



# ECO3 – *what's it all about?*

*Say YES to lower energy bills*

# What is ECO?

The Energy Company Obligation (ECO) launched in 2013.

The largest Government backed domestic energy efficiency programme in GB.

Major energy companies are obligated to fund energy efficiency measures to reduce CO<sub>2</sub> and alleviate fuel poverty.



# Obligated utilities

Each energy company is set an ECO delivery target. The more customers – the larger the target.

They must achieve a set amount of **Life Time Savings (LTS)** through the measures they fund.



# How targets are achieved

Each obligated energy company either:

- Funds their own internal installer divisions
- Funds installers directly
- Sells off their obligations to other obligated energy companies
- **Funds managing agents that work with multiple installers**



# How ECO funding is calculated

Every measure is assigned a Deemed Score (LTS).

The score is determined by:

- Measure
- Property type
- Wall construction
- Number of bedrooms
- Existing heating system

Energy companies assign a Funding Rate (£ per LTS):

$$\text{Funding Rate} \times \text{Deemed Score} = \text{Available Funding}$$

# Funding example

New boiler replacement in a 3 bedroom semi-detached house with cavity walls and an old broken down gas boiler:

Deemed Score = 12,319

Funding Rate = £0.08

Funding Allocation = £985.52

Typical install cost = £1,600

Customer contribution = £614.48





# ECO3

ECO3 is the next phase of the programme:  
**Oct 2018 – March 2022.**

Previous phases:

ECO1: April 2013 – March 2015

ECO2: April 2015 – March 2017

ECO2t (transition phase): April 2017 – Sept 2018

ECO3 – signed off by Government on 4<sup>th</sup> Dec 2018



# So what's new?

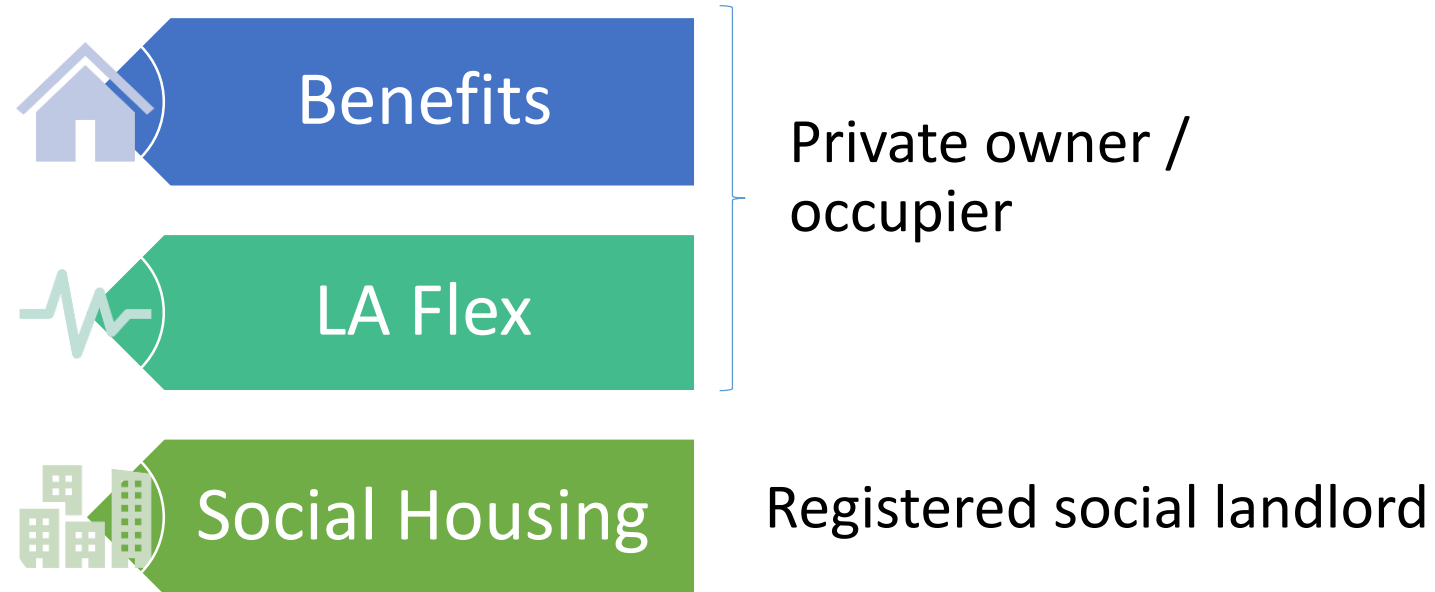
- More Energy Companies obligated
- 100% HHCRO (CERO is axed)
- HHCRO benefit criteria broadened
- Social Housing – more opportunities
- Restrictions on Private Sector Landlords
- Changes to boiler funding
- 15% rural sub-obligation
- Solid Wall Minimum – at least 17,000 properties
- New Deemed Scores (with uplifts for certain situations)
- No ECO with RHI – apart from Ground Source Heat Pumps
- New innovation funding strand





