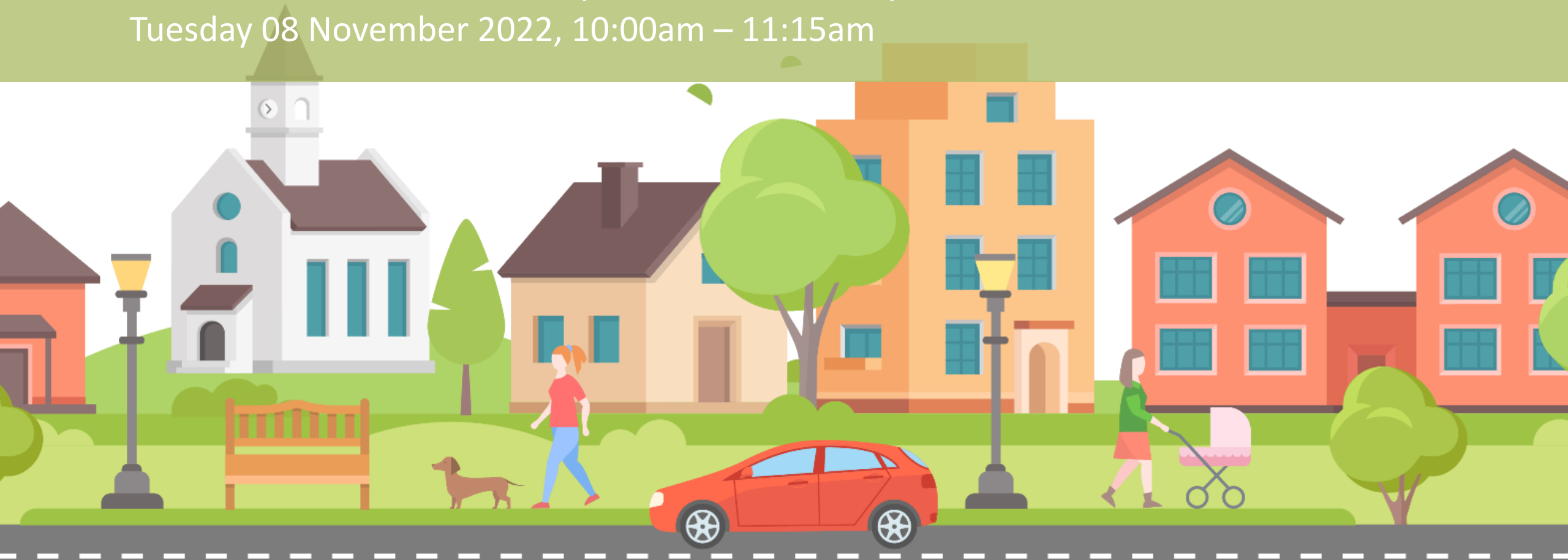




APSE Energy Online Event

Latest news on ECO4 delivery and local authority case studies

Tuesday 08 November 2022, 10:00am – 11:15am



Charlotte Banks, APSE Energy

Welcome and Introductions

Krzesinski, Business Development Manager at YES Energy Solutions

An overview of the latest ECO4 delivery and funding arrangements and the key considerations for local authorities

Q+A



ECO4 – a new challenge



Agenda

ECO Overview

- ECO4 Vs ECO3

Eligibility

- ECO Flex
- Statement of Intent

Calculating ECO Funding

Measures

YES Energy Solutions

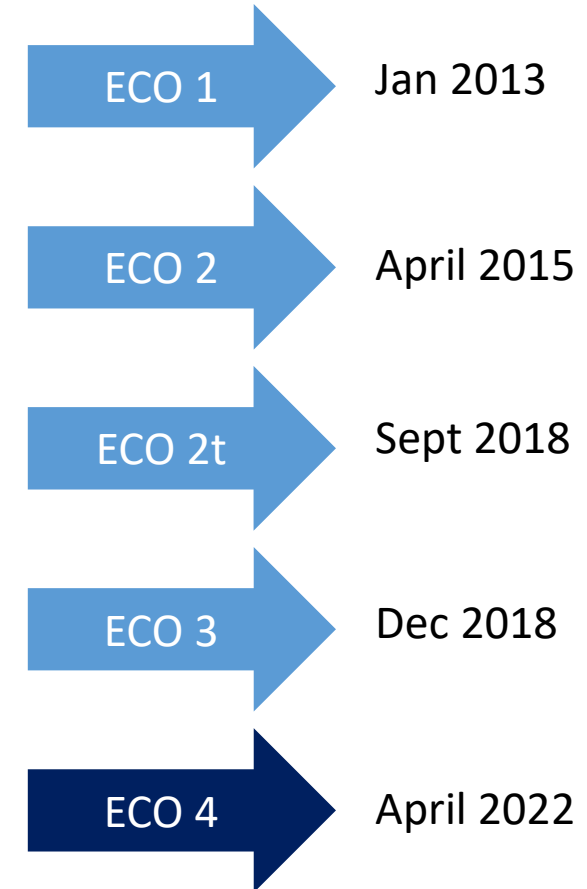


ECO Overview



What is ECO?

