



ECO Help to Heat

APSE Energy Manchester 2016

ECO - looking back



Launched in 2013, the Energy Company Obligations (ECO) programme is a Government backed scheme which requires major Energy Companies to fund domestic energy saving home improvements.

The programme originally consisted of three main funding streams:

HHCRO

Helping vulnerable residents reduce their fuel bills with heating and insulation improvements.

CERO

Designed to reduce maximum carbon emissions through insulation measures.

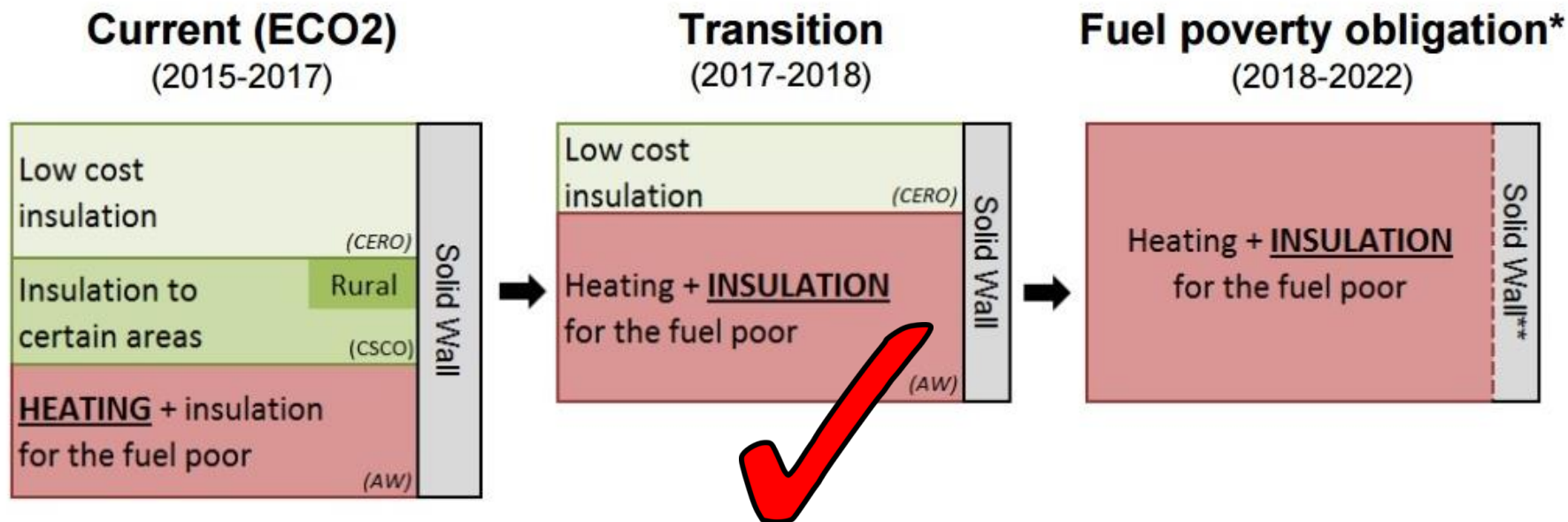
CSCO

Helping residents from the bottom 25% most deprived areas save energy and cut their carbon footprint.

The transitional scheme

A new transitional scheme will be introduced that will bridge the gap between the current ECO scheme and a four year fuel poverty initiative that is scheduled to launch sometime in 2018.

The transitional scheme will start in April 2017 and is likely to be called: **ECO Help to Heat**



A new proposal



ECO Help to Heat will:

- Focus more on helping those at risk of fuel poverty
- Reduce support for 'able to pay' householders
- Have a smaller overall budget of £640M
(down from £820M – a cut of over 20%)
- Help the industry gear up for the 2018 Fuel Poverty scheme

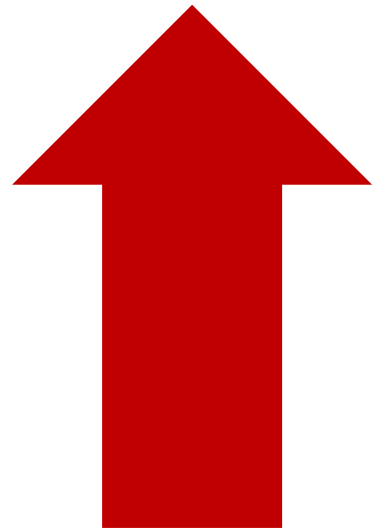
The Government released a consultation on **ECO Help to Heat** in June 2016 to gather feedback from the industry on their proposed changes. They are now analysing feedback before finalising the policy. Their response is likely to be published in December.



