

# ECO Funding

It's easier when you know how...

March 2018



# Who are YES?

- We are a growing CIC business
- Our values are: Green, Great and Gracious
- Our mission is simple: sustainably reduce FP across the UK and reduce the impacts of climate change
- As a CIC we have no shareholders to pay dividends to. We reinvest any surplus in doing more great 'stuff' in the communities where we work across GB.
- We are growing – able to help more people who find themselves in the dilemma of 'heat or eat'.



# Contents

1. What is ECO?
2. How is ECO funding distributed?
3. How much funding do you get?
4. Typical funding allocations
5. The next phase of ECO



# What is ECO?

The Energy Company Obligation (ECO) programme is a Government initiative which requires major Energy Companies to fund energy saving home improvements.

The funding comes from customers energy bills

The main aim is to cut CO<sub>2</sub> and reduce fuel poverty.

The word "ECO" is written in a large, hand-drawn, green font with a slightly textured appearance.

# Funding Streams

ECO is split into two funding streams - HHCRO and CERO.

| ECO Stream  | Saving Measurement      | Improvement Type  | Eligibility Criteria   |
|---|-------------------------|---|--|
| <b>HHCRO</b><br><i>(Home Heating Cost Reduction Obligation)</i> | Life Time Savings (LTS) | <ul style="list-style-type: none"> <li>- Heating</li> <li>- Insulation</li> </ul> | Available to vulnerable residents claiming certain state benefits, or those that meet a Council’s Flexible Eligibility criteria. |
| <b>CERO</b><br><i>(Carbon Emissions Reduction Obligation)</i>   | Carbon Tonnes           | - Insulation  | Available to anyone that needs an insulation improvement.  |

# HHCRO Eligibility Criteria

## Benefit eligibility:

- Pension Guarantee Credit
- Income Based Job Seekers Allowance
- Income Support
- Income Related Employment & Support Allowance
- Working Tax Credit or Child Tax Credit\*
- Universal Credit\*

*\*Income thresholds apply depending on how many children are in the property*

# HHCRO Eligibility Criteria

## Flexible eligibility:

Living in fuel poverty or has a low income and is vulnerable to the effects of living in a cold home.

The criteria is defined by the Local Authority via a Statement of Intent (Sol).



# Creating a Statement of Intent

- The Government have provided guidance on how to write a Statement of Intent on [www.gov.uk](http://www.gov.uk)
- The website has a list of all the Local Authorities who are taking part
- Many Local Authorities are using the NICE guidance to help determine their Flexible Eligibility criteria

**Please note** - Flexible Eligibility is just another way to help vulnerable people access HHCRO funding. **It is not new funding.**

Keep your Statement of Intent clear and simple.



# How is ECO funding distributed?



- Retail energy companies are set legally binding HHCRO and CERO targets.
- To achieve their targets they work with partners to allocate ECO funding directly or through Managing Agents (such as YES Energy Solutions).
- The Managing Agent funds installations and documents the before and after, providing evidence of the resultant savings (LTS or CO<sub>2</sub>) back to the energy companies.



# How much funding do you get?

## Funding rate

When a Managing Agent receives an ECO funding delivery contract, they will be assigned a funding rate.

They can then multiply this funding rate by the Deemed Score of the property to work out what funding allocation is available for work on the property.



# How much funding do you get?



## Deemed scores

Every property is assigned a deemed score by Ofgem based on the following:

- Property type
- Wall type
- Number of bedrooms
- Current heating system
- Measure being installed



[See all Deemed Scores from Ofgem's website](#)

# Calculating Funding

**Funding rate x Deemed score = Total funding available**

If the cost of fitting the measure is more than the funding allocation, a customer contribution will be required

In some cases the customer may get a contribution from another scheme or grant.



# Typical funding allocations

## HHCRO

### Gas Central Heating – From Electric Storage Heaters

| Property Type                                  | Deemed Score | Funding Rate | Funding Allocation | Typical Install Cost | Customer Contribution |
|--|--------------|--------------|--------------------|----------------------|-----------------------|
| 3 bed semi with cavity walls & existing ESH    | 6,283        | £0.14        | £879.62            | £5,000               | £4,120.38             |
| 3 bed semi with solid walls & existing ESH     | 10,895       | £0.14        | £1,525.30          | £5,000               | £3,474.70             |
| 2 bed terrace with cavity walls & existing ESH | 4,001        | £0.14        | £560.14            | £4,500               | £3,939.86             |
| 2 bed terrace with cavity walls & existing ESH | 6,094        | £0.14        | £853.16            | £4,500               | £3,646.84             |

# Typical funding allocations

## HHCRO

LPG Boiler Upgrade in a Park Home (with pre existing heating controls)

| Property Type                             | Deemed Score* | Funding Rate | Funding Allocation | Typical Install Cost | Customer Contribution |
|---|---------------|--------------|--------------------|----------------------|-----------------------|
| 2 bed detached Park Home with solid walls | 14,062        | £0.14        | £1,968.68          | £2,000               | £31.32                |
| 3 bed detached Park Home with solid walls | 18,607        | £0.14        | £2,604.98          | £2,000               | £0                    |

*\*The deemed scores for a boiler replacement and new heating controls have been added together.*

# Typical funding allocations

## CERO

Cavity Wall Insulation (mineral wool – thermal conductivity 0.04)

| Property Type                              | Deemed Score | Funding Rate | Funding Allocation | Typical Install Cost | Customer Contribution |
|--|--------------|--------------|--------------------|----------------------|-----------------------|
| 3 bed semi with gas central heating        | 24.392       | £20          | £487.84            | £720                 | £232.16               |
| 2 bed mid terrace with gas central heating | 11.293       | £20          | £225.86            | £600                 | £374.14               |
| 3 bed semi with ESH                        | 60.831       | £20          | £1,216.62          | £720                 | £0                    |
| 2 bed mid terrace with ESH                 | 27.806       | £20          | £556.12            | £600                 | £43.88                |

# Why do some properties get more funding than others?

ECO funding is designed to support the most inefficient homes.

So Deemed Scores are higher for properties that are likely to have a large carbon footprint.

However, the methodology isn't perfect, especially when supporting people in fuel poverty.





# Why do some properties get more funding than others?

## Example:

Electric storage heaters to gas central heating

5 bedroom detached house with solid walls:

**Deemed Score – 27,751**

**Allocated Funding (based on £0.14p) – £3,885.14**

3 bedroom mid terrace with cavity walls:

**Deemed Score – 4,987**

**Allocated Funding (based on £0.14p) – £698.18**

# Match Funding

In many cases ECO will not cover the full cost of installing an energy saving measure. To truly help people in Fuel Poverty, match funding is required:

- Council capital funds
- External funding (Warm Homes Fund / NEA Funding...etc)
- Credit union loans
- GNO Funds



# The Next Phase of ECO

The current phase of ECO (titled ECO2T) ends in September 2018.

It will be replaced with a new ECO phase which has yet to be determined

There will be new targets and new criteria for the industry to follow.

ECO3 will be preceded by a consultation (expected from Government any time now!).

The final programme will take the responses of the consultation into consideration – make your views heard.



# Thank You

Any questions?

**YES Energy Solutions**

T: 01422 880100

W: [www.yesenergysolutions.co.uk](http://www.yesenergysolutions.co.uk)