- Funding for domestic energy efficiency measures in fuel poor households
- GB wide
- Designed to reduce CO2 and alleviate fuel poverty
- Energy companies (150,000+ customer accounts) are obligated to provide funding
- ECO1 started in Jan 2013
- ECO4 (current phase) runs until 31st March 2026



ECO4



- 4 year scheme (...more like 3.5 years)
- Worth £4 billion
- Delayed! – launched in April but has only just gained parliament approval
- Energy Companies have waited for the Ofgem guidance before offering out funding
- Ofgem guidance only came out in late September
- Installers have already noticed errors in the guidance



ECO4 Vs ECO3

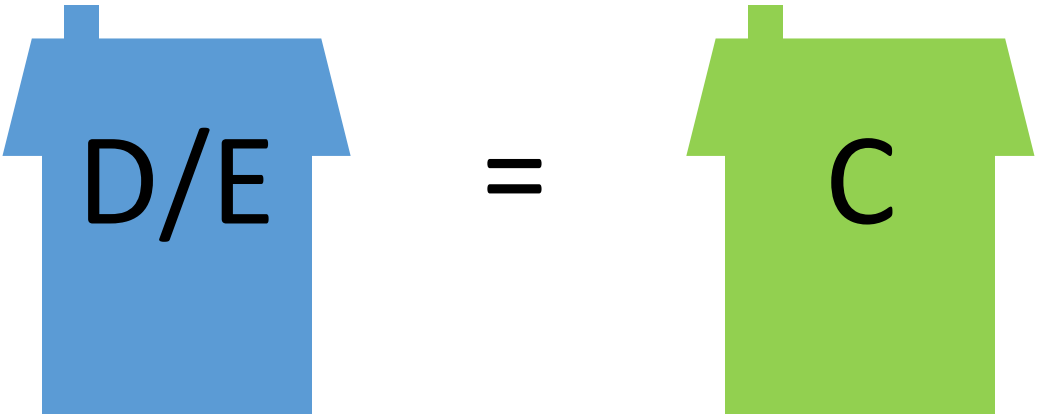
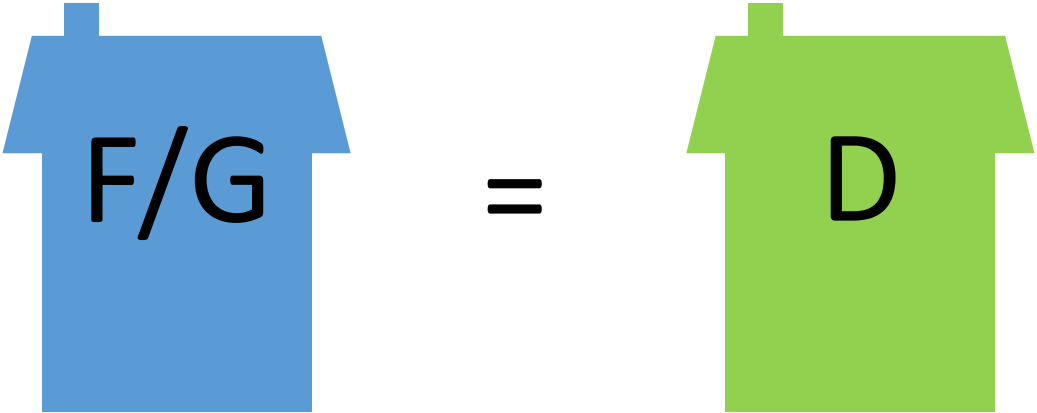


ECO4	ECO3
Mandatory 'whole house' approach	Funding for individual measures
Eligibility connected to EPC rating	Limited EPC requirements
Mandatory EPC improvements	EPC improvements not monitored
Funding values determined by 'Annual Bill Savings'	Funding values determined by 'Lifetime Bill Savings'
Only means tested benefits qualify via the benefit eligibility route	Wider list of benefits (including Disability Benefits) qualified via the benefit eligibility route
50% LA Flex	25% LA Flex
Tight LA Flex criteria	Loose LA Flex criteria

PAS2035



Minimum Requirements



Minimum requirements

=

multi measure approach

Fabric first

- Measures must follow the order advised in a Medium Term Plan
- Insulation measures are prioritised
- Heating measures can only be funded once homes are appropriately insulated (in most cases)
- Moving away from fossil fuel heating systems



Eligibility



Who can get ECO4?



