

# Consultation



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for energy consumers

Ofgem ECO4 Administration Consultation Part 2	
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We are consulting on our proposed administration for the Energy Company Obligation (ECO4) scheme which will run from when the ECO4 Order comes into force until 31 March 2026. We would like views from any stakeholders with an interest in the ECO scheme.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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## 1. Introduction

### What are we consulting on?

1.1. The ECO3 scheme ended on 31 March 2022. The Department of Business, Energy and Industrial Strategy (BEIS) have consulted on a new ECO scheme starting on or after 1 April 2022, to run until 31 March 2026. Details of the changes to the scheme can be found in the BEIS ECO4 Government Response.<sup>1</sup>

1.2. Ofgem ('we', 'us' and 'our' in this document) will administer ECO4. This consultation builds on our ECO4 Administration Consultation Part 1 that was published in November 2021. It is seeking views on our proposed administration of any new policies outlined in the BEIS consultation response and included in the ECO4 Order, as well as some administrative improvements.

1.3. For each relevant change that the ECO4 Order sets out, we outline the current situation, what the change is, and how we propose to administer the change.

1.4. This consultation focuses on changes between the ECO3 and ECO4 schemes and, for majority of the policy areas, we are seeking to make administrative changes reflecting the ECO4 Order.

1.5. We are not conducting a formal consultation on Interim Delivery. However, we have published the draft version of the Interim Delivery Guidance.<sup>2</sup> Interim Delivery will allow suppliers to deliver to ECO3 rules and ECO3 scoring methodology for three months between 1 April 2022 – 30 June 2022 with some exceptions and some measures excluded. Suppliers should refer to the ECO3 Delivery Guidance for specific ECO3 rules.

1.6. We have consulted separately on our proposed approach on amending the current scheme's scoring approach. Links for these can be found below.

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<sup>1</sup> [Design of the Energy Company Obligation ECO4: 2022-2026 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026)

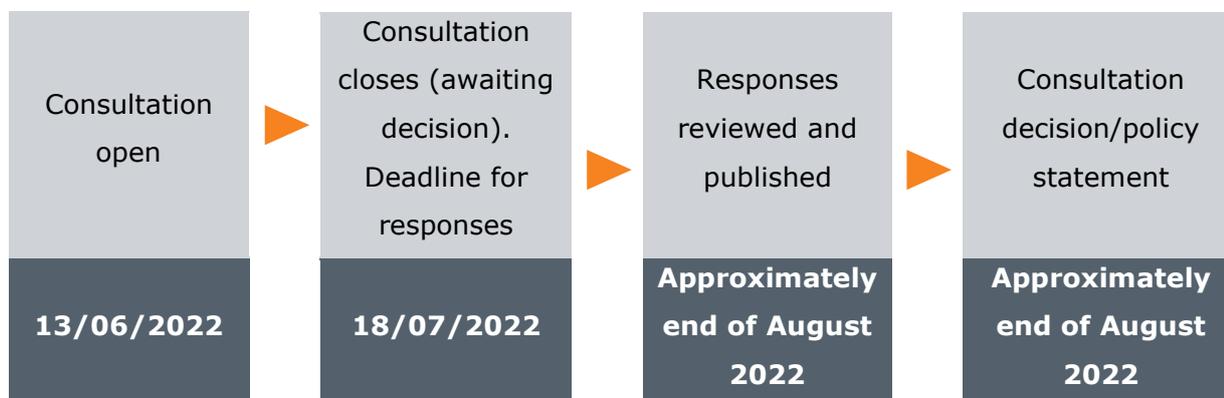
<sup>2</sup> [Draft ECO4 Guidance: Interim Delivery | Ofgem](#)

## Context and related publications

- [BEIS ECO4 Consultation](#)
- [ECO4 Government Response](#)
- [ECO4 Consultation Stage Impact Assessment](#)
- [Draft ECO4 Guidance: Interim Delivery](#)
- [Energy Company Obligation 2018-22 \(ECO3\) Guidance: Delivery Energy Company Obligation 2018-22 \(ECO3\) Guidance: Supplier Administration](#)
- [Energy company obligation: ECO3, 2018 – 22 Flexible Eligibility Guidance](#)
- [Ofgem ECO4 Administration Consultation Part 1](#)
- [Ofgem ECO4 Scoring Methodology Consultation Part 1](#)
- [Ofgem ECO4 Scoring Methodology Consultation Part 2](#)
- [Energy Company Obligation \(ECO4\) Consultation: scoring methodology part 1 and 2 decision](#)

## Consultation stages

**Figure 1: Consultation stages**



## How to respond

1.7. We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.

1.8. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.

1.9. We will publish non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

## Your response, data and confidentiality

1.10. You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

1.11. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

1.12. If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

1.13. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## General feedback

1.14. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Were its conclusions balanced?
5. Did it make reasoned recommendations for improvement?
6. Any further comments?

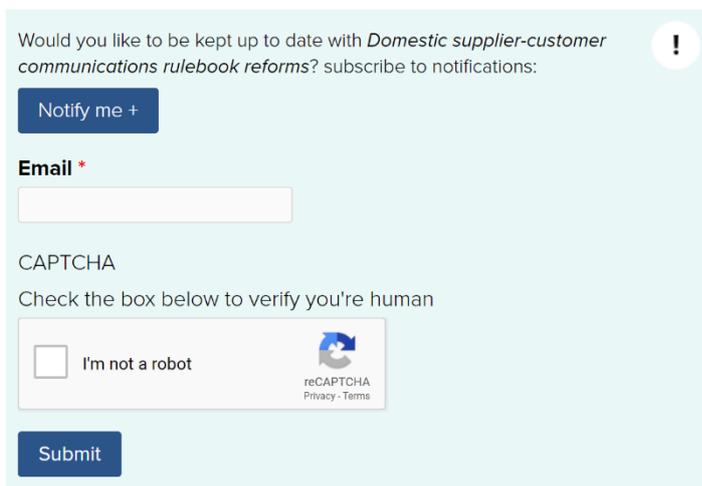
1.15. Please send any general feedback comments to [eco4.consultation@ofgem.gov.uk](mailto:eco4.consultation@ofgem.gov.uk)

## How to track the progress of the consultation

1.16. You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website.

[Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

### Notifications



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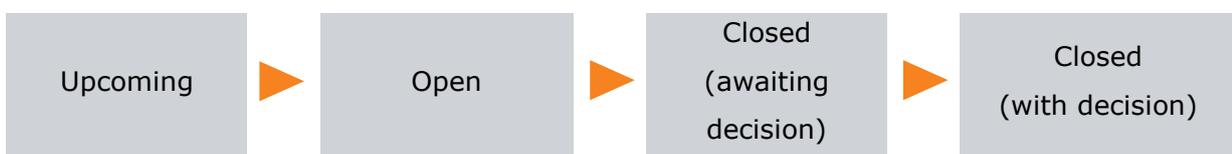
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1.17. Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:



## 2. Supplier obligations

### Section summary

ECO4 will run between 2022- 2026 and will be split into four phases. Under ECO4, Government proposes to retain the supplier obligation thresholds at current levels of 150,000 customer accounts and supply volumes of 300GWh/year electricity and 700 GWh/year gas.

## Obligation thresholds

### Under ECO3

- 2.1. Under ECO3, a supplier's total obligation is determined by adding together their obligations for each phase.
- 2.2. Suppliers must have met their total obligation by the end of the scheme. A supplier achieves its obligations by promoting qualifying actions ('measures') which result in the reduction in the cost of the space heating of the domestic premises.
- 2.3. The supplier obligation threshold for ECO3 was reduced to 150,000 domestic customer accounts by phase 4 of the ECO3 scheme, down from 250,000 accounts in Phase 1. Supply volume levels were also reduced under ECO3 from 500GWh electricity and 1400GWh gas down to 300GWh electricity and 700GWh gas.

### Changes

- 2.4. Under ECO4, the Government have proposed to retain the supplier obligation thresholds at current levels of 150,000 or more customer accounts and supply volumes of 300GWh/year or more of electricity, and 700 GWh/year or more of gas.

### Proposed administrative approach

- 2.5. Ofgem will determine a supplier's obligation based on their supply volumes, subject to the supplier allowance, and the number of their customer accounts.
- 2.6. We will publish our ECO4 Delivery Guidance end June 2022. We have conducted our data collection exercise for phase 1 and have notified suppliers of their indicative phase 1 obligations. Suppliers have to notify Ofgem with their customer accounts and supply

volume data within 21 days of the Order coming into force in phase one and by 1 February for the other phases. Ofgem will notify suppliers within six weeks from the commencement date of the supplier obligations and by 7 March prior to the commencement of the other phases.

**2.1. This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## Supplier Sub-obligations

### Under ECO3

2.2. Under ECO3, each supplier must have achieved two sub-obligations:

- a) the Rural Sub-obligation and
- b) the Solid Wall Minimum Requirement (SWMR).

2.3. Under the Rural Sub-obligation, a supplier must have achieved at least 15% of their total Home Heating Cost Reduction Obligation (HHCRO), by delivering measures to eligible domestic premises in rural areas.

