SCOTTISHPOWER

**ScottishPower Energy Retail Ltd**

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# Update

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**Government Obligations**

# ECO2 & ECO Help to Heat (Transition Year)

| 2015 | 2016 | 2017 | 2018 | > |
|---|---|---|---|---|

## ECO2 – Current Obligation

### Timelines
Apr 2015 - Mar 2017

**CERO** insulation

**CSCO** Insulation to areas of deprivation

**c.64% of spend**

**HHCRO** Heating / insulation to AWG

**c. 36% of spend**

## Affordable Warmth Minimum (Early Delivery)

### Timelines
- Present - Mar 2017
- ECO2 guidance and scoring

**HHCRO** Heating / insulation to AWG

**c. 70% of spend**

**CERO** Insulation / District Heating

**c.30% of spend**

## Transition Year

### Timelines
- Apr 2017 - Mar 2018 (tbc)
- New guidance[3]/ deemed scores[4]
- BEIS has consulted on the 1 year transition outcome due late 2016 / early 2017

**HHCRO** Heating / insulation to AWG

**c. 70% of spend**

**CERO** Insulation / District Heating

**c.30% of spend**

## Supplier Obligation

### Timelines
- 2018 – 2022
- Consultations expected Spring 2017
- Proposed 100% on low-income/hard-to-treat homes

**Affordable Warmth**

Heating / insulation for the fuel poor

**c. 100% of spend**

# ECO2 & Transition Year (Phase 1 & Phase 2)

| | Phase 1: > 31st March 2017 | Phase 2: 1st April 2017 > (Subject to consultation) |
|---|---|---|
| **Eligible measures** | ECO2 measures<br>CSCO ends in March 2017<br>Gas boilers – Most suppliers have already contracted their full requirements. | 70% focus on Affordable Warmth (AW)<br>Gas boiler replacements limited to maximum of 23% of target (25,000 boilers) |
| **Affordable Warmth Homes** | 2.7m private sector homes<br>ECO2 eligible benefits including secondary requirements<br>Start developing the Affordable Warmth Market for measures other than gas boilers | Proposed 4.4m homes<br>Plan to include social housing insulation for E,F & G rated homes<br>Proposal for Local Authority Flexibility (10-20%) |
| **Scoring** | EPC plus GDAR or CSR for CERO<br>EPC for HHCRO | Proposal to move to **deemed scores** and remove requirement for EPC and GDAR / CSR |
| **Tenures** | CERO – Any property<br>AW/HHCRO – Private sector in receipt of benefit<br><br>Social Housing – CERO only | CERO – All homes<br>AW/HHCRO – Private homes in receipt of the revised benefits or with signed LA declaration<br>Social Housing – Insulation only and E, F & G rated |
| **Administration** | Current ECO2 Administration | Propose to simplify and remove complexity<br>Ofgem will consult on proposed changes<br>New guidance is not expected to be published until March 2017<br>Amendment of one month reporting rule to help measures being 'lost' due to admin errors |
| **Solid Wall** | Solid wall minimum target to be achieved by all obligated parties | New solid wall minimum target of at least 17,000 measures proposed |
| **Other** | Test and pilot new and different measures such as party wall, storage heaters, oil boilers, first time gas heating | Develop work ready to start in April identifying properties which are more attractive for deemed scoring |

## Local Authority Role

- Local Authorities have a key role to play in the future programmes which includes access to data and combining local authority data and GIS mapping with DWP data which will improve targeting
- Local Authority "**flexible eligibility**" is key to future delivery.
    - up to 20% of the referrals for the Transition Year
    - likely to increase from 2018
- BEIS drafting simple guidance for Local Authorities to refer households to ECO. Focus on working up the role of LAs and social housing providers over the next few months
- BEIS looking for ECO to move beyond traditional cavity wall and loft measures with a range of new measures including:
    - first time heating, oil and LPG heating.