

## ECO+ consultation

**December 2022**

[Executive Summary](#)

[About Energy UK](#)

Energy UK is the trade association for the energy industry with over 100 members - from established FTSE 100 companies right through to new, growing suppliers, generators and service providers across energy, transport, heat and technology.

Our members deliver nearly 80% of the UK's power generation and over 95% of the energy supply for 28 million UK homes as well as businesses.

[Energy UK's response to the ECO+ consultation](#)

Energy UK [welcomed the Government's announcement](#) of the ECO+ scheme as a means to bring forward support for households to insulate their homes and reduce their energy consumption. Many households will be struggling to pay their energy bills this winter, as a result of the significant increase in international wholesale gas prices, expected to continue to impact consumer's energy bills for some years.

It is right that the Government is working in partnership with suppliers, who are well placed to deliver more support to their customers in the next few years. The Energy Company Obligation (ECO) has consistently seen its targets achieved, even surpassed, since its launch in 2013, and provides a familiar framework and methodology by which energy efficiency measures can be tracked, audited and quality assured.

However, it should be noted that introducing another obligation on suppliers will create significant delivery risk in an already difficult environment. It is therefore important that flexibility options are incorporated into the scheme design. It is also vital that Government work with industry to determine the approach to funding the obligation from April 2024.

We support the Government's focus on delivering a high volume of low-cost measures to consumers over the next three years. We also support the decision to expand the eligibility criteria so that a broader consumer group, who are now at risk of fuel poverty, are able to be reached under this scheme.

Energy UK is grateful for the opportunity to respond to this consultation, and there are two key aspects that we feel would help to refine and strengthen the ECO+ policy design. These include:

1. ECO+ should be as simple to administer as possible, and it should compliment ECO4 where possible. There are a number of opportunities within the proposed scheme design where the administration requirements can be streamlined, for the benefit of the consumer, and associated costs reduced.
2. ECO+ is a step in the right direction, but more intervention is needed from Government to bring forward a holistic policy framework that will build a dynamic market for energy efficiency measures over the long-term.

[Embedding simplicity into the scheme design](#)

In order to achieve the objectives of ECO+, and bring forward a delivery-orientated scheme, we strongly believe that the Government should review a number of the proposals within this consultation in order to make the scheme more simple in its design. We have identified significant potential to streamline the proposed approach, for the benefit of the supply chain, Ofgem, suppliers and, above all, consumers.

This simplicity can be achieved by creating scope for a greater degree of synergy between ECO4 and ECO+. For example, there is no rationale for preventing a household that is struggling with its heating bills from receiving support under both ECO4 and ECO+. If a vulnerable household would benefit from additional insulation, then they should not miss out as a result of the scheme design.

There is also no rationale for preventing a household that is eligible for ECO4 from receiving support under ECO+ unless it satisfies the exemption criteria. There are various reasons why a households may not meet the minimum requirements, and this approach risks the most vulnerable households from missing out on support from either scheme altogether.

A simpler and more streamlined approach would be to utilise the Retrofit Assessment at the beginning of the project to determine the property's suitability for each scheme and the most appropriate level of competency for the installer (be that TrustMark Licence Plus or PAS 2035). This provides a straightforward consumer journey, a simpler process for installers and suppliers, and a reduced administrative burden for Ofgem. We highlight additional opportunities for rationalisation throughout our response.

#### Building a long-term market

Going forward, Energy UK believes that further invention is still needed from Government to build the market and supply chain for a large-scale roll out of energy efficiency measures in the longer-term. While ECO+ is a step in the right direction, a more ambitious approach to rolling out insulation measures will eventually be needed to reach Net Zero, strengthen the UK's energy independence and bring bills down permanently for UK households.

A holistic policy approach would incorporate regulations that drive behaviour change, fiscal measures that reward insulated properties, and support for the construction industry to train more people in strategic retrofit skills. By bringing forward the £6bn committed in the Autumn Statement to this Parliament, the Government can start to develop the energy efficiency supply chain, and this funding, alongside innovative green finance offers, would help to provide a range of solutions for different consumer groups and tenures.

Solutions are also needed to assist the owners and tenants of commercial buildings at this difficult time.

#### Next steps

Energy UK is poised to work with Government to develop this policy framework more broadly, and to provide ongoing input and evidence in support of the development of the final ECO+ scheme design, and all future energy efficiency schemes.

## Chapter 1: Suppliers

### **1. Do you agree with the proposal to set mandatory annual targets for ECO+?**

Yes.

Annual targets will ensure that suppliers start delivering vital energy efficiency works to consumers under ECO+ right from the outset of the scheme.

However, we are concerned that there will be significant delays to the necessary ECO+ documentation and guidance being published, and which will mean that suppliers have effectively less than twelve months to deliver on their scheme targets in the first year.

This concern is owing to the recent experience of delays in the implementation of ECO4. For example, ECO4 launched in April 2022, with the legislation tabled on 22 June, and came into force on 27 July. Ofgem published its final guidance, and its response to a consultation on the administration of ECO4, only in October. This represents six months between the scheme officially launching and the vital information that suppliers need for delivery eventually being published.