Homeowners

Those receiving certain benefits or deemed eligible by a Local Authority

Private Renters

Those receiving certain benefits or deemed eligible by a Local Authority (*measure restrictions apply*)

Social Housing

Property in EPC band E, F or G (*measure restrictions apply*)

EPC Bands

To qualify for ECO4, each household must be in a certain EPC band depending on tenure:

Owner Occupier	Private Renter	Social Housing
D, E, F, G	E, F, G	E, F, G
All measures*	Measure restrictions in place	Measure restrictions in place



**some measure types are prioritised over others (i.e. Heat Pumps must be considered before electric storage heaters).*



Qualifying Criteria

There are four eligibility routes for ECO4:

Route	Tenure	Criteria
1. Help to Heat Group	Owner Occupiers / Private Renters	A member of the household claims certain benefits.
2. ECO Flex	Owner Occupiers / Private Renters	The household meets the criteria set out in their local Council's published Statement of Intent.
3. Social Housing E, F, G	Social Housing	The property is owned by a Social Landlord, is let below the market rate, and has an EPC rating of E, F or G.
4. In-fill	All tenure	On the same street as an eligible household and get the same measures. 3/1 houses, 50% flats.

Help to Heat Group - Benefits



Private householders receiving one or more of the following benefits will qualify for ECO4:

- 1) Income based Jobseekers Allowance (JSA)
- 2) Income related Employment and Support Allowance (ESA)
- 3) Income Support (IS)
- 4) Pension Credit Guarantee Credit (PCGC)
- 5) Working Tax Credit (WTC)
- 6) Child Tax Credit (CTC)
- 7) Universal Credit (UC)
- 8) Housing Benefit
- 9) Pension Credit Savings Credit (PCSC)
- 10) Child Benefit (*certain income thresholds apply*)

10) Child Benefit (*certain income thresholds apply*)

Type of claimant	Number of children or qualifying young persons			
	1	2	3	4 +
Single claimant	£19,900	£24,800	£29,600	£34,500
Member of a couple	£27,500	£32,300	£37,200	£42,000

ECO Flex

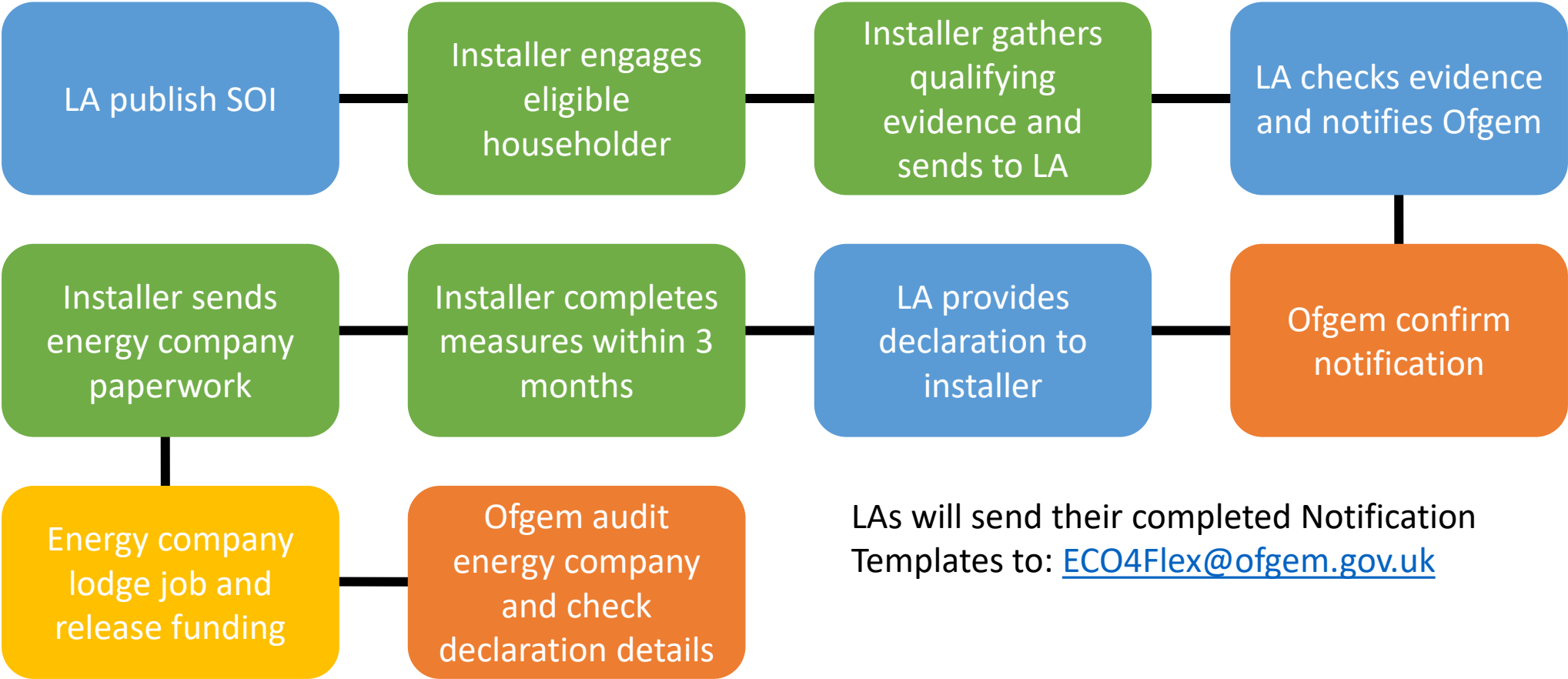
Private householders that meet the criteria published in a Council's Statement of Intent (SOI) will qualify for ECO4.