2.4. Under the SWMR sub-obligation, suppliers can either install Solid Wall Insulation (SWI) in eligible solid wall premises or install measures in eligible solid wall premises that are equivalent to, or in excess of, the savings achieved by SWI, termed Solid Wall Alternative Measures (SWAM).

### Changes

2.5. The SWMR sub-obligation remains part of ECO4, although it has changed to improve a minimum number of properties, rather than a converted cost saving target.

2.6. The rural sub-obligation will no longer exist under ECO4.

2.7. Solid Wall Alternative Measures will no longer exist under ECO4.

2.8. A new sub-obligation, the private tenure EFG (energy performance rating) requirement, has been added to improve annual bill savings.

2.9. Sub-obligations under ECO4 will contribute to the supplier's overall HHCRO obligation. Multiple measures delivered as part of an ECO4 project may cover both sub-obligations.

### **Proposed administrative approach**

2.10. We will administer the EFG minimum requirement under ECO4 by ensuring that suppliers upgrade a minimum of 150,000 private tenure band E, F and G properties.

2.11. We will oversee that 90,000 SWMR measures are installed by suppliers over the course of ECO4, as opposed to a converted cost saving target, and that the minimum requirement will only be obtained through SWI only.

2.12. For information on Ofgem's administrative approach to supplier sub-obligations, see 'Trading Obligations' starting at paragraph 2.18.

2.13. **This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## **Supplier Allowance Approach**

### **Under ECO3**

2.14. Supply volumes are used to determine a supplier's ECO obligation on their gas and electricity licences. Supply volumes and the supplier allowance are set at 700GWh gas and 300GWh electricity. Obligations are based upon the supply of suppliers above the threshold amount and are determined at the beginning of each phase of the ECO scheme. However, the supply volume thresholds and the supplier allowance were reduced in line with the reduction in the customer number threshold since the start of the ECO scheme in 2018.

### **Changes**

2.15. Under ECO4, the Government propose to retain the supplier obligation thresholds at current levels of 150,000 or more customer accounts. The supplier allowance has reduced to half the threshold amount. Therefore, if a gas supplier has 150,000 or more customer accounts and supplies 700GWh or more of gas, their obligation would be calculated on any supply equal to or above 350GWh of gas.

### **Proposed administrative approach**

2.16. Under ECO4, the supplier allowance for gas and electricity will be halved when determining obligations. Therefore, the supplier's obligation will be calculated per unit of supply above the allowance.

2.17. **This change is set out in the draft ECO4 Order, and we do not have administrative discretion, so we are not consulting on this topic.**

## **Trading of Obligations**

### **Under ECO3**

2.18. Under ECO3, suppliers could trade part or all of their obligations between one another or between their own licences.

2.19. In addition to the main HHCRO obligation, the rural sub-obligation and the solid wall minimum requirement (SWMR) could also be traded.

2.20. The rural sub-obligation was fixed at 15% of HHCRO, but the SWMR could be traded separately, which would change the percentage of the involved suppliers' HHCRO that had to be made up of solid wall measures.

2.21. Ofgem also offered intra-supplier licence consolidation trading (ISLCT) immediately after obligation setting. Suppliers who opted in would have all of their obligations moved onto their licence that would receive the largest obligation.

2.22. Outside the ISLCT, suppliers who wished to trade had to submit a trade request containing information on the types and amounts of obligations to be traded, along with the annual turnover of the buying supplier and any further evidence required. We would approve the request provided we were satisfied the buyer would be capable of delivering their new obligation.

2.23. There are two types of trading:

- a) **Intra-supplier trading:** A supplier or supplier group may trade obligations between its own licences. For example, it may consolidate all of its obligations onto one licence to reduce the cost and complexity associated with meeting obligations on multiple licences, and

- b) **Inter-supplier trading:** Two suppliers may trade an obligation between one another. The terms of the trade should be agreed between the suppliers.

## Changes

- 2.24. The trading mechanism will be available in ECO4. Suppliers can submit a request to trade any part or all of their obligations on or before 30 September 2025.
- 2.25. The SWMR sub-obligation is now a minimum number of premises. A new sub-obligation, the EFG minimum requirement, has been added and both can be traded separately from the main obligation.

## Proposed administrative approach

- 2.26. Ofgem will continue to administer the trading mechanism by reviewing, accepting or rejecting applications and will allow suppliers to transfer obligations by 30 September 2025.
- 2.27. Aside from the change to the sub-obligations, we do not propose to make any significant changes to our administration of the trading process. Ofgem will reject trade applications where they are not made by 30 September 2025, or they have failed to state “the relevant obligation” and / or the “proposed transfer amount”. We may also reject an application where we have concerns that the receiving supplier will not be able to fulfil their increased obligations.
- 2.28. The ISLCT will be offered again in ECO4 during obligation setting for each phase.
- 2.29. **As there are no significant changes to trades, we are not consulting on this topic.**

## Obligation Phases

### Under ECO3

- 2.30. ECO3 was split into 4 phases, roughly corresponding to one a year. Obligation setting was performed at each stage.
- 2.31. Suppliers were required to notify us of customer numbers and supply volumes by 1<sup>st</sup> February before each phase. Obligations would be announced by the last day in February.

## Changes

2.32. ECO4 will again be split into 4 stages shown in Table 1.

**Table 1: Obligation phases in ECO4**

Phase number	Dates	Length
1	Commencement date-31 March 2023	To be determined
2	1 April 2023-31 March 2024	12 months
3	1 April 2024-31 March 2025	12 months
4	1 April 2025-31 March 2026	12 months

2.33. For phase 1 suppliers must notify us of customer numbers no later than 21 days after the scheme commencement date. For all other phases this deadline is 1 February of the calendar year prior to the commencement of each phase.

2.34. For phase 1, the deadline for Ofgem to notify suppliers of their obligations is now within six weeks of the scheme commencement date. For all subsequent phases this deadline is now 7 March prior to the commencement of each phase.

## Proposed administrative approach

**2.35. This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## 3. Carry-over and ECO4 Early Delivery

### Section summary

This chapter looks at the carry-over of measures from ECO3 to ECO4 and the introduction of a new mechanism to delivery measure during the gap between the schemes known as ECO4 Early Delivery.

### Questions

**Question 1:** Do you agree with our administration of carry-over? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

### Carry-Over (transferring measures from ECO3 to ECO4)

3.1. Under ECO3, where a supplier achieved savings that exceeded its ECO2t obligations, the supplier could apply to credit these excess measures, or 'surplus actions', towards its ECO3 obligations providing certain criteria were met.

3.2. In ECO3, a surplus action is a measure that was:

- an ECO2t carbon qualifying action or an ECO2t heating qualifying action which was achieved by the supplier applying for the surplus action or,
- not required by the supplier to meet its obligations under the ECO2 Order or,
- was completed on or after 1 April 2017 (and is therefore restricted to ECO2t), and
- is not the installation of equipment for the generation of heat wholly or partly from coal.

3.3. The total amount that that could be carried over was:

- in the case of HHCRO, an unlimited amount of surplus ECO2 HHCRO measures to ECO3

- in the case of the ECO2 Carbon Emissions Reduction Obligation (CERO), 20% of the supplier's ECO2 CERO target as adjusted for any trading that has taken place

3.4. Suppliers were able to apply for surplus actions once we had made our final determination for ECO2 (including ECO2t), which was done by no later than 31 March 2019. Suppliers were able to apply to credit a surplus action towards an ECO3 obligation no later than 30 November 2019.

### **Changes**

3.5. Suppliers will be able to carry-over any ECO3 measure, except the exclusions below:

- Demonstration Actions
- Oil and LPG fuelled heating system replacement and repair
- Installation of a connection to District Heating Connection (DHC) that delivers heat generated from biofuels, oil or Liquid Petroleum Gas (LPG)

3.6. Suppliers will not be able to carry-over measures that were part of the ECO2/2t surplus actions. Suppliers can carry-over 10% of their ECO3 obligation.

### **Proposed administrative approach**

3.7. We propose to administer carry-over for ECO4 in a similar way we administered surplus actions for ECO3. Where a supplier has achieved savings that exceed its ECO3 obligations, it can apply to credit these excess measures towards its ECO4 obligations, providing certain criteria are met.

3.8. Suppliers will only be able to apply for carry-over once we have made our final determination (no later than 30 September 2022) for ECO3. Following this, suppliers must apply to credit any surplus action towards their ECO4 obligations no later than 30 June 2023.

### *Caps and sub-obligations*

3.9. Measures can only be carried over if they are not required to meet any of a supplier's ECO3 obligation or sub-obligations.

### *Scoring*

3.10. All uplifts will apply. Any measures that attracted an uplift would be carried over with the uplift. Even if the uplift is excluded for ECO4, the ECO3 uplift will apply.

### *Measures*

3.11. Suppliers can carry-over measures with either PAS 2017 or PAS 2019.

3.12. Measures that will be carried over must be installed on or before 31 March 2022.

3.13. Solid Wall Alternative Measures (SWAM) will be eligible but will not count towards a supplier's ECO4 Solid Wall Minimum requirement (SWMR).

3.14. Any Solid Wall Insulation categorised as carry-over will use the amount of £12,000<sup>3</sup> to convert SWI Lifetime Bill Savings into a number of measures. This number will then count towards a supplier's ECO4 Solid Wall Insulation Minimum target. In effect £12,000 will equal to one home under the ECO4 SWMR target.