Under ECO+, it has already been communicated to stakeholders that we cannot expect the full Government response to this consultation until April 2023, when the scheme officially starts, and the relevant legislation will not be brought forward until May or June. We believe that delay to policy decisions and scheme documentation for ECO+ should be reflected in the rate of carry-under. Energy UK would support the rate of carry-under increasing to 25% in scheme year one to account for a loss of three months in delivery time due to the delays we have described. There will be further delay in Ofgem issuing its final delivery guidance.

Increased carry-under would represent a safeguard for suppliers facing risk at not reaching their obligations in the first year. It is important that the scheme design embeds flexibility options and safety valves within the scheme design to account for these delays in an already difficult environment for energy suppliers.

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

Yes.

Energy UK supports the use of notifications to Ofgem as a means of tracking suppliers' progress against annual targets.

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

Yes.

Energy UK supports the Government's proposal to allow early delivery under ECO+. The publication of the consultation stage Impact Assessment is welcome to this end, and we also welcome the reference in the consultation document to the need for the timely publication of the final stage Impact Assessment and the maximum possible bill savings target that could be in the ECO+ legislation.

Some suppliers would support the Government including uplifts to the scores of measures that are delivered pre-April 2023 as a means of balancing the risk that suppliers engaging in early delivery may face.

It is important to note that earlier delivery will only be possible with the right framework in place. We hope that Government will work closely with industry to bring forward a final scheme design that is simple, streamlined and with flexibility embedded throughout.

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

Suppliers would need their indicative obligations.

They would also require the publication of the draft regulations.

The publication of the draft guidance from Ofgem would also be beneficial, and detail on how the scoring will work. Making the Ofgem Data Dictionary available to suppliers straight away would also help, so that the right data can be collected from the outset and the need to return to the property is avoided. Similarly, bringing forward a TrustMark API as soon as possible will further prevent issues later in the scheme.

It should be noted that suppliers undertaking early delivery in advance of the ECO+ regulations being passed, and the Ofgem final delivery guidance being published, are incurring risk in doing so, as the measures that they deliver may not be accepted if the ECO+ policy changes, or amendments are made to the legislation during this time. Given this, Energy UK members are seeking assurance from Government that measures delivered early would be counted towards the obligation, as it was set out in the initial documents, even if the scheme later changed in its final design.

**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+?**

No.

Further to our response to question one, Energy UK would support enhanced flexibility within the targets for Year 1 of the obligation, including up to 25% carry-under. This is to reflect the delays that have already been communicated to industry, including the publication of the final consultation response, the tabling of the legislation, and the publication of Ofgem documents.

We support a maximum of 10% carry-under for Year 2 of the obligation.

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

Yes.

Government should provide additional information on the approach to excess delivery in Year 3 to ensure the efficient use of funding.

**7. Search costs: Do you agree with our assumed search costs, as outlined in Table 2? Please provide BEIS with information on search costs supporting your response.**

Energy UK members will submit individual responses to this 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? Please provide BEIS with information on search costs supporting your response.**

Energy UK members will submit individual responses to this question.

**9. Reducing search costs generally across the scheme: Do you have any ideas on how search costs could be reduced across the scheme? Please provide BEIS with information on search costs supporting your response.**

Energy UK members will submit individual responses to this question.

**10. Measure cost assumptions: Do you agree with our estimates for the capital costs of installing measures, as outlined in Table 3? Please provide BEIS with information on measure costs supporting your response.**

It is welcome that the Government has taken the decision to implement a 60% uplift in the cost of cavity wall and loft insulation in response to the significant levels of inflation in recent months. September 2022 saw CPI inflation rise by 10.1%, and this is placing upwards pressure on material prices and labour costs.

While the reference in the consultation Impact Assessment to costs increasing by an assumed 5% per annum for 2023 – 2025 is welcome, Energy UK would support the Government keeping this assumption under review in the final stage Impact Assessment in case of future record-high increases in prices that could impact on suppliers' ability to meet their targets.

To this end, we would support a mid-term review of the scheme to ensure, as has been committed to for ECO4, to ensure that any challenges with delivery as a result of the scheme design can be resolved in partnership with Government and industry.

**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? Please provide BEIS with information on measure costs supporting your response.**

Energy UK members will respond individually to this question.

**12. Additional costs of compliance with retrofit standards: Do you agree with our assumptions for compliance with TrustMark and PAS2035 standards? Please provide BEIS with any information on PAS2035 compliance costs by measure type and risk pathway for the following insulation measures: cavity wall, solid wall, loft, pitched roof, flat roof, under-floor, solid floor, park home and room in roof. If not available, please provide information on average PAS2035 compliance costs for these measures across all risk pathways.**

Energy UK members will respond individually to this 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? Please provide BEIS with information on administrative costs supporting your response.**

Energy UK members will respond individually to this question.

Chapter 2: Homes and Household Eligibility

**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?**

No.

