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ECO funding

Green Heat Installer
Engagement Programme

28 August 2024



Presenters

Pilar Rodriguez	Green Heat Installer Engagement Programme Manager, Energy Saving Trust	Presenter, Q&A Panel
Mark McArthur	ECO Support Manager, Energy Saving Trust	Presenter, Q&A Panel

Questions

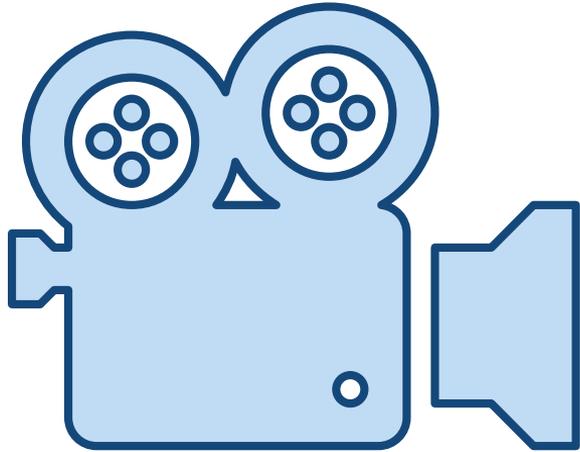
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Decarbonising Scotland's homes and buildings

Pilar Rodriguez

28 August 2024



Strategic frameworks for decarbonisation

- [Local Heat and Energy Efficiency Strategies \(LHEES\)](#) promoting community heating and renewables installation in all sectors.
- Scottish Government consultation new Energy Efficiency Standard For Social Housing (EESH) to new standard with zero carbon metrics

Heat in Buildings Strategy

Achieving Net Zero Emissions in Scotland's Buildings



Green Heat Installer Engagement Programme



Resources hub

Support hub for small businesses working on energy efficiency, heating systems and micro generation. Find research, case studies and online tools to...



Green heat installer events

We organise networking events, webinars, workshops and information sessions. All free of charge. Find out more about our upcoming sessions.



Skills, funding and certification

Discover the certification requirements as an installer or assessor looking to carry out work under various schemes.



Funding for your customers

Energy Saving Trust helps consumers access funding to make energy efficiency improvements and renewable energy additions to their property.

Green skills toolkits for installers

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Energy Saving Trust toolkits



Insulation toolkit

Find out everything you need to know about becoming an insulation installer in Scotland.

[Explore >](#)



Heat pump installers toolkit

Find out everything you need to know about becoming a heat pump installer in Scotland.

[Explore >](#)

greenheattoolkit.energysavingtrust.org.uk

Green Heat Installer Engagement Programme – useful links



Email: GreenInstallerScotland@est.org.uk



LinkedIn Group: www.linkedin.com/groups/5139242



Email updates and quarterly newsletter subscription: bit.ly/2PSatKL



Website: energysavingtrust.org.uk/business/energy-efficiency/green-installer

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Thank you



Supply Chain

ECO/GBIS delivery and trends

Mark McArthur

28/8/24



Energy supplier energy efficiency obligations

- Energy supplier obligations:
 - Energy Company Obligation (ECO4)
 - Great British Insulation Scheme (GBIS)
- Ofgem manage the energy supplier obligations
- Trustmark and MCS have new roles around monitoring works and ensuring quality, taking over from energy suppliers
- PAS 2030 and PAS 2035 standards apply, with MCS for renewables
- Complaints process set out by Ofgem.

ECO4

Energy Company Obligation (ECO4)

- £4 billion scheme in GB from 1 April 2022 to 31 March 2026 (projected 450,000 homes)
- Eligibility for owner occupied properties (EPC D-G) and private rented (EPC E-G):
 - affordable warmth benefits (DWP check) and child benefit with low income or;
 - Flexible Eligibility declaration by LAs or energy suppliers (ECO Flex)
- Social housing eligibility is EPC E-G (EPC D-G innovation measures)
- Up to 50% can be delivered through ECO Flex
- Measures available vary by tenure
- Usually fully funds whole house insulation, renewable and heating measures.

Delivery guidance: [ECO4 Delivery Guidance | Ofgem](#)

Changes ECO3 to ECO4

- Market rate paid for deemed annual fuel bill saving scores (£/£ annual bill saving)
- Unable to joint fund individual measures in the same property
- Minimum requirement to treat 150K EPC E-G properties in four years
- Solid wall min requirement increased from 17K under ECO3 to 22K pa in ECO4
- Minimum requirement for accessing full funding scores:
 - F and G rated to be improved to at least D rated
 - E and D rated to be improved to at least C rated
- Minimum insulation requirements for EPC D and for E-G rated
- Only on-gas properties can receive mains gas measures
- Caps on numbers of boiler repairs/replacements tightened

Great British Insulation Scheme (GBIS)

- Commenced in April 2023
- Providing single insulation and heating control measures to:
 - EPC D-G owner occupied
 - EPC E-G social rented properties (D-G innovation)
 - EPC D-G private rented properties
- Covering two eligibility groups:
 - Low-income group (at least 20% of obligation); meeting eligibility criteria similar to that of ECO4 above
 - General group of households living in Council Tax bands A-D in England, A-E in Scotland and A-E in Wales
- Up to 80% of low-income group can be GBIS Flex
- Cavity and loft measures generally fully funded for low-income gp.