3.15. Where dual measures are delivered (primary insulation and secondary heating), there is the option for the heating measure alone to be elected as carry-over.

3.16. Where there is a carry-over of a replacement of an **efficient** broken heating system, then it **will** count towards their ECO4 efficient boiler and heating replacement and repair cap.

3.17. Where there is a carry-over of a replacement of an **inefficient** heating systems upgrades (including broken inefficient) can be carried over, uncapped.

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<sup>3</sup> Calculated based on total Solid Wall Insulation Minimum Lifetime Bill Savings target for ECO3 divided by the number of SWI measure delivery estimated within the ECO3. IA Based on a solid wall minimum of £0.721bn in notional lifetime bill savings (LTBS) being broadly equivalent to 60,000 SWI over October 18 to March 2022 – therefore each achieving on average £12,000 LTBS per SWI delivered.

3.18. Any uncapped measures will require suppliers to retain the boiler assessment checklist as evidence to prove that the old boiler was inefficient, and the new boiler is efficient.

3.19. Inefficient heating that is replaced with FTCH will be uncapped

#### *Administration*

3.20. In order to apply to carry-over measures, suppliers should provide us with their nominations using the template that will be made available on our website. We encourage suppliers to send us the template in advance of the statutory deadline (30 June 2023) to allow us to review and provide feedback ahead of the formal notification. We will communicate a timeline for an informal review of ECO4 surplus actions separately.

3.21. Once approved, details of all carry-over measures credited against suppliers' ECO4 obligations will be included in our public reports.

#### **Question:**

- 1. Do you agree with our administration of carry-over? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## **ECO4 Early Delivery (delivering ECO4 measures during a gap between schemes)**

### **Under ECO3**

3.22. The ECO3 Order recognised that there was a gap between ECO2 and ECO3. Measures that were completed on or after 1 October 2019 and before 3 December 2018 were able to contribute towards achieving the ECO3 obligation. During this gap we were calling these measures as 'early actions'.

3.23. Early actions were awarded with a score based on the ECO3 deemed scores.

3.24. Early actions were not allowed to be notified to Ofgem until 3 December 2018.

### **Changes**

3.25. The ECO4 legislation will recognise that there is a gap between ECO3 and ECO4 where the legislation is not in force. Measures that are completed between 1 April 2022

and the start of ECO4 can contribute towards ECO4. For ease, we are calling measures delivered during the gap 'ECO4 Early Delivery'.

3.26. ECO4 Early Delivery must be installed in compliance with ECO4 scheme rules and will be awarded a score based on the ECO4 full and partial scores project scores.

3.27. Suppliers can choose to install ECO4 measures under ECO4 rules from 1 April 2022 even if the legislation is not in force.

### **Proposed administration approach**

3.28. Suppliers can deliver ECO4 measures from 1 April 2022 and have them count towards ECO4, as long as they are compliant with the ECO4 requirements.

3.29. We will publish draft guidance for ECO4 to provide an indication of our expected administration. Please note that our draft guidance is subject to change until the legislation has passed through parliamentary process. Where a supplier follows the draft guidance, they will be carrying activities out at their own risk. We may reject measures where they do not comply with the final legislation.

3.30. ECO4 Early Delivery will be scored using the ECO4 full and partial project scores. The actions will count towards any minimums and caps under ECO4.

3.31. ECO4 Early Delivery cannot be formally notified until the commencement of the ECO4 Order. ECO4 Early Delivery measures have two months to notify measures from the commencement of the ECO4 Order.

3.32. Where a supplier is unable to notify a measure within the notification deadline, they will have the option to apply for an extension to the notification deadline. The extension process will work the same way it did for ECO3. Suppliers can apply to us for an extension to the notification deadline for a completed measure. The application must be in writing and must explain why the extension is being requested. The reason should be supported by evidence. The 5% late process, where late measures up to 5% of the on-time notifications from the previous period will be granted an automatic extension, will not be available for ECO4 Early Delivery.

3.33. **This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## 4. Obligation targeting

### Section summary

The government have set out their intent for ECO4 to focus on upgrading homes in bands D, E, F and G. Upgrading the least energy efficient homes will be incentivised through the scoring methodology, a minimum delivery requirement to band E, F and G homes, and solid wall measures will ensure a multi-measure delivery approach to the least energy efficient homes.

Government will also introduce a 20% uplift on all retrofits in the smallest floor area of a property and a 10% uplift on all retrofits in the second smallest. Ofgem will administer uplifts and ensure that they apply to Partial Project Scores (PPSs), as well as Final Project Scores (FPSs) for any retrofit in either of these floor area bands.

### Questions

**Question 2:** Do you agree with Ofgem’s administrative approach of calculating the start and finish ratings of SAP band properties?

## Targeting homes with specific Standard Assessment Procedure (SAP) bands

### Under ECO3

4.1. Under ECO3, suppliers must notify Ofgem of the property tenure to reflect the initial EPC rating of the property. Suppliers must provide evidence of the property’s initial EPC energy efficiency rating for Private Rented Sector (PRS). This must be achieved by providing the EPC report reference number (RRN) at notification.

4.2. To evidence whether properties are PRS, Ofgem require suppliers to obtain a declaration from the customer confirming the tenure. This should be included on the Declaration of Conformity and Completed Installation (DOCC).

4.3. For social housing (SH), suppliers must demonstrate that the property has an EPC with an energy efficiency SAP rating below band D (ie E, F or G), or below band C for demonstration actions and innovation measures (IM). This must be achieved by providing the EPC report reference number (RRN) at notification.

4.4. Under ECO3, multiple measures may be installed at the same property as part of a retrofit project under Publicly Available Specification (PAS), 2035:2019 such as primary and secondary measures.

## Changes

4.5. Under ECO4, BEIS intend to limit support to homes in SAP bands D, E, F, and G. The minimum requirements (MRs) are used to achieve a sufficient increase in a property's SAP rating and to contribute to the Final Project Scores (FPS). This approach will strike the balance between meeting fuel poverty targets and upgrading as many homes as practicable.

4.6. Under ECO4, the minimum requirements are:

- Any starting SAP band F or G property treated must be improved to at least a band D, or
- Any starting SAP band D or E property treated must be improved to at least a band C.

4.7. In very limited cases, BEIS will enable upgrades in flats with a SAP rating A-C for in-fill purposes.

4.8. In addition to upgrading D-G energy efficient properties, Government has also introduced a 20% uplift on all retrofits in the smallest floor area of a property and a 10% uplift on all retrofits in the second smallest.

4.9. Uplifts would apply to both Partial Project Scores (PPSs), and FPS for any retrofit in either of these floor area bands. These uplifts will comprise part of the raw score for a retrofit, therefore the additional score added by these can contribute to other uplifts.

## Proposed administrative approach

4.10. The starting SAP rating will be determined via a pre-retrofit RdSAP or SAP assessment, lodged as an EPC where required.<sup>4</sup> Ofgem will check compliance with the MRs by calculating the difference between the pre-retrofit SAP rating and the post-retrofit SAP

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<sup>4</sup> Where the retrofit consists only of a DHS connection or a DHS and one or more DLMS, a full SAP assessment will be required. This should be lodged as an EPC.

rating. Partial project scores, (PPS), are awarded as each measure within an ECO4 project is notified and approved. They are interim scores which represent a proportion of the full expected annual bill saving of the measure. Once a project is complete, partial project scores are superseded by full project scores.

4.11. Ofgem will increase the cost-savings of the project by 20% if the floor area of the premises is less than 73m<sup>2</sup>.

4.12. Ofgem will increase the cost savings of the project by 10% if the floor area of the premises is between 73m<sup>2</sup> and 98m<sup>2</sup>.

4.13. Where it is cost-effective to do so, Government will expect installers to improve homes beyond the MR. In return, they would receive a higher full project score. To ensure support targets the least efficient households if the installer improves the home beyond a high B a higher full project score will not be provided.

4.14. Subject to certain exemptions that will be set out in the ECO4 delivery guidance, once available, projects that do not achieve these MRs would receive deflated partial project scores. For more information, see Chapter 6: Scoring.

**Question:**

- 2. Do you agree with Ofgem’s administrative approach of calculating the start and finish ratings of SAP band properties?**

## **Solid Wall Minimum Requirement (SWMR)**

### **Under ECO3**

4.15. For ECO3, SWMR is achieved by promoting solid wall actions. Solid wall actions can be made up of either internal and external solid wall insulation, (SWI) or other solid wall alternative measures (SWAM) that provide at least the same amount of savings as those that would be achieved by the installation of solid wall insulation to 95% of an uninsulated solid wall premises.

4.16. For ECO3, government retained a SWMR equivalent of 17,000 solid walled homes per year.

## Changes

4.17. In ECO4, the SWMR will be set to an equivalent of 90,000 measures in properties across ECO4 which will be split between ECO4 phases. The SWMR for a supplier will be equal to one SWI measure per £2,492 of their HHCRO<sup>5</sup>, rounding 0.5 up to the next integer.