Energy UK supports the principle that ECO+ is targeting support at low-income households and those who are living in fuel poverty. With suppliers likely leveraging their ECO4 searches to identify households to support in ECO+, it is probable that many of the households supported under ECO+ will meet the eligibility criteria for ECO4.

However, the policy approach of splitting eligible consumers into two groups risks introducing additional and unnecessary complexity into the scheme. There is no benefit to the consumer of being allocated in the low-income group compared to the general group, indeed it will create an additional barrier to low-income group consumers as they will have to consent to data-matching whereas those in general group will not. A simpler approach could be to have one eligibility group – as defined by the ‘general group’ criteria – and that will capture both those who are low-income (and ECO4 eligible), and those who aren’t but are still struggling. This will avoid additional barriers to consumers, and extra administration for suppliers and Ofgem.

**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.

Energy UK supports the approach of using Council Tax bands as a proxy for low-income households. This will help to ensure that support is targeted to those who need it most.

**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.

Implementing fewer restrictions around eligibility within the low-income group will help ensure that the scheme is simple in design, reducing search and administration costs, and promoting synergy between ECO+ and ECO4.

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

Yes.

While the eligible benefits is a matter for the Government to decide, we support consistency between ECO+ and ECO4 where possible.

**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?**

No.

While Energy UK supports the principle of targeting support at those most in need, and through this the proposal for ECO+ to target low-income households, we feel that creating a single eligibility group will both ensure that those who need support most will receive it and make for a simpler scheme and straightforward consumer journey. To this end, we also do not support the inclusion of a minimum requirement of 20%.

We do not believe that there is added tangible benefit to a household being in the low-income group compared to the general group. However, the low-income group qualifying household will be expected to provide additional information, such as the benefits they are in receipt of, for the purposes of data matching. This actually creates an additional and disproportionate barrier to the low-income group, considering that they do not receive any extra support for supplying their information. In some cases, expecting low-income households to provide additional information such as their benefits can act as a direct barrier for those most vulnerable to apply for the support. Energy UK supports having the same approach for all households.

Given that most suppliers will be connecting the households that they identify through ECO4 searches with support under ECO+, it is likely that many of the households who receive support under ECO+ will be effectively in the 'low income' group.

Finally, the 20% minimum requirement will introduce additional administration burden and complexity for suppliers and Ofgem in terms of the auditing and compliance processes. This does not support of the core scheme objectives of being a high volume, low-cost delivery vehicle for insulation measures.

**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?**

No.

Further to our response to question 18, Energy UK supports unlimited flexibility throughout the scheme.

**20. How can referrals through LA and Supplier Flex be facilitated?**

It is important that the Government review the effectiveness of the LA Flex pathway as it is currently operating under ECO4 by engaging with local authorities and bringing forward efficiencies into the process where possible. Streamlining this process under ECO+, if not ECO4 as well, would help to ensure that local authorities are sufficiently resourced to submit compliant declarations. This will help to reduce search costs and introduce more efficiencies into the scheme. Anecdotally, some suppliers are reporting that the strict evidencing of declarations required by Ofgem is preventing local authorities from engaging more fully with the scheme.

It should be ensured that any Statements of Intent from local authorities that apply to ECO4, also apply to ECO+, to avoid duplication.

Energy UK stands ready to work with Government to share best practice in the Supplier Flex pathway and to bring together Government and industry to design a pathway between the GOV.UK and the Supplier Flex pathways that help create a simple customer journey.

**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?**

Partially.

Households in the Private Rented Sector represent a vulnerable group where 25% of tenants were living in fuel poverty in 2020, according to research by the ODI. It is right that they should be eligible for support, where they are not already covered by the requirements on landlords to ensure that the property they are letting is EPC E or above.

However, Energy UK supports the introduction of minimum energy efficiency standards for properties in the private rented sector, as clear targets such as these can help drive the necessary improvements in the sector, as well as helping to build supply chain capacity by sending a strong message to the market. The Government should therefore urgently bring forward their response to their consultation on their commitment in the Clean Growth Strategy to improving privately rented properties to EPC Band C. If the proposals set out in this consultation are adopted, then the ECO+ scheme could be adapted so that grant funding is not available to landlords who are otherwise compelled to improve the efficiency of their property.

However, where possible, there should be limited changes to the scope of ECO+ while the scheme is in place, as this creates confusion in the supply chain and complicates the compliance and auditing process.

**22. Do you agree PRS households should not be eligible for secondary heating controls?**

Yes.

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

Partially.

As set out in our response to Question 21, the Government should publish its response to the consultation on minimum energy efficiency standards in the private rented sector. Otherwise, there is no incentive or requirement for landlords to invest in upgrading their assets, and tenants will miss out on support.

**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.

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

Yes.

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

Yes.

Energy UK supports consistency between ECO+ and ECO4 as far as possible.

**27. Do you agree with only having a 'rural' rather than 'rural and off-gas' requirement for properties to receive an uplift in ECO+?**

Energy UK members will respond individually to this question.

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

Energy UK members will respond individually to this 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+?**

Energy UK members will respond individually to this 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.