The criteria enables vulnerable and low income householders that are not members of the Help to Heat Group to gain support.



ECO Flex Process

Energy companies can deliver 50% of their obligation via ECO Flex.



LAs will send their completed Notification Templates to: ECO4Flex@ofgem.gov.uk

Statement of Intent (SOI)

ECO Flex – not very flexible!

All ECO4 SOIs will now follow the same criteria.

Householders can qualify via four different channels:

1	2	3	4
Low Income Household income £31K or less <u>or</u>	Proxies Household in EPC band E, F or G that meets a combination of two or more proxies for vulnerability	NHS Referrals Health professional referrals for households that are low income and vulnerable to the cold	Bespoke Targeting LA provides a proposal to BEIS on an alternative criteria that still meets certain conditions.

LA guide to ECO Flex: <https://www.ofgem.gov.uk/publications/final-eco4-guidance-local-authority-administration>
 This is also the link to the Ofgem Notification Template.

Route 1: Low Income



Householders must have a gross combined household income of £31K a year or less.



Route 2: Proxies

Proxy 1

Homes in England in Lower Super Output Area (LSOA) 1-3, or homes in Wales in LSOA 1-3, or homes in Scotland that are in a vulnerable data zone (1-3) as referenced in the Scottish Index of Multiple Deprivation 2020. *(Cannot be combined with proxy 3)*

Proxy 2

Householders receiving a Council Tax rebate (rebates based on low income only, excludes single person rebates).

Proxy 3

Householders vulnerable to living in a cold home as identified in the National Institute for Health and Care Excellence (NICE)

Proxy 1 Tools

England

<https://imd-by-geo.opendatacommunities.org/imd/2019/area>

Wales

<https://gov.wales/welsh-index-multiple-deprivation-2019-analysis-relating-areas-deep-rooted-deprivation>

Scotland

<https://www.gov.scot/collections/scottish-index-of-multiple-deprivation-2020/>

Proxy 4

A householder receiving free school meals for low income.

Proxy 5

A householder supported by a local authority run scheme.
This must be named by the local authority in their Statement of Intent and described as supporting low income and vulnerable households for the purposes of NICE guidelines.

Proxy 6

A household referred to the LA for support by their energy supplier, or Citizens Advice and Citizens Advice Scotland because they have been identified as struggling to pay their gas and electricity bills.





Proxy 7

Households identified through supplier debt data.

This route enables obligated energy companies to use their own debt data to identify either non pre-payment meter households (non-PPM), or pre-payment meter households (PPM).