4.18. The option to meet the minimum requirement by utilising SWAM will be removed.

## Proposed administrative approach

4.19. Ofgem will set the SWMR across suppliers and see that the minimum requirement will only be obtained through SWI rather than SWAM.

4.20. Ofgem will ensure that SWMR projects can be achieved through external wall insulation (EWI), internal wall insulation (IWI), or hybrid wall insulation (HWI).

4.21. Ofgem will only accept SWMR measures where at least 50% of the premises exterior wall area is constructed of solid wall, and where at least 50% of the solid wall area was uninsulated prior to the measure being installed.

4.22. **This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## Private Tenure EFG minimum

### Under ECO3

4.23. There was no private tenure EFG minimum target under ECO3.

## Changes

4.24. Under ECO4, suppliers must upgrade a minimum equivalent of 150,000 private tenure band E, F and G homes.

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<sup>5</sup> £2,492 is based on the total HHCRO obligation £224.3 million divided by 90,000 SWI measures.

## Proposed administrative approach

4.25. Ofgem will oversee that suppliers upgrade a minimum of 150,000 private tenure band E, F and G homes. This is an equivalent target (a proportion of spend rather than a specific number of homes or projects) with a value of 150,000 retrofits across ECO4 for each ECO-obligated energy supplier.

4.26. A proportion of spend is allocated to a supplier based on the amount of electricity or gas supplied by a supplier in a qualifying year in relation to the total amount of electricity or gas supplied by all suppliers in a year. Meeting this minimum target will help suppliers to achieve their full project scores.

## Rural sub-obligation

### Under ECO3

4.27. Under ECO3 there was a rural sub-obligation which required suppliers to achieve at least 15% of their HHCRO obligation through delivering measures to domestic premises in rural areas. In order to check rural postcodes, Ofgem has been providing the ECO Tool as a look up.

### Changes

4.28. Under ECO4, there is no longer a sub-obligation to deliver a certain percentage in rural areas.

**This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## Reporting

### Under ECO3

4.29. For ECO3, Ofgem produced a monthly report to the Secretary of State on obligation and sub-obligation updates, including the cumulative list of approved measures under ECO3 and a breakdown of measures according to their type and country.

### Changes

4.30. There are no changes to this area under ECO4, however the sub-obligations that are being reported on have changed.

### **Proposed administrative approach**

4.31. Ofgem will produce a monthly report to the Secretary of State on obligation and (both SWMR and Private Tenure EFG) sub-obligation updates throughout the duration of ECO4. The first report will be published two months after the scheme officially launches.

## 5. Household eligibility

### Section summary

This chapter covers the eligibility requirements for households under ECO4. This includes the routes to identify vulnerable consumers including membership of the Help to Heat Group (HTHG), and eligibility in domestic premises.

### Questions

**Question 3:** Do you agree with the approach set out for our administration of evidencing householder eligibility? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

**Question 4:** Do you have any suggestions of alternative documentation that could be used by suppliers to evidence HTHG membership, other than DWP data matching?

**Question 5:** Do you agree with the approach set out for our administration of domestic premises through SAP assessments and EPC ratings? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

**Question 6:** Do you agree with our administration of the PRS? Please provide suggestions for alternative evidence if you disagree with our proposed approach.

**Question 7:** Do you agree with our administration of the new Social Housing rules? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

**Question 8:** Do you agree with our proposal to use a declaration to evidence a property is Social Housing and let below the market rate?

**Question 9:** Do you agree with the approach set out for our administration of in-fill? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

## Eligible benefits

### Under ECO3

5.1. Under ECO3, household occupants must provide both evidence of membership of HTHG and proof of residency to Government to be eligible for HTHG measures.

5.2. A person living at private domestic premises is an eligible member of the HTHG if the person is a core group customer from 1 April 2019 onwards under the Warm Home Discount scheme, or receives at least one of the following benefits and satisfies the relevant income requirements:

**Table 2: List of eligible benefits under ECO3**

Benefits that were eligible under ECO3
1) Armed Forces Independence Payment
2) Attendance Allowance
3) Carer's Allowance
4) Child Benefit (on the condition that the household's relevant income does not exceed the amount corresponding to the type of claim and the number of qualifying children)
5) Constant Attendance Allowance
6) Disability Living Allowance
7) Pension Guarantee Credit
8) Income-related Employment and Support Allowance (ESA)
9) Income-based Jobseeker's Allowance (JSA)
10) Income Support
11) Industrial Injuries Disablement Benefit
12) Personal Independence Payment
13) Severe Disablement Allowance
14) Tax Credits (Child Tax Credits and Working Tax Credits)
15) Universal Credit (UC)
16) War Pensions Mobility Supplement.

5.3. Upon request, a supplier can produce one of the following documents to Ofgem to prove that the customer is a HTHG member:

- a) a WHD Core Group notice dated from 1 April 2018
- b) a matched DWP reference number
- c) an HTHG benefit letter

5.4. Where DWP data-matching verification is not used, only official HMRC, DWP / Jobcentre Plus, Pensions Service, MOD and HM Government documents are deemed acceptable.

## Changes

### *Eligible benefits and eligible pool*

5.5. Under ECO4, the government have proposed to remove non-means tested eligibility benefits. Therefore, the following benefits will **not** be eligible for ECO4:

**Table 3: Non-eligible benefits under ECO3**

1) Disability Living Allowance (DLA)
2) Personal Independence Payment (PIP)
3) Attendance Allowance
4) Carer’s Allowance
5) Severe Disablement Allowance
6) Industrial injuries Disablement Benefit
7) War Pensions mobility Supplement
8) Constant Attendance Allowance
9) Armed Forces Independent Payment

5.6. The government have proposed to include additional DWP benefits, so that low income households have access to ECO4 regardless of whether they receive Universal Credit (UC) or Legacy benefits. Housing benefit recipients and Pension Credit Savings Credit recipients who have not migrated across to UC will also be eligible for ECO4.

### *Child Benefit*

5.7. Government will include increased Child Benefit income caps for single parents and couples. The cap will remain in place for the duration of ECO4, to provide consistency throughout the scheme.

### *Disability benefit*

5.8. The government have proposed that households with disabilities will be eligible under ECO4 where they are also in receipt of means tested benefits or found eligible under ECO4 Flex.

### *Warm Home Discount scheme*

5.9. Households in receipt of WHD must provide proof of their eligibility under scheme year 12, starting in 2022. Core Group notices will be eligible for 12 months from the date they are issued.

5.10. The government have decided to include households in receipt of WHD for both Core Group 1 and Core Group 2 beneficiaries in England and Wales and Core Group beneficiaries in Scotland, providing their homes meet band D, E, F or G and the ECO4 tenure requirements.

## **Proposed administrative approach**

5.11. For ECO4, suppliers can continue to use DWP data matching to confirm that an occupant is a member of the HTHG. Ofgem will verify DWP reference numbers against the records of the data-matching provider to check that the notified number relates to a person who is receiving HTHG benefit, is residing at the address where the measure is taking place, and is dated no more than 12 months from the start of a project. The start of an ECO4 project is defined as the date of completed installation (DOCI), of the first measure installed in a project.

5.12. We propose that suppliers can also continue to use documentation showing receipt of the eligible benefit as evidence. As in ECO3, we would expect suppliers to collect this evidence where they do not use the DWP data matching, and ensure that a copy of the relevant documents are made available at audit. We would appreciate any suggestions of alternative evidence that could be utilised for ECO4.

5.13. Where Child Benefit is used to demonstrate HTHG eligibility, the supplier can collect evidence from the occupier of the premises that is dated no more than 12 months from the

start of a project, which is the DOCI. This evidence must show that the occupier is eligible for Child Benefit payments and that their income is within the ECO4 Child Benefit thresholds, see Table 4.

5.14. The supplier may accept a photo of the occupier’s bank statements and payslips within the past three months, or a P45.

**Table 4: ECO4 Child Benefit income thresholds (before tax and National Insurance)**

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

5.15. Scottish households would qualify for the ECO4 scheme through the eligible means-tested benefits, which align with eligibility for the reformed WHD scheme in England and Wales.

**Questions:**

**3. Do you agree with the approach set out for our administration of evidencing householder eligibility? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## ECO Eligible Referrals

### Under ECO3

5.16. Under ECO3, ECO Eligible Referrals (EERs), provided an additional data matching service by allowing obligated energy suppliers to directly share their own ‘vulnerable customer lists’ with DWP.

### Changes

5.17. There are no proposed changes to this area. Under ECO4, suppliers will be able to use the ECO Eligible Referrals (EER) tool to identify and verify eligible households.

## Proposed administrative approach

5.18. Our intention is that suppliers will notify Ofgem where a measure is using EER to identify households through the 'HTH\_Verification\_Method' field on the project notification template. Suppliers will also need to provide the EER unique reference number (URN) to allow Ofgem to validate with DWP whether the household meets the eligibility requirements.

### Question:

- 4. Do you have any suggestions of alternative documentation that could be used by suppliers to evidence HTHG membership, other than DWP data matching?**

## Domestic Premises

### Under ECO3

5.19. A supplier achieves its obligations by promoting qualifying actions at domestic premises, including mobile homes, as defined in Article 2 of the ECO3 Order.<sup>6</sup>

5.20. Two tests are used to determine whether premises other than a mobile home are domestic premises. If the premise is self-contained by containing kitchen facilities and used by the occupants wholly or mainly for domestic purposes, the premises is considered to be domestic premises.