Energy UK supports consistency between ECO+ and ECO4 as far as possible.

**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.

This will facilitate local economies of scale and support delivery at a neighbourhood level.

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

Partially.

Energy UK has consistently supported the Government playing a stronger role in providing trusted and independent advice and guidance to consumers on how and why they should invest in energy efficiency measures and other low-carbon technologies, and building functionality on the relevant GOV.UK pages to introduce additional opportunities for interaction and engagement with consumers is very welcome in this respect.

However, it is important to consider that consumers will have low technical knowledge about their property and may not have an up-to-date EPC assessment that they can refer to in making a self-assessment. It is important that Government include screening questions to improve the quality of the referrals, such as diagrams showing the presence of cavity walls, or the depth of existing loft insulation.

While the information that consumers provide about their Council Tax band and EPC rating can help provide an initial screening, linking up self-referral routes to the Supplier Flex route, for example, will require additional administration for suppliers to process these requests and verify the assessment of the property.

It is important that consumers' expectations are managed, with regards to whether they will be eligible for the scheme, and if there will be sufficient budget to reach everyone that is seeking support. For example, the National Audit Office found that there were 557,417 unique page views of the Simple Energy Advice Green Homes Grant Voucher Scheme web page between August 2020 and March 2021. By contrast, this is more than the total number of households that are likely to be supported under the whole of ECO+, and the scope of the scheme should therefore be made clear to consumers.

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

Energy UK would support Government convening a dedicated workshop with the relevant teams within supplier companies to look at how this flow of data might work, and to work through any potential challenges in establishing this.

For example, one potential option could be for the Gov.UK website to include an eligibility checker prior to any referrals to suppliers. This could benefit all Government-funded fuel poverty and energy efficiency schemes.

**34. Do you agree with our approach towards blending of funding with ECO+?**

Yes.

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

As more schemes are brought forward by Government that provide support to households overlapping in eligibility criteria, the need for a process by which installers and suppliers can check for duplicates in advance of proceeding with installing measures becomes ever more important.

Ofgem holds a significant amount of data on ECO-funded measures that could be uploaded to TrustMark's Data Warehouse. Enabling installers to use this resource to check if funding has already been claimed for a measure would reduce significant risk of duplicate measures surrounding the interaction between ECO+ and ECO4, and provide confidence to the supply chain. Furthermore, pooling this data would reduce the risk of fraud, and administrative burden for Ofgem.

Energy UK recommends that the Government compel Ofgem and TrustMark to work closely together to expedite this data sharing and maximise the scope of the Data Warehouse to reduce risks around duplicate claims, and unlock delivery by providing more confidence to the installer supply chain.

**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?**

No.

As described in our responses to question 14 and 18, Energy UK supports the need to target support at those who are most in need of it, especially low-income households living in poorly insulated homes.

However, a simpler scheme design that incorporates a single consumer eligibility group would better support delivery and a more streamlined consumer journey.

However, if BEIS proceeds with this approach then Energy UK does support the proposal to target the low-income group in EPC bands E, F and G, given the vulnerable situation that they will be in.

**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.**

No.

It is not appropriate to use the ECO4 exemption criteria pathway as the basis for which a household would then be directed towards ECO+ funding.

First and foremost, this approach would undermine the important role of exemptions within ECO4.

Secondly, there are likely many instances where an eligible household has a property which does not meet the minimum requirements for ECO4 but which are not related to the exemptions. For example, the property might not have sufficient measures to satisfy the ECO4 minimum requirements, and this household should still be eligible for support under ECO+. Many suppliers are finding that while a property may appear eligible for ECO4 following an initial desktop screening, in-person they find it would not meet the minimum requirements. Under this proposed approach, a property such as this could not go forwards for ECO+, and the consumer would miss out entirely.

There may be a circumstance where suppliers have identified as many households as they were obligated to under ECO4, but they cannot direct additional ECO4-eligible households to ECO+, because it cannot be evidenced that they couldn't meet the minimum requirements.

Finally, proceeding with this approach may see the potential outcome where a property has received support under ECO+, but it is then found to be non-compliant by Ofgem because the household could have received support under ECO4. Suppliers are obligated to reach their targets under ECO4 and ECO+, and there is no incentive for suppliers to direct a household down one funding route or another for spurious reasons. Furthermore, auditing these decisions could create an enormous and disproportionate administrative task for Ofgem, and that would have no material benefit to consumers. The only possible outcome is that a vulnerable household has received support for improving the energy efficiency of the home.

It should be noted that the complications within this proposal are directly linked to the excessive complication in the policy design within ECO4.

**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**

**suitable to receive measures under ECO+? How could this test be made more robust?**

Yes.

This is Energy UK's preferred route.

The Retrofit Assessment is a suitable means of demonstrating how many measures are appropriate for the property, and therefore the suitability of the property for ECO4 or ECO+ (and the suitability of PAS or TrustMark Licence Plus). This information is then lodged within the TrustMark Data Warehouse and can be used as evidence. A Retrofit Assessor/Coordinator is qualified to be able to determine whether or not a property meets the ECO4 minimum requirements, and ultimately which funding route it should be supported under. This should be the only necessary evidence for determining that a low-income E, F and G-band property is suitable for ECO+. Ofgem should not audit the decision of the competent assessor.

