

# Energy Company Obligation

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# The Energy Company Obligation

## The Energy Company Obligation (ECO)

ECO is an obligation placed on the largest energy suppliers, to deliver energy efficiency measures to eligible households. Currently those defined as being in Fuel Poverty or on Low Income and Vulnerable to Cold, are eligible.

### 2017 – ECO2t (Carbon and Affordable Warmth)

- Introduced LA Flex (10% of Affordable Warmth) approx. £45m each year.

### 2018 – ECO3 (Affordable Warmth)

- Increased LA Flex (25% of scheme) approx. £160m each year.
- Introduced Innovation (10% for measures, and 10% for monitoring performance of measures)

**2019 - Quality and Standards** – New Publicly Available Specification (PAS), and consultation to include TrustMark in ECO, to be published shortly.

# ECO LA Flex and ECO Innovation

## Why was Local Authority Flexible Eligibility introduced?

To improve targeting

**Prior to LA Flex** – single proxy to target households in or at risk of Fuel Poverty.

- Meeting certain benefits criteria - Around 30% reach (England).

**From 2017** – 2 routes to target in or at risk of Fuel Poverty and Low Income and Vulnerable to Cold.

- Meeting certain benefits criteria (broader)
- LA Flex referral

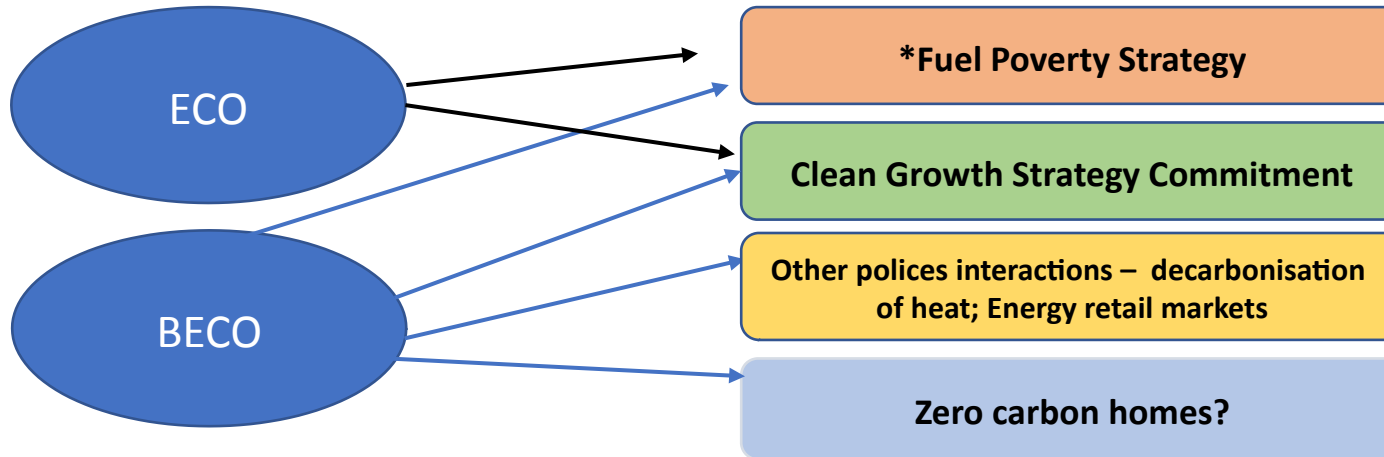
## Why was ECO Innovation introduced?

To incentivise better performing energy efficiency measures, **and or**

Lower installation costs through innovative delivery

# Beyond ECO (BECO)

## Objectives



**\*Fuel Poverty - devolved across England, Scotland and Wales.**

**2015 FP Strategy** - England currently uses the Low Income and High Cost model. Scotland and Wales based on fuel costs to income ratio.

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**2019 FP Strategy** - England strategy is being reviewed. New strategy in place from end of year.

**Beyond ECO (From April 2022)** – New Fuel Poverty Strategy will play a part in shaping eligibility under the future scheme

## Outputs

Measure types delivered in future, Improvement in EPC or SAP  
Eligibility for support

# Beyond ECO (BECO)

## Who delivers future scheme and what role could they have?

ECO2t evaluation - Expect to start full evaluation of ECO2t, including LA-Flex this summer. Will include interviews with participants, including establishing their personal circumstances.