### *Houses in Multiple Occupation (HMOs)*

5.21. HMOs are eligible to receive measures, except for district heating connection (DHC) measures. As specified in the Housing Act (2004), an HMO is a building that contains living accommodation where 'two or more of the households who occupy the living accommodation share one or more basic amenities' or 'the living accommodation is lacking in one or more basic amenities.'

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<sup>6</sup> See <https://www.legislation.gov.uk/ukxi/2018/1183/contents>

5.22. We recognise two distinct categories of HMO. These are an HMO with shared cooking facilities (e.g. a shared house), and an HMO with private cooking facilities in each bedroom (e.g. bedsits).

5.23. HMO properties would be considered self-contained if they had private cooking facilities. Generally, an HMO with shared cooking facilities were be treated as if it were a single domestic premise.

5.24. Given that the deemed scores approach was not designed with bedsits in mind, we have not used deemed scores in ECO3 for bedsits and have instead asked suppliers to make an alternative methodology application when they wish to install measures in this type of HMO.

5.25. No successful alternative methodology applications have been made for bedsits throughout the lifetime of ECO3, so this measure type has remained unused.

### **Proposed administrative approach**

5.26. We propose that the eligibility of both single domestic premises and HMOs for ECO measures, besides rules relating to proof of occupancy, will be determined through a property's eligibility for a SAP assessment. This is because SAP assessments, which all properties receiving ECO4 measures must receive, can only be performed on 'dwellings', which is what we are proposing to use in part to define domestic premises – see Part 1 of our Administrative Consultation for more details. This will replace what was referred to as 'Test I' of our domestic premises definition under ECO3.

5.27. In case the property is a House in Multiple Occupation (HMO), consisting of more than one household as separate units, support under ECO will be possible as long as one person occupying the HMO is eligible under ECO. This rule maintains the approach from ECO3, although the shared kitchen/bedsit distinction will no longer be made due to the move away from the two test approach from ECO3.

5.28. If the premises is a HMO, proof of rent (or another form of consideration) of at least one resident in the HMO must be retained.

5.29. All other occupancy rules for HMOs, such as those regarding proof of occupancy and mixed-use properties, will be the same as for other properties.

**Questions:**

**5. Do you agree with the approach set out for our administration of domestic premises through SAP assessments and EPC ratings? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## **Private Rented Sector**

### **Under ECO3**

5.30. Under ECO3, the pre-installation EPC rating of a property determines which measure type can be delivered to a private rented premises.

5.31. Private rented sector (PRS) properties occupied by a member of the HTHG or person declared as eligible by the local authority with an initial EPC efficiency rating of A, B, C, D, or E can receive any measure, apart from the installation of a heating system to replace or repair a broken heating system.

5.32. PRS properties occupied by a member of the HTHG or person declared as eligible by the local authority with an initial EPC efficiency rating of F or G (or unrated) are only eligible to receive solid wall insulation, a renewable heating measure or a first time central heating (FTCH) measure. A renewable heating measure is eligible as a solid wall alternative measure in PRS F or G (or unrated) properties.

5.33. To evidence whether properties are PRS, a declaration is required to be filled out by the customer confirming the tenure. This should be included in the Declaration of Conformity and Completed Installation (DOCC).

5.34. Suppliers could choose to request the landlord's permission for the delivery of a measure in a PRS property. The 'Private housing FTCH declaration and landlord permission' template can be used for FTCH and non-FTCH measures in PRS premises and the 'Landlord or Management Company Permission form' as evidence.

5.35. Both documents can be used to evidence that the property is owned by a private landlord and also to demonstrate the EPC rating of the premises. Suppliers may choose to have further evidence requirements in relation to PRS properties beyond this.

## Change

5.36. PRS properties occupied by a member of the HTHG, or a person declared as eligible by the local authority with a pre-project EPC efficiency rating of E, F, and G are eligible to receive ECO4 measures.

5.37. The package of measures that PRS properties receive must include at least one of the following measures, in addition to further ECO measures necessary to meet the MR:

- a) solid wall insulation,
- b) first-time central heating,
- c) a renewable heating system, except where it replaces a renewable heating measure of the same kind at the domestic premises, or
- d) a district heating connection.

5.38. In general, the replacement or repair of a boiler, central heating system or electric storage heater is not eligible in PRS properties under ECO4 as part of the package upgrade. However, this is permissible when the replacement heating measure is the installation of FTCH or a renewable heating measure.

5.39. PRS properties that are unsuitable for renewable heating measures are not eligible for electrical heating measures.

5.40. Heating measures installed in PRS properties are required to meet the minimum insulation requirement and have to be installed in accordance with the heating measure requirements.

5.41. The replacement or repair of broken heating measures as part of a package of upgrades continues to be excluded from ECO support.

5.42. The replacement of inefficient heating systems in PRS homes can only happen in the following circumstances:

- a) Electric Storage Heaters can be replaced if they are being replaced by FTCH under the ECO4 FTCH rules.
- b) An inefficient heating system can be replaced with a renewable heating system.

- c) A renewable heating system cannot be replaced with another renewable heating system of the same kind.

### **Proposed administrative approach**

5.43. There will be a field in the notification template for property tenure, which will include PRS.

5.44. We will check that the measures notified are eligible with the tenure field. Where they are not eligible, we will reject those measures.

5.45. We will require suppliers to obtain a declaration from the occupants of the property to confirm the tenure type is PRS. We will work with the ECO Reporting Working Group to create an eligibility form to evidence this.

### **Questions:**

**6. Do you agree with our administration of the PRS? Please provide suggestions for alternative evidence if you disagree with our proposed approach.**

## **Social Housing**

### **Under ECO3**

5.46. ECO3 measures were allowed to be delivered to Social Housing (SH) with an EPC energy efficiency rating of D, E, F or G, where the premises were let below market rate.

5.47. Delivery to E-G rated Social Housing premises included insulation measures, demonstration actions, innovation measures, or first-time central heating systems (including renewable central heating), and DHS connections delivered as FTCH.

5.48. Delivery to D rated properties was limited to innovation measures and demonstration actions only.

5.49. Heating measures installed in Social House properties were required to meet the minimum insulation requirement and had to be installed in accordance with the heating measures requirements.

5.50. The supplier was required to produce a declaration signed by a social landlord providing assurance that the Social Housing premises were let at or below the market rate,

or where the premises were unoccupied, have previously and would be let at below the market rate.

## **Change**

5.51. ECO4 measures can be delivered to Social Housing with an EPC energy efficiency rating of D, E, F, and G, where the premises are let below the market rate.

5.52. All Social Housing properties are required to meet the relevant ECO4 MR.

5.53. Delivery to E-G rated Social Housing premises is limited to:

- a) insulation measures,
- b) first-time central heating,
- c) renewable heating, except where it replaces a renewable heating measure of the same kind at the domestic premises,
- d) district heating connections, and
- e) innovation measures.

5.54. Delivery to D rated Social Housing properties is limited to innovation measures only, with the exception of insulation measures installed in order to meet the minimum insulation requirement.

5.55. Heating measures installed in all SH properties (including innovation measures in band Ds) are required to meet the minimum insulation requirement and have to be installed in accordance with the heating measures requirements.

## **Proposed administrative approach**

5.56. There will be a field in the notification template for property tenure, which will include Social Housing.

5.57. We will check that the measures notified are eligible with the tenure field. Where they are not eligible, we will reject those measures.

5.58. To evidence whether a property is a Social Housing and that it is let below the market rate, we will require suppliers to obtain a declaration from the social landlord of the property to confirm the tenure type is Social Housing and that the property is let below the market rate. We will work with the ECO Reporting Working Group to create an eligibility form to evidence this.

Questions:

**7. Do you agree with our administration of the new Social Housing rules? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

**8. Do you agree with our proposal to use a declaration to evidence a property is Social Housing and let below the market rate?**

## **In-Fill**

### **Under ECO3**

5.59. Under ECO3 there were two routes for In-Fill; the 'Affordable Warmth' in-fill, which was a mechanism intended to facilitate the delivery of SWI and DHS measures to terraces, flats and other groups of properties, and the local authority flexible eligibility mechanism.

5.60. Under the ECO3 'Affordable Warmth' In-Fill mechanism, a ratio of 2:1 applied for In-Fill properties to ECO-eligible properties, which meant that for every two ECO-eligible premises treated with Solid Wall Insulation or DHS a third In-Fill property was allowed to be treated that would otherwise not have been eligible under ECO3.

5.61. The In-Fill premises had to be a private domestic premises, whereas the associated ECO-eligible premises were required to have an EPC rating of E, F or G and be either a private domestic premises occupied by a member of the HTHG or a social housing property. All three needed to receive the same measure, either SWI or DHS.

5.62. In-fill properties in ECO3 had to meet following requirements, to be located either:

- a) in the same terrace as,
- b) in an immediately adjacent building to, or
- c) in the same building as households eligible for HHCRO.