In this way, the market is able to determine which scheme the household receives support under.

Furthermore, by using a Retrofit Assessment to determine which scheme the property is upgraded under, ECO4, ECO+ and in-fill properties can work together harmoniously and in a way that will support suppliers and installers with delivery. This will also help ensure that properties that are identified through ECO4 searches, but which are found to not meet the minimum requirements, can then be passed on to receiving support under ECO+ in a straightforward way.

**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.

**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?**

No.

Without a way for suppliers and installers to check for duplicate measures using Ofgem data and TrustMark's Data Warehouse (as described in our response to question 35), this increases risk for delivery under ECO4.

This proposal would also limit the potential value and benefit that households could receive from ECO+. For instance, it may be that properties are still able to achieve the minimum requirement under ECO4 even after a single measure has been carried out under ECO+, in which case this property should not be prevented from accessing that support. There may be urgent cases where a household is extremely vulnerable and so insulation could be installed quickly under ECO+, and then the home is later more deeply retrofitted under ECO4. Another example may be where a household has received a single measure under ECO+, and then their circumstances change and they become eligible for a renewable heating system under ECO4. Again, they should not be barred from receiving this support.

Furthermore, there may be projects delivered under ECO4 where a fabric measure, such as loft insulation, was not included in the project. However, the household would still benefit

from this additional single measure, in which case the household should not be precluded from going on to receive further support under ECO+, especially if it is deemed to be a recommendation following the Retrofit Assessment.

**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?**

No.

Chapter 3: Eligible Measures

**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.

**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?**

Energy UK members will respond individually to this question.

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

No.

Energy UK supports ECO+ allowing households to receive multiple measures under the scheme. This will help introduce greater synergy between ECO+ and ECO4, and will mean that where households would benefit from more than one fabric measure, they are allowed to access it. This will be more cost effective in the long-term by requiring fewer visits to the property and will deliver enhanced energy bill savings for customers.

**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?**

No.

Linked to our response to question 44, Energy UK supports households being able to access multiple measures in ECO+.

**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?**

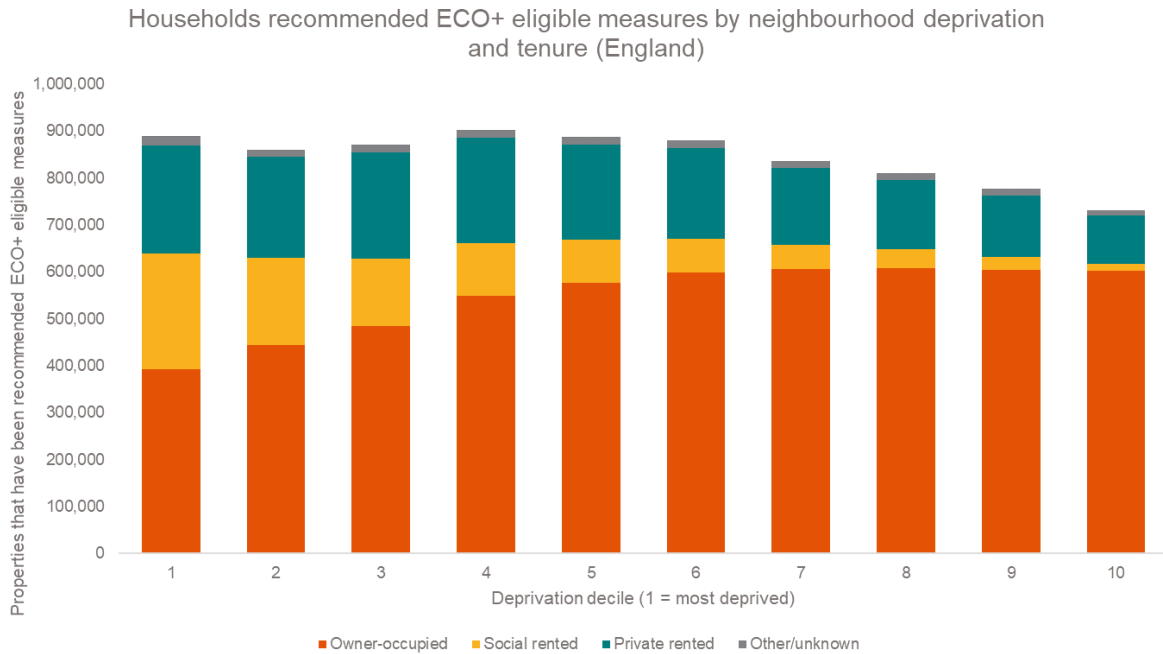
Yes.

Energy UK supports introducing the scope for customers to contribute to more expensive measures that they may want energy suppliers to organise for them.