- Energy Suppliers?
- Local Authorities?
- Delivery body?
- Multiple parties with different roles for delivery or referral?
- Others?

Costs

Meeting policy intent

Delivery experience and performance

# LA Flexible Eligibility - update

## Updated guidance published in February 2019

- ECO3 policy
- Clarified eligibility under LA Flex (LI **and** HC or LI **and** VC)
- Good practice Sols
  - Short and concise
  - Eligibility clear
  - Method of targeting households clear
  - Contact points clear

## How LAs can meet policy intent and share progress with BEIS

- Sol meets the ECO3 and FP and LINC criteria and new version published if necessary
- Only LA Officers are permitted to sign declarations, this does not include 3<sup>rd</sup> parties working directly for, or paid by LAs.
- Check that declarations referred match the published Sols
- New published Sols sent with links to the BEIS inbox
- Annual reports are due in April of each year – BEIS received 7 reports in April

## Progress

### BEIS role:

- checking Sols and contacting LAs if Sol does not align with policy intent, and supporting LAs

### Suppliers report:

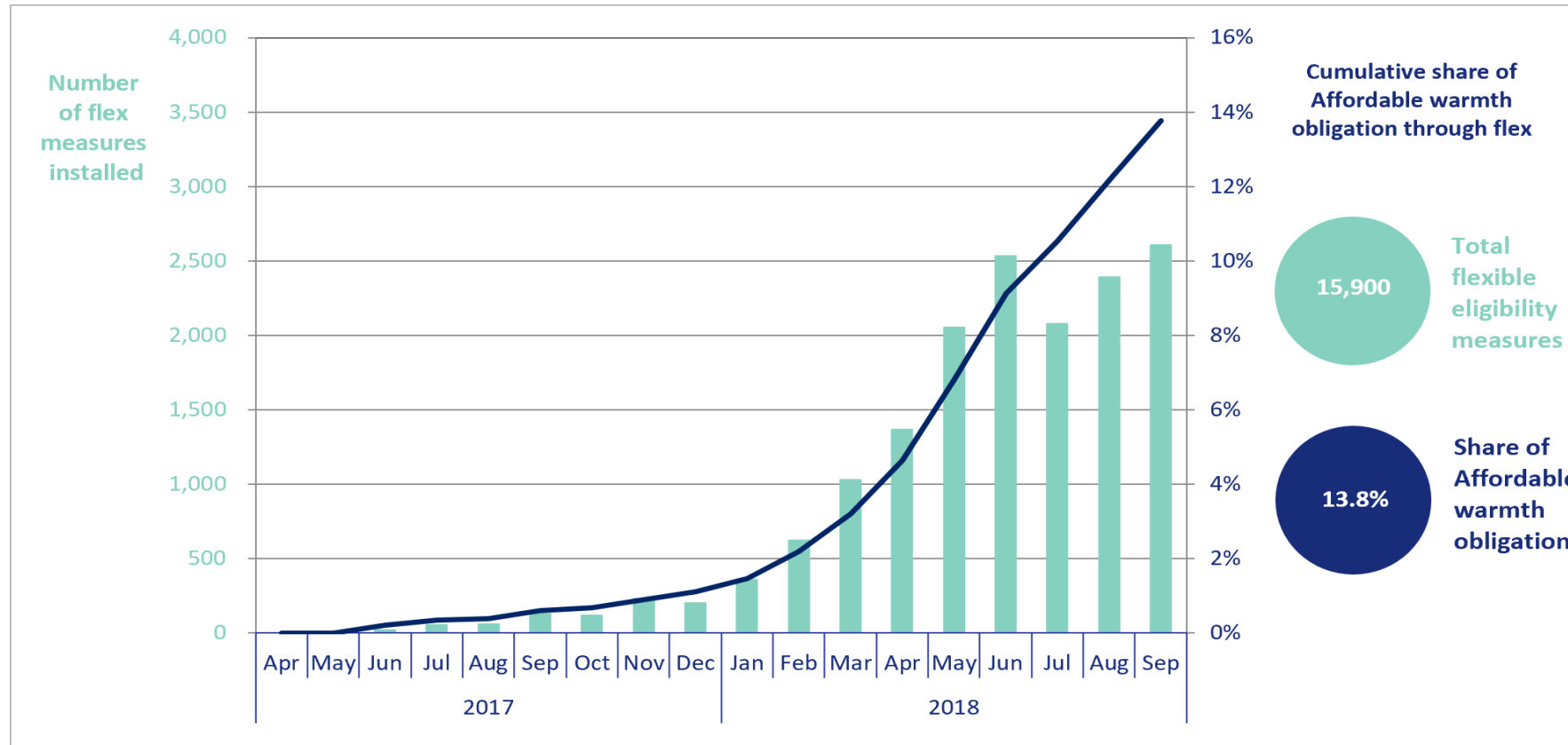
- 25% limit likely to be met.
- LA Flex measures generally cheaper to deliver, hence focus on insulation.