Delivery guidance: [Great British Insulation Scheme Delivery Guidance | Ofgem](#)

ECO and GBIS: delivery

- Initial slow start for ECO4 and GBIS, particularly so in Scotland
- ECO4 has picked up and exceeded planned expenditure to date for GB
- Scottish ECO4 activity has picked up, now delivering *pro rata* levels, but still lower than earlier phases of ECO
- Scottish active ECO Flex schemes in 20 LAs and 30 have ECO Flex statements of Intent
- Suppliers reining back ECO4 activity in 2024
- GBIS is behind on progress towards targets.

Changes in profile of ECO measures

- 439,700 ECO measures in 118,000 properties in GB from April '22 to March '24, of which 91,000 measures delivered through ECO 4 Flex
- Total cost of £2.3 billion from April 2022 to March 2024
- 1.03 million measures were delivered in 575K properties under ECO3 in 2018–22 of which c:200,000 ECO Flex
- Cost of ECO 3 around £2.7 billion.

Fully funded whole house approach common under ECO4 compared higher likelihood of partially funded single measures under ECO3.

ECO4 and ECO3 measure profile changes

- Measure profile of ECO4 to date (ECO3 in brackets):
 - Boiler measures 10% (25%)
 - Heating control 59% (31%)
 - Microgeneration 10% (0%)
 - Cavity wall insulation 4% (17%)
 - Loft insulation 15% (11%)
 - Solid wall insulation 8% (4%)
 - Other insulation, 1%; 42% of which under floor (12%; 99% underfloor)

[Household Energy Efficiency Statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/household-energy-efficiency-statistics) July tables 2.8 and 2.8b

Proportion of renewable and room in roof measures likely higher in Scotland than GB

GBIS progress

Progress in delivering GBIS has been slow for a number of reasons:

- Newly introduced programme
- Contractors have favoured higher value whole house ECO4 approaches
- PAS:2035 costs may be proportionately higher than for ECO4
- Uninsulated cavity walls and lofts are difficult to come by and other measures more difficult to fully fund

Energy suppliers are now likely to require ECO4 partners to deliver a proportion of the activity through GBIS.

ECO and GBIS contracting

- Most ECO and GBIS activity is delivered via contractors and managing agents that partner with the obligated energy suppliers
- Energy suppliers will build on existing relationships to deliver ECO and GBIS but regularly contract with new partners to ensure capacity to deliver
- Prospective contractor partners usually enter into discussions with energy suppliers and if proceeding complete standard pre-qualification checks:
 - Financial soundness
 - Qualifications to install measures
 - Health and safety procedures
 - Experience and processes
- Cost effectiveness will be important for energy suppliers.
- Energy supplier ECO/GBIS contacts: <https://www.ofgem.gov.uk/eco-supplier-contact-details>

ECO and GBIS contracting

- Energy suppliers will support prospective partners through on-boarding process covering the systems in place for delivering ECO/GBIS
- Some energy suppliers have delivery arms that work with partners across GB
- For contractors that are unable to manage the ECO/GBIS processes or are not PAS 2030/2035 or MCS accredited, there could be opportunities to subcontract
- Some energy suppliers are interested in area-based approaches comprising a range of support schemes and this may become more prevalent through LHEES
- Local authorities and managing agents are partnering with contractors to deliver ECO and GBIS Flex activity
- There may be lack of coverage of contractors in some remote rural and island areas, which could be tackled via partnership approaches.

Future of supplier obligations

- UK Govt currently considering a bridging scheme from 2026 to 2028 which should be an extension of ECO4.
- New scheme beyond ECO4;
 - linking with the forthcoming Home Energy Model to set targets and measure impacts of improvements.
- New Government policies taking shape and may change approaches.

Summary

- Increasing focus on decarbonisation in supplier obligations
- ECO4 has exceeded planned targets to date and there will be a slow-down in award of new contracts in 2024, but likely to pick up in 2025
- GBIS is behind on its targets and there could be good opportunities to deliver measures under this scheme
- ECO4 and GBIS obligated suppliers are happy to advise installers/organisations interested in working on these schemes
- Supplier obligations likely to be extended beyond 2026, with new scheme in 2028 linking to the Home Energy Model
- Potential for contractors to work on other funding schemes as well as supplier obligations.

You can ask questions by typing them into the questions box of the control panel

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- **Website:**
<https://energysavingtrust.org.uk/business/energy-efficiency/green-installer/>
- **Heat pump and insulation installer toolkits:**
<https://greenheattoolkit.energysavingtrust.org.uk/>



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