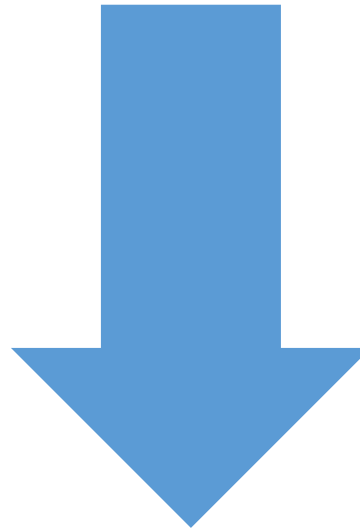
Changes to ECO funding streams



HHCRO, the ECO strand that supports vulnerable householders, will become the new scheme's primary funding stream and will take the lion's share of the budget (70%).



HHCRO prioritised



CERO cut back



CSCO scrapped

Changes to qualifying criteria



Qualifying benefits under HHCRO are likely to be updated:

- The income threshold associated with Child Tax Credit, Working Tax Credit and Universal Credit will change depending on how many occupants are in the property.
- Income Support, Income Based JSA and Income Related ESA will no longer require the associated qualifying components.
- Pension Credit will no longer be an eligible benefit on its own without residents claiming the Pension Guarantee Credit element.



Allocating HHCRO funding



HHCRO funding is measured in Life Time Savings (LTS).

Measures that make a bigger impact on a householder's fuel bills will get a larger LTS score.

How much LTS can you get?

Under the current ECO scheme, the LTS score assigned to a measure is bespoke to each property.

A detailed survey is carried out in the home which checks: the property's make up, heating system, resident energy bills and current heat demand.

An EPC is produced and a calculation is made which provides the LTS score.



Deemed score



Under **ECO Help to Heat**, a new scoring system is likely to be introduced which would eliminate the requirement of creating EPCs to calculate funding levels.

Property types would be categorised and measures would be given a deemed score based on their average LTS score (or Carbon Tonnes score for CERO work).

Property Type	Measure	LTS
3 bedroom semi detached house	Cavity wall insulation	6,710
2 bedroom terraced house	Cavity wall insulation	3,096
2 bedroom bungalow	Cavity wall insulation	2,641

**Example rates only*

Gas boiler cap

Previously, replacing broken down / inefficient gas boilers (classed as qualifying boilers) has been prioritised under HHCRO due to favourable LTS scores.

However, under **ECO Help to Heat**, there will be a cap on these measures at 25,000 units installed (*down from an average 120,000*).

Standard gas boiler replacements (non-qualifying boilers) will still be included, but the associated LTS scores are far lower making it a much tougher sell for installers.

Carry over

It is proposed that Energy Companies that over deliver on the current ECO scheme will only be able to carry over 23% of its LTS target from qualifying boilers.



Off gas opportunities



There will be greater focus on 'off gas' measures in accordance with the Government's drive to support vulnerable residents in rural areas or those using expensive non traditional heating systems.

The following measures will be prioritised:

- LPG Boilers
- Oil Boilers
- Electric storage heaters

However, there are barriers to uptake:

- Not as many installation opportunities compared to gas boilers
- Rural off gas areas don't tend to be hot spots for HHCRO eligible residents



Social Housing gets the green light



For the first time, residents in Social Housing will benefit from support through HHCRO.

This is limited to just insulation measures and first time central heating systems.

There are also opportunities for district heating and potential renewable energy powered heating systems.

Only properties with an EPC rating of E,F or G will be eligible.



Local Authority referrals



Great news!

Councils will soon be able to refer householders for support under HHCRO, regardless of their eligibility.

They will just need to make a declaration that residents are in fuel poverty or vulnerable to the effects of living in a cold home.

The Department for Business, Energy & Industrial Strategy (BEIS) will be issuing a guide on the rules of Local Authority declarations which should be available prior to the schemes launch.

Energy Companies could have the option to allocate 10% or 20% of their overall HHCRO budget to Local Authority referrals.



Solid wall insulation



A ring fenced solid wall insulation budget will be maintained.

This could support 17,000 homes throughout **ECO Help to Heat**.

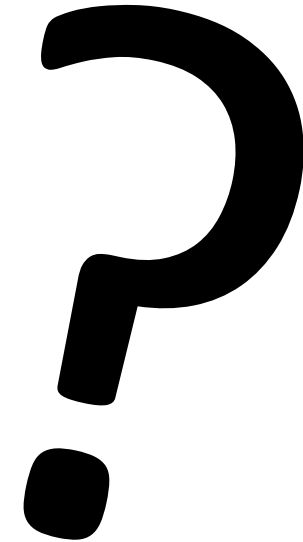
Again, this is a reduction from the current target of 25,000 homes in the current ECO scheme.



ECO changes - what this means for LAs



- Move focus away from gas boiler replacements
- Continue to prioritise low cost insulation measures (cavity wall and loft insulation)
- Explore 'off gas' opportunities (but be aware of the barriers to uptake)
- More power to LAs - great opportunities for Council backed projects which removes the need for HHCRO eligibility
- Include Social Housing in the mix
- Deemed scores could make targeting areas easier when designing schemes (e.g. funding rates can be predetermined)
- Greater flexibility when implementing targeted projects



ECO – not the only funding



Ever considered blending funding?

Combining different funding sources can give a project a wider reach and a greater impact.