### Evaluation:

- Full evaluation of ECO2t including LA Flex, and interviews establishing householder circumstances

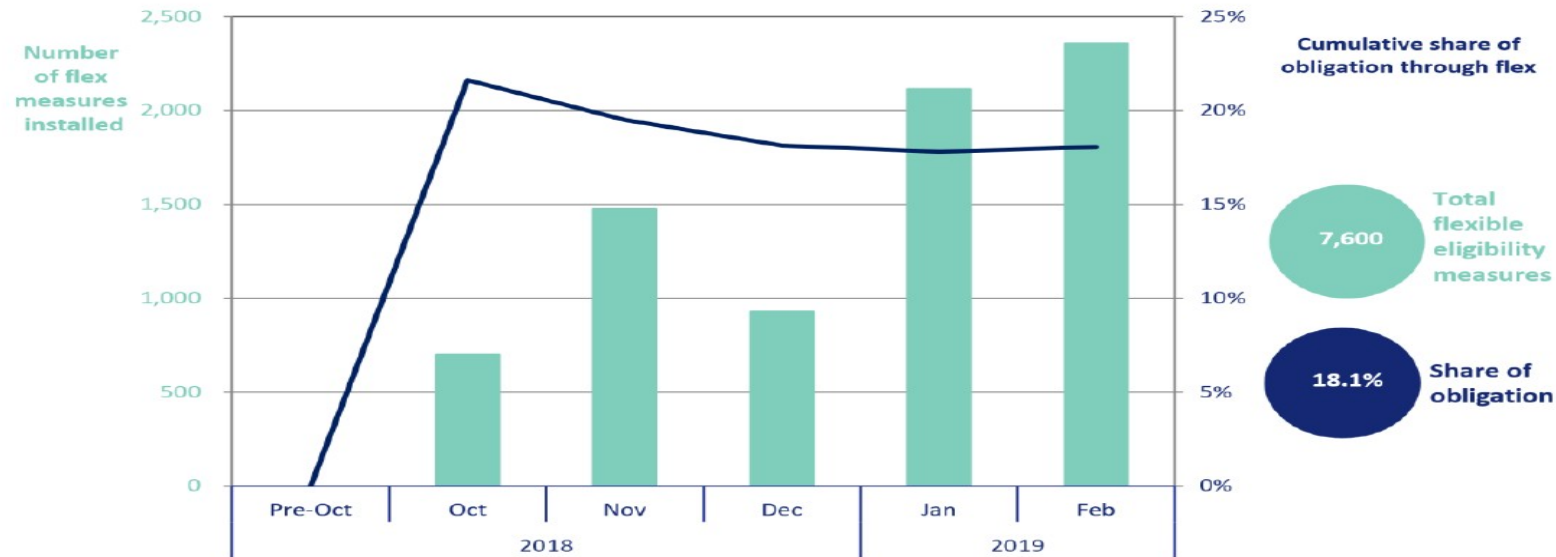
# LA Flexible Eligibility - update

Chart 5a: Number of ECO Help-To-Heat Flexible Eligibility Measures by installation month and share of Affordable Warmth obligation delivered through flex, up to end September 2018 (ECO2t)



# LA Flexible Eligibility - update

**Chart 5b: Number of ECO3 Flexible Eligibility Measures by installation month and share of Affordable Warmth obligation delivered through flex, up to end February 2019**





Thank you for  
listening