5.63. Each associated measure needed to be completed within six months of the in-fill measure.

**Change:**

5.64. Under ECO4, In-Fill is no longer separated into Affordable Warmth and Local Authority Flexible Eligibility. Instead there are distinct rules for In-Fill and Local Authority flexibility (LA Flex) which is covered in another section of this consultation (see chapter 6 on ECO4 Flex).

5.65. An In-fill project needs to be notified alongside a standard ECO4 associated project. The associated ECO4 projects must follow the ECO rules and SAP band restrictions.

5.66. There is no requirement that the ECO4 eligible properties are completed as full projects, as long as the associated measure receives PPS. It is down to the discretion of an installer or supplier and their contract terms. The in-fill measure and associated ECO measure(s) need to be promoted by the same participant.

5.67. The associated ECO measure must be the same type of measure that is installed in the in-fill property. The ratio of associated eco measures to the in-fill measure depends on whether a property is a house or a flat.

5.68. In-fill measures will receive PPS which will not count toward the PPS cap. See chapter 8 on Projects & Scoring for further information on scores.

*In-fill flats*

5.69. For flats, a ratio of 1:1 applies, which have to be in the same block of flats, ie have the same building name. If over half the flats in a block of flats are eligible under ECO, the whole block can be treated under ECO4.

5.70. Eligible measures are:

- Solid wall insulation,
- DHS connection, and
- cavity wall insulation.

5.71. The in-fill measure has to be linked to the same kind of measure in the associated ECO4 project, ie if the in-fill project is a solid wall insulation, it needs to be linked to a solid wall insulation in the associated eco-project.

5.72. Flats are eligible for in-fill in band A-G. Their tenure can be either be private rented, owner occupied or social housing.

#### *In-fill houses*

5.73. In-fill houses need to meet a ratio of 3:1, which means that one in-fill property needs to be linked to three ECO4 projects in houses. The in-fill premises needs to be on the same street as the three associated ECO4 projects, with the intention that a change in street name represents a separate street.

5.74. The in-fill measures are limited to

- Solid wall insulation, and
- District heating connection.

5.75. The in-fill measure has to be linked to the same measure in the associated ECO4-projects, ie if the in-fill project is a solid wall insulation, it needs to be linked to **three** solid wall insulation measures in each of the three associated eco-projects. The in-fill house can be owner occupied, PRS or social housing and must be in band D-G before the installation of the measure.

#### **Proposed administrative approach**

5.76. An RdSAP assessment (EPC assessment for DHS connection) needs to be performed before the installation of the in-fill measure in order to calculate the SAP rating of the premises. An EPC has to be issued based on the SAP assessment if no pre-installation EPC has been issued in a timeframe of two years and three months prior to the completion of the in-fill measure.

5.77. The in-fill measure must be notified on or after the day that the (last) primary measure is notified but no later than 3 months after the primary measure is completed.

5.78. Suppliers will be able to notify an in-fill measure under the eligibility field in the register, by choosing in-fill as the eligibility. It can be notified on the same day as or after the associated ECO measure is notified. The notification template will have the fields

“Associated\_in-fill\_Project\_1”, “Associated\_in-fill\_Project\_2”, “Associated\_in-fill\_Project\_3” to identify the ECO eligible projects that are supporting the in-fill project. Flats treated under in-fill only need the field “Associated\_in-fill\_Project\_1” to be filled out. The property field in the register will distinguish between flat or house.

5.79. As in ECO3, the in-fill measures cannot be transferred until all the in-fill and associated measures are approved. Once the measures have all been verified, they can only be transferred as a group.

5.80. If an ECO-eligible property is not approved or gets rejected, then any linked in-fill property where a measure was installed would also not be approved. If the decision to refuse or revoke the savings of a supporting measure is taken, suppliers will be able to update the notification of the in-fill measure to link it to a different associated ECO4 project, given it meets all relevant criteria.

**Questions:**

**9. Do you agree with the approach set out for our administration of in-fill? If you disagree, please provide alternative suggestions, including any evidence, to support your response.**

## 6. ECO4 Flex

### Section summary

This chapter provides an overview of the ECO4 Flex processes for local authorities and suppliers. It also outlines the key roles and responsibilities of the other relevant parties involved. The following section provides detail on how local authorities and suppliers can identify eligible households and how they can collect and obtain relevant documentation for the scheme. Further information is also provided on the checking and auditing process.

### Questions

**Question 10:** Do you agree with our approach for standardised Statement of Intent? If not, please provide detail on alternative approaches.

**Question 11:** Do you agree with our approach for Local Authority / Devolved Administration declarations?

**Question 12:** Do you think there are any additional fields that should be included in the declaration template?

**Question 13:** Would notifying batches of declarations to Ofgem be easier for Local Authorities to submit? Do you have any suggestions on what submission timelines would work best for you?

**Question 14:** Do you agree with retaining the approach for suppliers to collect declarations?

**Question 15:** Should suppliers retain and check household evidence from Local Authorities for the duration of the scheme and should Ofgem request it for auditing purposes?

**Question 16:** What evidence can be collected by LAs / DAs for Routes 1-3?

## **Under ECO3**

6.1. Under ECO3, suppliers were able to deliver up to 25% of their obligation through the Local Authority Flexibility (LA Flex) mechanism. LA Flex provided a voluntary route for local authorities (LAs), to identify eligible households, within the parameters set out in the ECO3 Order. As set out in Article 17 of the ECO3 Order, households identified through LA Flex must be either:

- a) Living in fuel poverty
- b) Living on a low income and vulnerable to the effects of the cold

6.2. LAs were required to produce and publish of Statements of Intent (SoIs) which included a section on the methodology for identifying households meeting the eligibility criteria under flexible eligibility. This must have been signed by the CEO or at least Director level.

6.3. They were also required to produce declarations that declared that a household met the eligibility criteria under flexible eligibility. BEIS provided templates for the declaration document as well the SoI.

## **Changes**

6.4. Under ECO4, Government have expanded the LA Flex mechanism to allow it to be used for up to 50% of supplier's obligation. Alongside this, they have also included a supplier element option under Route 2, and have strengthened the due diligence requirements required for all measures using flexible eligibility, relabelling the mechanism to be 'ECO4 Flex'.

6.5. Under ECO4 there will still be a requirement for Local Authority SoIs and declarations, but these will be reformed to strengthen the evidence requirements and therefore improve targeting. This will mean that a SoI will only be valid if it states an LA's intent to participate in ECO4 Flex and contains commitment that the signing LA officer has checked and verified that declarations will be issued for households which match the criteria for the SoI.

6.6. Supplier notifications will only be valid if Ofgem have evidence that the declaration was issued, therefore we strongly advise that all ECO4 Flex declarations are notified to Ofgem to allow the details in these declarations to be matched against supplier notifications (see paragraph 6.26).

6.7. All LAs across Great Britain (GB), are able to issue declarations. In addition, there will also be the option for the Welsh and Scottish Governments to notify declarations from their respective countries.

6.8. Additionally, suppliers across GB will also be able to self-refer eligible households by using their own data along with the supplier data elements listed within Route 2 under ECO4 Flex.

*Eligible referral routes*

6.9. For ECO4, the household criteria has been made more specific and LAs will need to use one of the following four routes to identify consumers:

**Table 5: List of Routes available under ECO4 Flex**

ECO4 Flex Routes
<p><b>Route 1)</b> Household income: Households with a combined gross income under £31,000</p>
<p><b>Route 2)</b> Proxy targeting: Combination of two proxies outlined in Table 6 below.</p>
<p><b>Route 3)</b> NHS referrals: Households can be referred by either an NHS Trust, an NHS foundation trust, a general medical practitioner provider, a Health Board, or a Local Health Board where a person is suffering from a severe and / or long term health condition that falls under one of the four umbrella conditions; Cardiovascular, Respiratory, immunosuppressed, or limited mobility and could be severely impacted by living in a cold home.</p>
<p><b>Route 4)</b> Bespoke targeting: Suppliers and LAs can submit an application to BEIS where they have identified low income and vulnerable households, who are not already eligible under the exiting routes. Applications need to demonstrate that, aside from living in SAP band D, E, F and G:</p> <ul style="list-style-type: none"> <li>• The proposed methodology would identify low-income households where no more than 49% of which are not in the Help to Heat Group <b>and,</b></li> <li>• Where at least 75% of the households that meet the criteria are in owner-occupied premises and contain at least one person living in fuel poverty or,</li> <li>• At least 90% of the households that meet those criteria are in private rented premises that contain at least one person living in fuel poverty.</li> </ul> <p>Suppliers who refer households under Bespoke Targeting do not need to combine their application with debt data.</p>

**Table 6: Under Route 2 (Proxy Targeting) households must be in EPC E, F or G rated homes and meet two of the following criteria.**