Route 3: NHS Referrals

An occupant of the household has a health condition that may be impacted further by living in a cold home:

- Cardiovascular condition
- Respiratory disease
- Limited mobility
- Immunosuppression

Can only be referred by:

NHS Foundation Trust	NHS Trust	Health Board	Local Health Board	General medical practitioner provider
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Route 4: Bespoke Targeting

LAs can submit a proposal to BEIS for an alternative route.

The proposal must:

- Identify low-income households where more than 50% are not in the Help to Heat Group (i.e. claim benefits)

and

- At least 75% of the households that meet the criteria are in owner-occupied premises (or 90% are private rented) and contain at least one person living in fuel poverty



Social Housing



Social Housing in EPC band E, F or G can access funding.

- The property must be owned by a Social Landlord
- Must be let below the market rate
- Insulation measures, first time central heating, renewable heating or district heating connection only

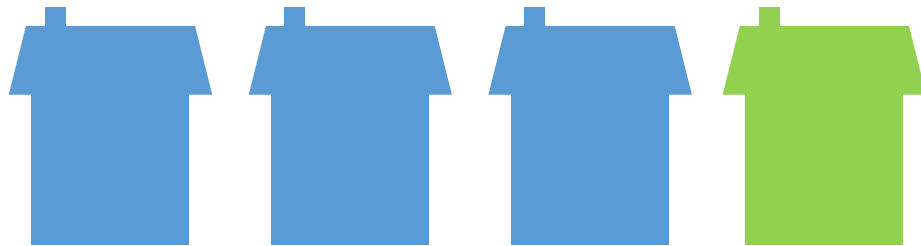


In-fill

Some non fuel poor households can get funded measures through the in-fill qualification route. They must be on the same street and get the same measures as their eligible neighbours.

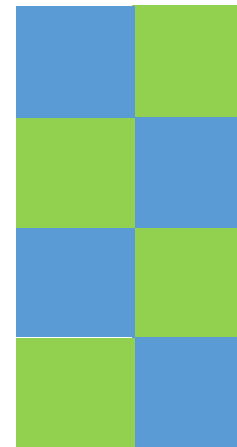
Houses

1/3 ratio



Flats

50% ratio



- In-fill homes don't need to meet minimum requirements (i.e. EPC upgrades)
- Can only get certain measures: EWI, District Heating, CWI*

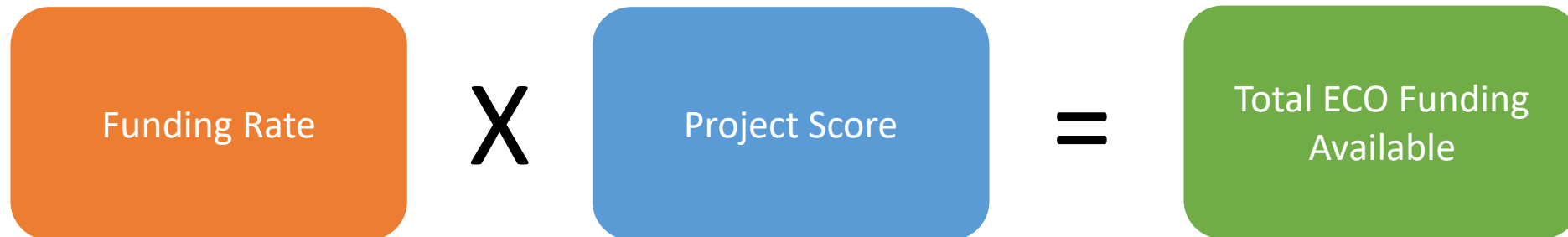
**Flats only*

Calculating ECO Funding



Project Scores

- Every property is referred to as a 'Project' and given a 'Project Score'
- Project Scores are determined by the EPC band and the floor area of the property
- Scores are no longer measure specific as they were in ECO3
- The amount of ECO funding available for the property is determined by the 'Project Score' and the 'Funding Rate' provided by the obligated Energy Company



Funding Rates

Energy Companies offer different rates for different scenarios:

D	E,F,G	Solid Wall E,F,G	Solid Wall low score
Low Rate	Standard Rate	High Rate	Premium Rate

An orange callout bubble with a white arrow pointing towards the 'Solid Wall low score' column of the table above.

