Data and Tools.

- To allow stakeholders to identify eligible areas/assist with targeting activities/support delivery
- Postcode look-up method from LSOAs/Data Zones
- Online tool which allows users to check and view eligibility of areas/locations/postcodes
- Maps/lists/tools for: activity by geography, activity density over time.
- Access to EPC/XML data: DECC working with DCLG to review issues and possible solutions

## Supporting Local Authority led Delivery for ECO.

What would  
be useful  
here? What  
information  
exists?

- Market Intelligence on LA project delivery and issues
- Case Studies of LA Projects including interaction of ECO and GD Communities
- Sharing best practice for LA Procurement/Contracting

## Supporting and encouraging blended finance

What would  
be useful  
here?

- Stakeholder engagement events
- Green Deal Provider Meetings and Finance Meetings
- ORB support service

## Developing Brokerage

Covered in  
recent  
Steering  
Group

- Splitting out commodities
- Reviewing membership criteria and opportunities for upgrades to platform
- Regulating.



# Further Ideas

Besides practical steps to support communications, evidence and delivery, are there other things we should be considering, within the given policy framework?

- Defining roles of those who can assist with delivery – local authorities?  
Supply chain?
- Market/supply chain support?
- How can we ensure the consumer is put first?