Route 2 Proxy Criteria
a) Homes in England in Lower Super Output Area (LSOA) 1-3 areas <sup>7</sup> or, b) Homes in Welsh provision Lower-layer Super Output Area in the first, second or third decile on the Welsh Index of Multiple Deprivation 2019 published in November 2019 by the Welsh Government <sup>8</sup> or, c) For premises located in Scotland, a data zone which is identified as being in the first, second or third decile on the Index of Multiple Deprivation for 2020 published by the Scottish Government <sup>9</sup>
Householders receiving a Council Tax rebate (rebates based on low income only, excludes single person rebates)
Householders vulnerable to living in a cold home as identified in the National Institute for Health and Care Excellence, (NICE), Guidance (only one from the list can be used, excludes the proxy 'low income')
A householder supported by a LA run scheme, that has been named and described by the LA in their declaration as supporting low income and vulnerable households for the purposes of NICE Guidelines,
A householder receiving free school meals for low-income,
A household who has been referred to the local authority for support by their energy supplier or Citizens Advice because they have been identified by the referrer as struggling to pay their utility bills <b>(LAs only)</b>
Non Pre-Payment meter households will be eligible if in debt for more than 13 weeks <b>and</b> either in a debt repayment plan with their energy supplier or repaying their fuel debt through 3rd party deductions <b>(Suppliers only)</b>
Pre-Payment meter households, have to have been either self-disconnected or received supplier Discretionary / Friendly credit in the last 13 weeks; or in

<sup>7</sup> The Index of Multiple Deprivation Deciles are published in "File 7: all ranks, deciles and scores for the indices of deprivation, and population denominators" available on [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/845345/File\\_7\\_-\\_All\\_IoD2019\\_Scores\\_Ranks\\_Deciles\\_and\\_Population\\_Denominators\\_3.csv/preview](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/845345/File_7_-_All_IoD2019_Scores_Ranks_Deciles_and_Population_Denominators_3.csv/preview).

A copy of any entry in the file may be obtained from the Ministry of Housing, Communities & Local Government, 2 Marsham Street, London SW1P 4DF.

<sup>8</sup> [Welsh Index of Multiple Deprivation \(full Index update with ranks\): 2019 | GOV.WALES](https://gov.wales/welsh-index-of-multiple-deprivation)

<sup>9</sup> [Scottish Index of Multiple Deprivation 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/scottish-index-of-multiple-deprivation-2020)

a debt repayment plan with their energy supplier; or repaying their fuel debt through 3rd party deductions <b>(Suppliers only)</b>
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6.10. The combination of proxies 1 and 3 cannot be used together.

*Eligibility via Local Authority declaration:*

6.11. LAs can use any of the routes and proxies detailed above, providing they have published a SoI on their website.

6.12. The household that they have identified must be a private domestic premises for which the pre-project SAP band is D, E, F or G for owner-occupied homes, or SAP bands E, F or G for private rented sector households and properties receiving measures under Route 2.

6.13. LAs must have been consulted by the supplier or installer about the carrying-out of measures in domestic premises before the day on which the ECO4 project is started.

6.14. The LA can also use supplier data under Route 2. Where suppliers work with the LA, they will need to combine one of the two “suppliers only” rows in Table 6 with the LA run scheme proxy (Route 2, proxy 4 in Table 6), that aims to support low-income and vulnerable households.

6.15. Where the supplier wishes to use the LA scheme proxy, they must check with the LA that the household is a participant of the scheme and consult with them their proposed installation of measures.

6.16. Where the supplier and Citizen’s Advice work with the LA, the supplier will collect debt data to evidence the household’s PPM / non-PPM and confirm to the LA. The LA will then provide confirmation that the household is a member of the LA scheme and will sign the declaration.

*Eligibility via Supplier project notification*

6.17. The Supplier Flex element under Route 2 will allow obligated suppliers to use their own debt data to identify eligible households without engagement with a LA.

6.18. Suppliers can use their own data to self-refer households in energy debt.

6.19. Where a supplier is using their own data to identify households, they would need to collect evidence to verify that the household meets the PPM / non-PPM criteria as well as one of the other Route 2 proxies, other than the LA scheme proxy and the utility bill support proxy.

### **Proposed administrative approach**

6.20. We have developed a proposed approach to SoIs and declarations that provides a simple route to ensure ECO4 Flex measures meet the requirements in the ECO4 Order. This approach is outlined below.

#### *Statement of Intent, (SoI)*

6.21. From 1 July, a new SoI will be required from LAs across GB to state their intent to participate in ECO4 Flex and a commitment that the signing LA officer will check and verify that declarations will be issued for households that match the criteria in the SoI. As with ECO3 SoIs, these would need to be signed by the CEO or dedicated responsible person.

6.22. The eligibility requirements under ECO4 are restricted to the four routes listed above. Under ECO3, the SoI template needed sections to outline how the LA intends to identify eligible households but this will no longer be needed. For ECO4, we propose that the SoI template is simplified to include the following information:

- a) Name of the LA
- b) LA they are acting on behalf of (if relevant)
- c) Date of publication
- d) Version number
- e) A statement to outline whether all or which of the four eligible routes outlined in the ECO4 Order the LA will use to identify households. The statement must also outline that a dedicated LA officer will check and verify declarations and associated evidence submitted.
- f) A signature, (or co-signature) from the CEO or dedicated responsible person to confirm the above.

6.23. This will be a standardised SoI template that the LA would publish on their website when they decide to participate in ECO4 Flex. We will publish a standard template separately alongside our ECO4 Flex Administration Guidance.

6.24. This SoI will be published ahead of notifying declarations.

*Notification of LA / DA declarations to Ofgem*

6.25. Ofgem must be satisfied that projects notified by suppliers meet the eligibility requirements. This means that where a supplier notifies that the eligibility route for a project is 'ECO4 Flex' we need to be satisfied that these households are eligible.

6.26. We require LAs and Devolved Administrations (DAs), to submit declaration notifications in the form of a CSV file to Ofgem. Declarations will be on a per property basis so that, unlike ECO3, a declaration number is unique to one property.

6.27. We propose that the declaration template includes the following fields:

- 1) LA Declaration Unique Reference Number (URN),
- 2) Referral made on behalf of another LA (optional),
- 3) Referral Route:
  - Route 1, Low Income households,
  - Route 2, Proxy Targeting,
  - Route 3, NHS Referral or
  - Route 4, Bespokes Targeting (BEIS Panel).
- 4) Route 2 or Route 3 proxies (only if relevant),
- 5) Address details – street name/postcode,

- 6) LA area<sup>10</sup>,
- 7) Date of householder eligibility,
- 8) Statement of Intent publication date,
- 9) Statement of Intent link.

6.28. The LA / DA can submit declaration notifications to Ofgem, using the CSV template. Ofgem will then use these to carry out checks against supplier notifications to ensure the information submitted by the LA / DA and the supplier matches.

6.29. We expect both LAs and DAs to notify Ofgem of declarations ahead of the measure being delivered. This would prevent issues where Ofgem receives supplier notifications that use the ECO4 Flex eligibility route when there is not yet a declaration registered on our system.

6.30. Suppliers are able to rely on the relevant authority having made an accurate assessment of eligibility. However, suppliers should have assurance that where they are notifying ECO4 Flex measures, there is a SoI published on the relevant LA's website. Our proposals for the audit process is outlined in paragraph 6.43.

6.31. Declarations must be issued no earlier than 12 months before the date on which the project started at the premises and no later than the date on which the project started.

6.32. We will be undertaking annual audits on a sample of LAs throughout the ECO4 Flex scheme. Where we become aware that LAs are not issuing SoIs and declarations in line with the guidance, we will take further steps to closely monitor them and will reject their measures. We intend to audit both random samples of measures, as well as target specific LAs where we have been made aware that their SoIs and declarations do not comply with the guidance.

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<sup>10</sup> A local authority can provide declarations for households not within its administrative area . For example, this includes where a LA delegates some functions to another LA, where the LA providing the service is best placed to make a determination of the eligibility of a household. In such situations all relevant LAs must co-sign the SoI to confirm which LAs are operating on behalf of others. This must also be recorded on the LA declaration.

*Interim declaration process (submissions via email)*

6.33. For the beginning of the ECO4 Flex scheme, Local Authorities and Devolved Administrations should provide Ofgem with their declaration notification via email: [ECO4Flex@ofgem.gov.uk](mailto:ECO4Flex@ofgem.gov.uk).

6.34. LAs and DAs will be able to submit their notifications using an ECO4 spreadsheet (saved as a CSV file) by email, which Ofgem will subsequently review.

*Register declaration process (not available until 2023)*

6.35. The ECO4 LA Flex Register will not be available until 2023.

6.36. Once the Register becomes available, LAs and DAs will need to request access to it from Ofgem.

6.37. Where a declaration notification is submitted to Ofgem, our Register will carry out some initial processing checks to validate whether the template follows the accepted formats.

6.38. The checks will state which declarations have been successfully notified to us and we expect LAs/ DAs can use this confirmation to share with the supply-chain or suppliers they are working with.

*Supplier self-referral*

6.39. Where suppliers use entirely their own data, it is their responsibility to submit household eligibility details via a project notification. Ofgem will review the notifications and either accept or reject them.

*Collection of evidence from LAs and Suppliers*

6.40. We expect that for all households identified as eligible, evidence will need to be collected and retained. Ofgem will not be collecting this evidence but will be able to request it where issues arise with measures (eg mismatch between LA declaration and supplier notification) or during audits (further information on audits in paragraph 6.44).

6.41. It will be up to DAs, LAs and suppliers to ensure they have sufficient evidence requirements in place. However, we will seek to provide guidance on the types of evidence that could be suitable. We have provided some suggested evidence below but would

appreciate any suggestions from stakeholders on what suitable evidence might be for each of the four routes.