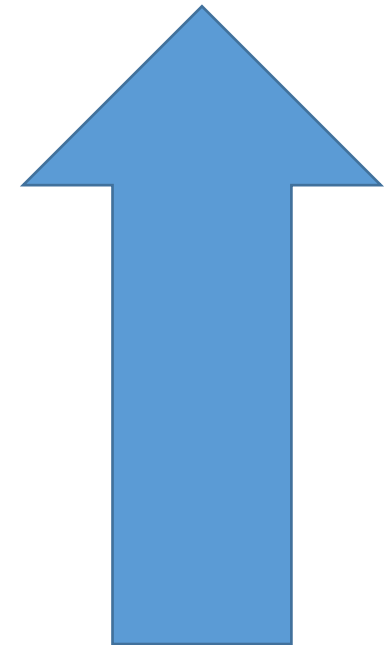
Incentive to prevent installers only focussing on large properties with big Project Scores

Uplifts



Some properties will get higher Project Scores if certain criteria is met:

- Scotland-Wales Rural / Off Gas – 35% uplift
- Flex route 4 – 10% uplift
- Building fabric repairs – cost of rectifying issues added to the score (owner occupiers only)
- Heating system repair / replacement - £140 uplift (owner occupiers only)
- Innovation measures – 25% / 45% uplift



Funding Allocations

- Funding may or may not cover the full cost of the measures
- Installers will decide how much of the funding they allocate
- If the Minimum Requirements are not met, a deflated Project Score is given

Funding shortfall

- Challenge when working with fuel poor households
- ECO can not be blended with LAD/HUG/SHDF
- Who will fill the funding gap? Local Authorities?



Timescales and Conditions



- Three month window to install all recommended measures
- PAS2035 must be followed
- All measures lodged on Trustmark
- All paperwork must be compliant for funding to be released
- Trustmark may audit a proportion of works once completed



Measures



Measure Conditions

- Energy companies must fund a proportion of Solid Wall Insulation as part of their obligation
- Gas boiler funding is capped, can only be used to fund non-condensing boiler upgrades, and is only available to homeowners
- First time gas central heating – homes must already have a gas connection which was installed before April 2022
- Electric storage heaters – can only be installed if a renewable heating system is not viable



Who can get what



Measure	Homeowner (D,E,F,G)	Private Renter (E,F,G)	Social Housing (E,F,G)
Loft insulation	YES	YES – but must be coupled with SWI, FTCH, Renewable Heating or DHC	YES
Cavity wall insulation (CWI)	YES	YES – but must be coupled with SWI, FTCH, Renewable Heating or DHC	YES
Solid wall insulation (SWI)	YES	YES	YES
Gas boiler replacement	YES – cavity walls and loft must be insulated	NO	NO



Measure	Homeowner (D,E,F,G)	Private Renter (E,F,G)	Social Housing (E,F,G)
Broken oil/LPG boiler replacement	Only if renewable heating is not viable	No	No
First time central heating	YES – gas connection must have been present as of 1 st April 22, cavity walls and loft must be insulated	YES – gas connection must have been present as of 1 st April 22, cavity walls and loft must be insulated	YES – gas connection must have been present as of 1 st April 22, cavity walls and loft must be insulated
Heat Pump	YES - cavity walls and loft must be insulated	YES - cavity walls and loft must be insulated	YES - cavity walls and loft must be insulated
Solar PV	YES – must be a electrically heated property, cavity walls and loft must be insulated	YES - must be a electrically heated property, cavity walls and loft must be insulated, must be coupled with SWI, FTCH, Renewable Heating or DHC	YES - must be a electrically heated property, cavity walls and loft must be insulated

Exceptions

There may be situations where a household can not meet the pre installation criteria.

Installers are able to apply for an exception in certain circumstances.

- Protected animals living in a loft space
- No access
- Install could cause structural damage to property

Innovation Measures



Innovation measures are new products that have been approved by BEIS that are new to market.

25% uplift – the measure is a reasonable improvement on any commonly available counterparts.

45% uplift – substantial improvement across a range of criteria (including projected bills savings, supplier savings, environmental impact, etc)



Summary

- Whole house approach through PAS2035
- Minimum Requirements must be met (EPC improvements)
- No longer focussed on individual measures
- More prescriptive eligibility criteria
- 50% available for ECO Flex
- Uplifts for homes with poor scores
- Predominately aimed at owner occupiers, with restricted support for private renters and social housing



YES Energy Solutions



Say 'yes' to YES

- YES is a Community Interest Company
- ECO funding provider and project management company
- ECO4 delivery contracts with obligated energy companies
- We fund Local Authority schemes and a network of SME installers



Multi award winners



Our proactive collaborations have been applauded by the wider industry.



National Energy Efficiency Awards 2022
Project Management Company of the Year



Sustainability Leaders Awards 2022
North Yorkshire Warm Homes Fund

Thank you

Any questions?



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