

ECO Funding

It's easier when you know how...

17 May 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'.



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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 CO₂ and reduce fuel poverty.

Announced in CGS extended to 2028

The letters "ECO" are written in a thick, hand-drawn green font, positioned to the right of the text blocks.

Funding Streams

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

ECO Stream	Saving measurement	Improvement type	Eligibility criteria
HHCRO <i>(Home Heating Cost Reduction Obligation)</i>	Life Time Savings (LTS)	<ul style="list-style-type: none"> - Heating - Insulation 	Available to vulnerable residents claiming certain state benefits, or those that meet a Council’s Flexible Eligibility criteria.
CERO <i>(Carbon Emissions Reduction Obligation)</i>	Carbon Tonnes (CO ₂ te)	- 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 (Sol)

- Government guidance on writing a Sol <https://bit.ly/2Hb0G3l>
- The website has a list of all the Local Authorities who are taking part (Excel spreadsheet available)
- Many Local Authorities are using the NICE guidance to help determine their Flexible Eligibility criteria
- Boiler Plus – 6 April - <https://bit.ly/2GQNddj>

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 CO₂) 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 / FPNES... etc.)
- Credit union loans
- GNO Funds



The Next Phase of ECO

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

Its replacement may not start in October 2018

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

ECO3 consultation closed – awaiting BEIS response

Consultation suggests innovation will be a key element - £128m potential funding. Do you have a novel idea?



Thank You

Any questions?

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