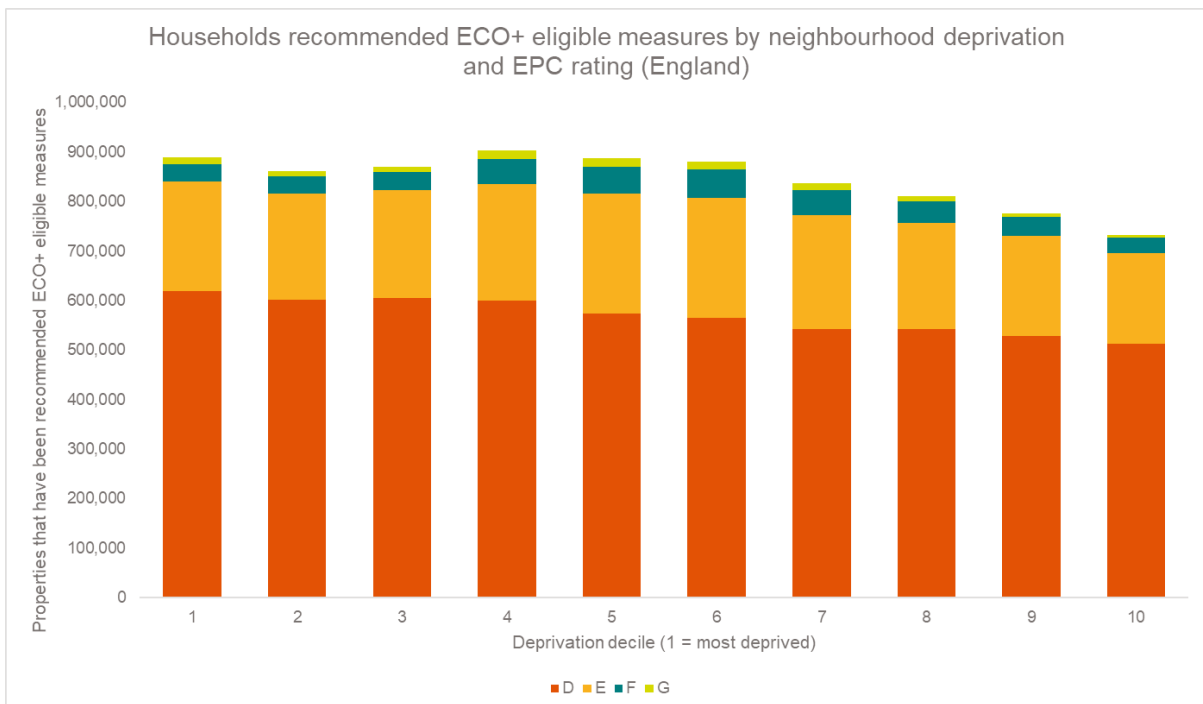
However, it is important to recognise that we anticipate that few households will have access to significant additional finance to contribute to these measures against the backdrop of the rising cost of living. ECO+ will rightly target households who are either living in fuel poverty, or at risk, and analysis by Energy UK of Energy Performance Certificates (EPC) in England

open data (available from the Department for Levelling Up, Housing and Communities) and English Indices of Deprivation (DLUHC) found that there are 20% more eligible properties in the most deprived decile compared to the least (see graph 1 and graph 2). This means that there are significant numbers of households who will not have the means to contribute towards energy efficiency measures installed as part of ECO+. Equally, we know that a quarter of households have less than £2,100 in savings (ONS WAS via Nimblefins).

It is important that the scheme design recognises these factors.



Graph 1: Households recommended ECO+ eligible measures by neighbourhood deprivation and tenure.



Graph 2: Households recommended ECO+ eligible measures by neighbourhood deprivation and tenure.

We also feel that there is insufficient evidence to show that consumers are willing to pay, even if they have the finance available. A polling exercise by Public First in October 2022, [available from the Social Market Foundation](#), found that 14% of consumers would not be willing to pay anything towards a retrofitting bill, and 11% said they would only be willing to pay up to £100. Incorporating customer contributions into the obligation introduces significant risk for suppliers, as ability and willingness to pay are factors that are simply outside of their control. It's for this reason that [in our September report ECO+](#), Energy UK supported the Government bringing forward a voluntary scheme that incorporated voluntary customer contributions, as this would allow suppliers to develop innovative and attractive customer offers.

It is important that customers start to become familiar with the concept of investing in the energy efficiency of their household, and this scheme could represent a first step on the pathway of building that familiarity. Though, as the evidence we detail above shows, the initial willingness to pay could be modest.

**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?**

Partially.

While we welcome the scope for customers to contribute financially towards their energy efficiency measures, as described in our response to question 46, we are concerned that these financial contributions will not be forthcoming.

Furthermore, including customer contributions into the target is not consistent with the modelling in the Impact Assessment, as we note that this modelling assumes a relatively low uptake of the more expensive measures, and a stronger focus on cavity wall and loft insulation.