# 100% HHCRO

Focus on vulnerable people in or at risk of fuel poverty.



# HHCRO Benefits



## Existing benefits

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

*\*Income thresholds now removed*

## New benefits

Disability Living Allowance  
Personal Independence Payment  
Attendance Allowance  
Carer's Allowance  
Severe Disablement Allowance  
Industrial Injuries Disablement Benefit  
War Pensions Mobility Supplement  
Constant Attendance Allowance  
Armed Forces Independence Payment  
Child Benefit (income thresholds apply)

# HHCRO LA Flex

25% of ECO targets can be delivered through LA Flex.

Councils set their own criteria around:

- Residents at risk of fuel poverty
- Residents with health conditions made worse by living in cold homes

Councils must publish a **Statement of Intent (Sol)** defining their criteria.

Many have followed the NICE guidance.



# Private landlord restriction

Landlords can't use ECO to meet MEES (Minimum Energy Efficiency Standards) requirements.

**Only households in EPC band E or above can receive ECO funding.**

*Or band F or above for Solid Wall Insulation.*



# HHCRO Social Housing

Properties in EPC band E, F or G can qualify for support.

- No personal qualification required
- Measures restricted to insulation and first time central heating (FTCH)
- Electric storage heater restriction removed for FTCH





# Funding for boilers

## Broken heating system cap

Funding to upgrade broken boilers / heating systems

– capped at 35,000 installs per year.

This is only available to homeowners.

## Heating system upgrades

Inefficient boilers and heating systems can also receive funding but at a lower rate. Each install must be coupled with a primary insulation measure (excluding loft insulation).



# First time central heating

Properties with no form of central heating qualify (e.g. no radiators).

Any existing electric storage heaters must be broken or deemed inefficient (*responsive rating of 0.2 or less*)

Gas, LPG and renewable heat technologies can be used. Oil is excluded.



# Rural

Rural sub-obligation introduced.

Obligated energy companies must meet 15% of their ECO target in rural communities.

Uplifts provided on insulation measures.



# Solid Wall Insulation Minimum

Collectively, obligated energy companies must fund 17,000 solid wall insulation installs per year.

More flexibility to meet obligation (*using other insulation measures*).

In-fill mechanism introduced to support EWI schemes.





# Innovation

Innovation – a measure or technique that is new to the market that has not had wide-scale roll out.

Energy companies can fund up to 10% of their ECO targets through the innovation stand.

Social Housing in EPC Band D can be included.

Slow roll out for innovation expected.



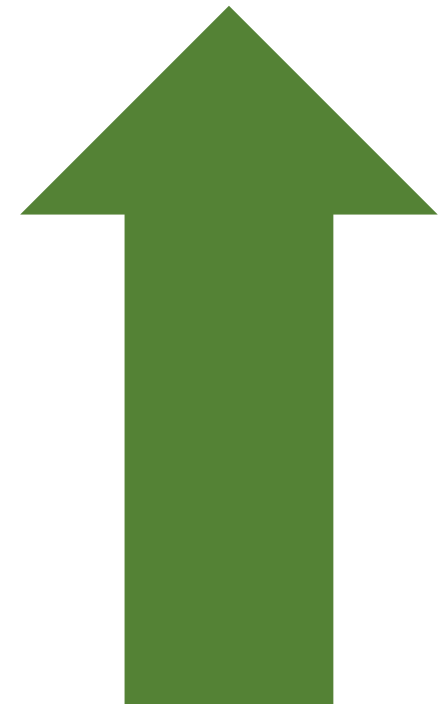


# Uplifts

Certain measures will receive uplifts in their deemed scores in certain circumstances:

- Insulation measures in rural areas get an uplift
- Measures funded through LA Flex installed in properties in EPC Band F or G receive an uplift
- All 'innovation' measures will receive an uplift

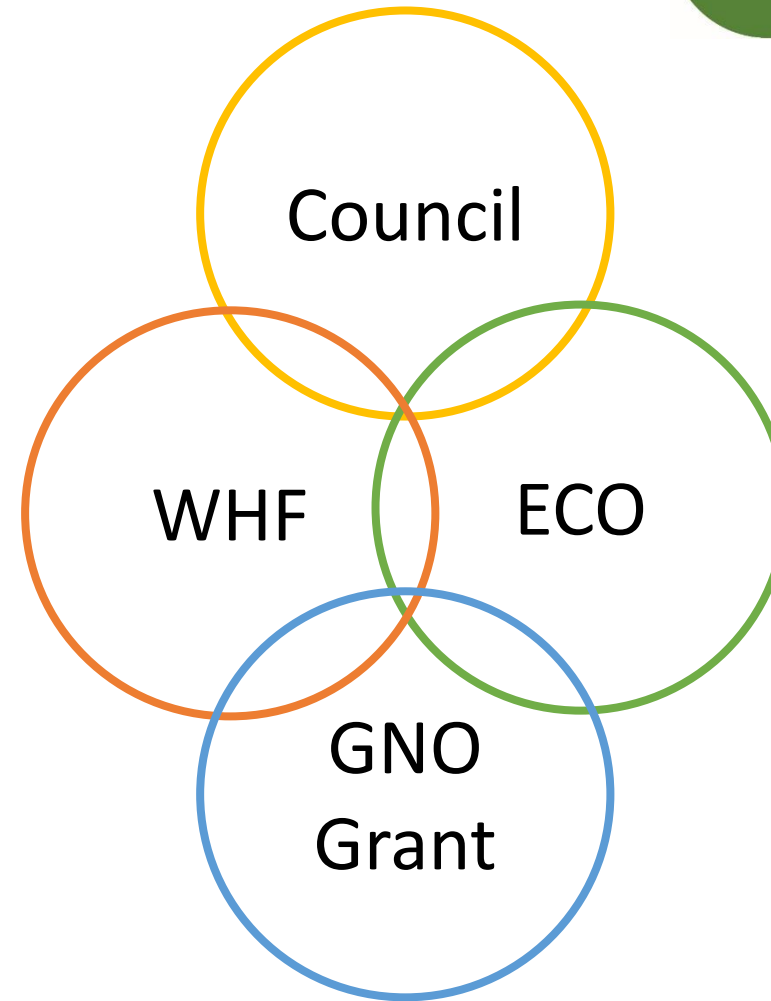
*Better funding  
allocation*



# Blending funding

In many cases ECO won't fully cover install costs.

Local Authorities need to start thinking creatively about how they implement energy efficiency schemes through a blended funding approach.



# Say 'YES'

YES Energy Solutions can help Local Authorities develop effective energy saving schemes using ECO and other funding channels.

- Experienced project managers
- ECO3 funding in place
- Dedicated funding team
- National network of SME installers
- Strong links with Energy Companies, Installers, Manufacturers and Community Organisations



# Ethical approach

As a CIC, we have no shareholders, so invest the profit we make in our social mission:

Reducing CO<sub>2</sub>  
&  
Alleviating Fuel Poverty





# Award Winners



Our proactive collaborations have been applauded by the wider industry.



**National Energy Efficiency Awards 2018 – Funding Provider of the Year**



**West Midlands Energy Efficiency Awards – Regional Large Scale Project (>250k) of the Year**



**Women in Housing Awards – Finance, Compliance of Governance Team of the Year**



# Thank You

Any questions?

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