- More options for different customer segments
- Supports ECO funding shortfall
- Less restrictive due to multiple criteria
- Focus on those in need, rather than those that fit a profile
- More residents will benefit



Think creatively...



Boilers on Prescription (BoP)

BoP is a new funding stream which is being tested in a number of Local Authority areas. The fund is managed through NHS Clinical Commissioning Groups (CCGs).

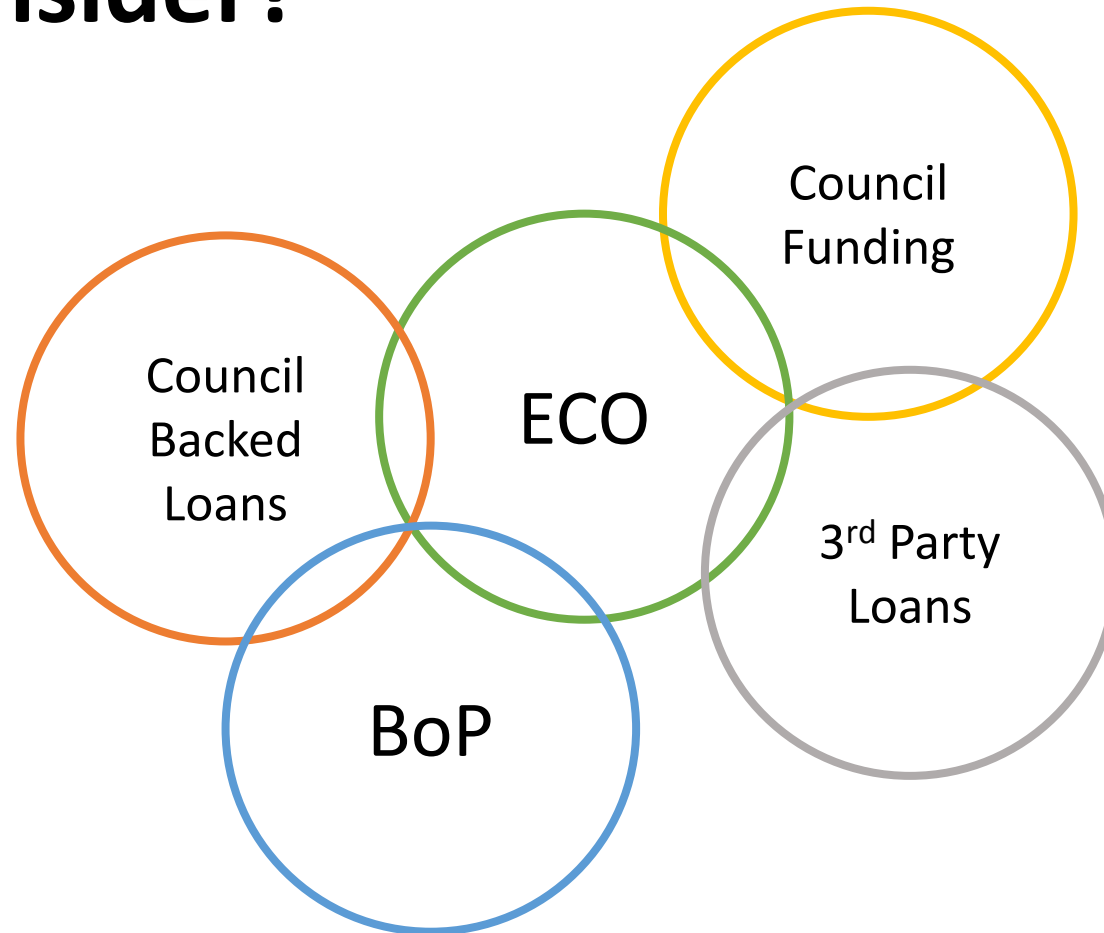
Householders at risk of cold related illnesses are referred for heating upgrades via health professionals.

One of the main ideas behind BoP is to reduce a resident's need for NHS interventions by improving their thermal comfort at home.

A warmer, healthier home could reduce the number of doctors appointments or emergency admissions required.



What blended approach could you consider?



Say yes to 'YES'



YES Energy Solutions can help Local Authorities implement and develop effective energy saving schemes using the latest funding opportunities.

Adding Value

- Community interest company
- Experienced project managers
- ECO funding in place until Oct 2018
- Dedicated funding team
- National network of SME installers
- Strong links with Energy Companies, Government Departments, Manufacturers and Community Organisations



Working with Local Authorities



Our public sector roots have led to a rich history of Local Authority collaborations. We continue to support and advise these key partners to exceed their environmental targets and social obligations.



Award Winning Partnerships



Our proactive collaborations have been applauded by the wider industry.



**Worcester E2020 Awards -
*Collaboration of the Year***



**National Energy Efficiency &
Retrofit Awards - *Fuel Poverty
Campaigner of the Year***



**NEA Heat Hero Awards -
*Commitment to reducing fuel
poverty in the community***

Thank You

Any questions?

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