If in the course of delivering the scheme it transpires that consumers are not in a position to contribute, or simply unwilling to do so, then suppliers will be exceeding the cost assumptions set out in the Impact Assessment. The nature of the obligation should be designed such that suppliers are able to deliver within the funding provided through the Energy Price Guarantee.

Consequently, while we welcome the scope for households to contribute, we feel that the level of spend increase should not be increased further than 10% for the reasons outlined in our response to this question, and to question 46.

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

Energy UK members will respond individually to this question.

**49. Are there any other heating control measures that should be included?**

Energy UK members will respond individually to this question.

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

Yes.

**51. Do you agree that delivery of ECO4 innovations should be capped at no more than 10% of a supplier's annual obligation?**

Partially.

This will effectively limit the amount of support that can be provided to social housing properties with EPC Band D to no more than 10% of the annual obligation. Energy UK supports flexibility throughout the scheme to ensure that there are as few barriers and constraints to delivery as possible so as to achieve the Government's target of delivering as many measures as possible and as quickly as possible.

**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?**

Energy UK members will respond individually to this 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+?**

Energy UK members will respond individually to this question.

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

Energy UK members will respond individually to this question.

Chapter 4: Scoring**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.

Energy UK supports consistency between the scoring in ECO4 and ECO+.

**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, the score deflator should be removed.

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

Partially.

Energy UK does not support the use of the EPCs as proposed in this scheme. Each house will be subject to a Retrofit Assessment before works are carried out, meaning this will duplicate any existing evidence provided by a prerequisite EPC. EPCs have been removed from other fuel poverty schemes given issues around their reliability and accuracy. This

creates the precedent that they should not be incorporated into the scheme design for ECO+. Energy UK instead supports consistency between fuel poverty schemes, and ultimately the use of an RdSAP assessment to evidence scores.

Energy UK supports the decision not to require an EPC assessment following the work undertaken.

In terms of the potential for the specified RdSAP to change during the scheme, Energy UK is concerned that changes during the scheme could lead to delays and uncertainty in delivery, as Parliamentary time will be needed to amend the regulations and an updated version of the Impact Assessment would also need to be published. This would also have an impact for suppliers' and Ofgem's processes, which would need to be updated.

Under ECO3, PAS 2035 was introduced part-way through the scheme and this caused significant uncertainty in the supply chain and a drastic decline in delivery as a result. To avoid a repeat of this process, it would be better to avoid altogether changing the methodology part-way through the scheme.

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

Energy UK would welcome clarity as soon as possible on how ECO+ will be funded post April 2024, and would welcome engagement between industry and Government on identifying the options and assessing them. If additional costs are added to the price cap, then sufficient time for Ofgem to consult will be necessary.

Some suppliers have provided feedback that it is hard to build momentum behind delivery if there is not absolute certainty in the pay structure.

Energy UK would welcome this opportunity to start a conversation with Government about how policy costs, ECO, Warm Homes Discount and other schemes can be funded in a more progressive way, such as through general taxation in the longer-term. Levies on energy bills mean that households living in the least efficient homes pay disproportionately more, and these typically tend to be lower-income or vulnerable households. Moving these costs into general taxation would not only be more progressive, but they would also support the Government's wider objectives such as facilitating the transition to low-carbon heating by bringing electricity bills in line with gas bills.

**59. Do you agree with our proposed notification processes for ECO+ measures?**

Yes.

Energy UK welcomes consistency between ECO+ and ECO4 processes.

It is important that Government provide Ofgem with sufficient resource to be able to set up the supporting IT and administrative systems in a timely manner to be able to administer ECO+, for example managing extension notifications. With Ofgem already administering ECO4 and Warm Homes Discount, there are capacity issues that have already led to delays in the necessary documents and information being brought forward for these schemes. Energy UK has significant concerns that lack of support for Ofgem will hamper delivery under the scheme, especially the prospects of early delivery.

Interventions that would greatly help include supporting Ofgem to make the Data Dictionary available to suppliers as soon as delivery commences. This is so that suppliers can ensure that the correct data is collected and returns to the property can be avoided. Similarly, it is also important that the TrustMark API is brought forward rapidly.

**60. Do you agree to our proposal for an extension to notification at the start of the ECO+ scheme?**

Yes.

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

Energy UK members will respond to this question individually.

**62. Do you agree with our proposal to allow trading of obligations within a six-month period at the start of each annual target period?**

No.

Energy UK supports the option for suppliers to be able to trade throughout the scheme.

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

Yes.

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

Yes.

**65. Do you agree that we should require measure lifetimes through the scheme to benchmark guarantee requirements and for scheme reporting purposes?**

Energy UK members will respond to this question individually.

**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.

While it is ultimately not for suppliers to determine appropriate competency levels within the supply chain, we do support the aims and objectives of the TrustMark Licence Plus model to reduce costs within ECO+. Energy UK supported the Each Home Counts Review, and to this end we would support TrustMark Licence Plus acting as a pathway for installers to go onto achieving the full PAS accreditation.

Energy UK supports the use of a Retrofit Assessment to determine the risk level of the property, and whether TrustMark Licence Plus-accredited installers are able to deliver the measure(s).

Energy UK supports the recommendation for TrustMark Licence Plus to incorporate normative requirements around competency, product standards and other key aspects. It is

essential that an independent surveillance process is incorporated, and that there will be technical monitoring and quality assessment of installers by TrustMark and accreditation bodies.

Finally, it is also important that TrustMark Licence Plus is finalised and ready in time for ECO+ to commence, as this will be a key tenet for the scheme that needs to be in place for suppliers to start delivery at scale.

**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?**

Energy UK supports the requirement for a Retrofit Assessment before building works are undertaken to determine whether a measure is low-risk or not.

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

Yes.

**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.

**70. What else can we do to ensure sufficient supply chain capacity in support of ECO+, other retrofit schemes that will be running at the same time (ECO4, the Homes Upgrade Grant (HUG) and the Social Housing Decarbonisation Fund (SHDF)) and, in the long-term, our net zero target? What can we do to reduce competition between these schemes for the supply chain?**

To effectively build sustainable capacity in the supply chain, the Government should provide long-term policy clarity about how emissions from buildings will be reduced by 15% by 2030. This should include regulations on properties, such as minimum energy efficiency standards, and fiscal incentives such as a variable Stamp Duty Land Tax, to build demand for energy efficiency measures across this decade.

Alongside this, the Government should continue to invest in support for skills and training in the construction industry, and seek to double the number of new starts on apprenticeships from 26,100 in Construction, Planning and the Built Environment in order to approach meeting CITB's estimation of the 350,000 new jobs that will be created by 2028 in order to decarbonise buildings. The Government should also consider how they can ensure that the number of PAS-accredited firms is increasing to ensure that capacity is available to deliver work within Government-funded schemes.

**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.

Energy UK welcomes incorporating advice on smart meters at all stages of the consumer journey.

While smart meters are not typically considered to be energy efficiency measures, in the context of the wider circumstances, providing consumers with more information about their energy usage, its cost and impact, will help empower customers to better manage their consumption this winter. Furthermore, in the context of new flexibility schemes such as the Demand Flexibility Service, smart meters do provide an option for customers to use their energy more efficiently, and their installation should be reflected as such in this consultation.

Some Energy UK members have differing views on this point, with some calling for stronger smart meter requirements than what is being proposed.

It is important that suppliers are able to rely on TrustMark registration as sufficient evidence that advice on smart meters is provided to the customer.

#### Chapter 7: Territorial Extent

**72. Do you have any views on the proposal for ECO+ to follow the approach of the existing ECO programme, in supporting consumers in all parts of Great Britain?**

Energy UK supports consistency across Great Britain, between the ECO+ and ECO4 schemes, and would support the Scottish Government taking a consistent approach to delivery and implementation within Scotland to ensure that the scheme remains simple and support can be delivered more readily to constituents across the country.

Where possible, there should be limited changes to the scope of ECO+ while the scheme is in place, as this creates confusion in the supply chain and complicates the compliance and auditing process.

**73. Do you have views on how the scheme can best support consumers in Scotland, for those aspects that were transferred to Scottish ministers by the Scotland Act 2016?**

No.

#### Chapter 8: ECO4 Amendments

**74. Do you agree with our proposal on amending the definition of renewable heating system.**

Yes.

Ofgem must define the acceptable evidence for a household meeting the off-gas hierarchy. This should consist of a Retrofit Coordinator reviewing the household, and completing the heating checklist. Suppliers should be able to provide this competent person's decision as sufficient evidence.

**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.

**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.

**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?**

No.

Energy UK does not support the principle that homes that are not currently connected to the gas grid should be connected as a solution under ECO4, as this does not support the Government's wider decarbonisation agenda and the Net Zero target.

We would only support connections to low carbon district heating networks.

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

No.

This will require updates to the scheme, including the ECO4 Impact Assessment, and integrations into suppliers' software, without bringing forward a significant impact on the scheme, as most projects will turn into Full Project Scores, and these will still be using SAP12.

Furthermore, as ECO+ is using SAP12 Partial Project Scores, this would create a divergence between the two schemes, and potentially confusion in the supply chain.

Energy UK does not believe that there is a material benefit to updating the PPS in the way proposed. This will ultimately create inconsistencies, and potentially create perverse outcomes such as cumulative additions of the PPS being higher than the Full Project Score.

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

Yes.

Energy UK would support the Impact Assessment being reviewed following this change in evidencing, as this may alter the mix of measures being delivered, and the assumptions surrounding achieving the minimum requirement in the scheme. Alongside this, Energy UK would support a review of the assumed rates of inflation within the ECO4 Impact Assessment. Since the Impact Assessment was undertaken, exceptional economic circumstances this year saw September 2022 CPI inflation rise by 10.1%. By contrast, annex 4 of Ofgem's Policy Cost Allowance Methodology has an assumed inflation rate of just 2.8% for Quarter 4 2022.

**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.

For more information, please contact [louise.shooter@energy-uk.org.uk](mailto:louise.shooter@energy-uk.org.uk).