**Table 7: Non-exhaustive list of evidence for LA & Suppliers under ECO4 Flex.**

Route	Evidence
Route 1 (Low income)	<ul style="list-style-type: none"> <li>• Past three-monthly payslips,</li> <li>• Tax returns,</li> <li>• Bank statements proving household’s income for the past three months.</li> </ul>
Route 2 (Proxies)	<p>LA Proxies:</p> <p>Screenshot from the LA confirming the household is within a LSOA area, supported by Office for National Statistics (ONS) data, <a href="https://onsdigital.github.io">ONS Postcode Directory look-up - Office for National Statistics (onsdigital.github.io)</a>.</p> <p>Photo of council tax rebate with name and address; evidence of direct debt rebate payments or letter confirming payment from LA,</p> <p>Signed letter from a Doctor / GP identifying that someone has a medical condition, such as heart disease; a disability that, for instance, stops people moving around to keep warm, or makes them more likely to develop chest infections,</p> <p>Signed letter from local coordinator / local authority that proves the household was eligible for a LA-run scheme, such as Local Authority Delivery (LAD) and Home Upgrade Grant (HUG),</p> <p>ECS documentation showing eligibility for free school meals for low-income provided by the Department for Education or school,</p> <p>Letter proving utility bill support referral to LA from energy supplier or Citizen’s Advice.</p>
Route 2 (Supplier evidence proxies)	<p>Supplier PPM / non-PPM data:</p> <p>Customer tariff data to indicate the customer’s payment method,</p> <p>Debt Reporting,</p> <p>Instalment Plan Reporting, including Covid Financial Relief,</p> <p>Social Obligations Reporting.</p> <p>*Reporting must include customer profiles with names, addresses and phone numbers.</p>
Route 3 (NHS Referrals)	<p>Letter from either an NHS foundation trust, a general medical practitioner provider, or an NHS Primary Care provider. This letter will need to state that the official signing the letter considers someone in the household to be suffering from a severe and / or long term health condition such as Respiratory or Cardiovascular</p>

	difficulties, limited mobility or immunosuppression, and that the condition could be severely impacted by living in a cold home.
Route 4 (Bespoke Targeting)	The evidence for this will be assessed as part of the BEIS panel assessment.

6.42. Ofgem may conduct checks after the scheme closure date, and so we recommend that suppliers have access to relevant information for three years after ECO4 comes to a close, should they need to support the eligibility of a measure.

### *Audits*

6.43. Ofgem will require suppliers to request evidence from LAs for measures installed into ECO4 Flex households across GB.

6.44. Suppliers will need to collect sufficient evidence for all ECO4 Flex measures to ensure that they meet the eligibility and compliance requirements of the scheme.

6.45. Ofgem will then send suppliers an annual sample of measures that they have notified throughout the duration of the year and request that suppliers carry out internal checks on them to ensure that they have complied with the scheme’s requirements.

6.46. Suppliers will be expected to annually pass a summary of this evidence onto Ofgem for auditing purposes through a measures-compliance report.

6.47. Where Scottish and Welsh governments publish SoIs and declarations on behalf of LAs within their remits, they will be expected to request evidence from these LAs to ensure that have complied with Ofgem’s guidance. Whilst they will be responsible for their own LA remits in this situation, Ofgem will still monitor Scottish and Welsh declarations.

6.48. If Scottish and Welsh governments do not publish a SoI and issue a declaration on behalf of LAs within their remit, Ofgem will audit the LAs following the process above.

6.49. We intend to publish a report after each audit. Where we identify that LAs have not carried out adequate due diligence checks, we will include this in the report.

6.50. We are proposing to retain the requirement for suppliers to retain SoI evidence. This would mean that a supplier must be able to evidence that:

- a) The SoI was published prior to any declarations being made by that LA, and

b) The SoI follows the agreed standardised template.

6.51. The supplier can provide evidence of the above by producing a screenshot of a published and dated SoI.

**Questions:**

**10. Do you agree with our approach for standardised SoIs? If not, please provide detail on alternative approaches?**

**11. Do you agree with our approach for LA / DA declarations?**

**12. Do you think there are any additional fields that should be included in the declaration template?**

**13. Would notifying batches of declarations to Ofgem be easier for LAs to submit? Do you have any suggestions on what submission timelines would work best for you?**

**14. Do you agree with retaining the approach for suppliers to collect declarations?**

**15. Should suppliers retain and check household evidence from LAs for the duration of the scheme and should Ofgem request it for auditing purposes?**

**16. What evidence can be collected by LAs / DAs for Routes 1-3?**

## 7. Measures

### Section summary

This section covers the changes to measure eligibility under ECO4, including the introduction of minimum insulation requirements and the differing installation criteria for measures in on and off-gas homes.

### Questions

**Question 17:** Do you agree with our proposal to conduct checks for the minimum insulation requirements via TrustMark?

**Question 18:** Do you think there should be a table benchmarking the cost of boiler repairs? If so and you have the relevant expertise, please do provide estimates of the average boiler repair costs along with evidence supporting these estimates.

**Question 19:** Do you agree with our proposal to satisfy the off-gas criteria through the RdSAP methodology? Are you aware of any other industry definition for off-gas?

**Question 20:** Do you agree with our proposal to require a declaration from the Retrofit Coordinator stating any measures above the measure that is installed in the off-gas hierarchy were not reasonably practical to install?

**Question 21:** Do you agree with our proposal to require a declaration to confirm the fuel source of DHS connection measures installed in off-gas homes?

## Minimum insulation requirements

### Under ECO3

7.1. Under ECO3 a dual heating and insulation measure package was introduced, in line with the mandated compliance with the fabric-first approach set out in PAS 2035 and primary and secondary heating policy outlined in Article 2 of the ECO3 order.

7.2. Eligibility of primary insulation measures were limited to:

- a) Underfloor insulation (insulation of at least 50% of the floor area of the lowest storey of the premises containing a habitable room);
- b) Party wall insulation (insulation of a cavity wall which divides the premises from other premises under different occupation);
- c) Cavity wall insulation (including to partially-filled cavities), or internal / external wall insulation (wall insulation applied to at least 50% of the walls of the premises which are exterior facing); or
- d) Room-in-roof insulation (insulation of at least 50% of the walls and ceilings of a room in the roof space);
- e) Flat roof insulation (flat roof insulation installed to at least 50% of the roof area of the premises);
- f) Park home insulation (insulation applied to at least 50% of the ceiling, floor and walls of a mobile home);

7.3. Once the primary insulation measure requirement was met, the secondary heating measure(s) must:

- a) be installed at the same premises where the relevant primary insulation measure(s) has been installed;
- b) be installed by the same obligated supplier that installed the primary insulation measure(s);
- c) be installed on or no more than six months after the date on which the primary insulation measure(s) is installed; and
- d) not be the installation of equipment for heat generation wholly or partly from oil.

## **Changes**

7.4. Under ECO4, the primary insulation framework will be replaced with minimum insulation requirements.

7.5. Minimum insulation requirements will be introduced for all homes receiving any heating measure, including heating controls, repairs and replacements, as proposed:

- All Band D homes receiving any heating measure other than FTCH or a District Heating Connection must first have at least one insulation measure installed (flat roof, pitched roof, room-in-roof, exterior facing cavity or solid wall, party wall, park home and floor insulation)<sup>11</sup>
- All Band E, F and G homes receiving any heating measure and Band D homes receiving FTCH must first have all the exterior facing cavity walls and loft or roof (including flat, pitched, room-in-roof and loft insulation) insulated. Mobile homes must receive park home insulation
- Unless all eligible fabric measures are already installed to current building regulations and PAS standards, where possible, or where a fabric measure attracts an exemption see paragraph 8.5.

7.6. Park home insulation is defined as the 'insulation of the floor, walls and ceiling of the mobile home'.

7.7. In order for an insulation measure to count towards the minimum requirement, it must either be present in the property to the level of ECO4 standards or be installed as part of the ECO4 project before the installation of any heating measures. PAS standards will determine the amount of insulation that can be installed.

### **Proposed administrative approach**

7.8. With the removal of all pre-project insulation information and a significant amount of post-project measure information we will reduce the information gathered from the existing First Time Central Heating Checklist (FTCL), the Electric Storage Heater Checklist (ESCL), and the Boiler Assessment Checklist (BACL) forms and merge them into a new Heating Measures Checklist. This approach will allow us to continue to consolidate our scheme documentation to make compliance simpler for industry whilst adjusting to the need for less in-depth documentation for a wider array of measures.

7.9. This document will track the various scheme requirements of heating measure eligibility such as the need for broken heating replacements to only occur when the heating

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<sup>11</sup> This mirrors the primary insulation measures in ECO4 besides the inclusion of pitched roof insulation, which is a new measure type in ECO4.

system in question is not economically repairable. More information on documentation can be found in paragraph 10.52.

7.10. Checks for the minimum insulation requirement will be conducted via TrustMark, both in terms of pre-existing insulation in the property and insulation installed during a project to meet the requirement. This does not apply to project which only contains a district heating connection measure – see paragraph 10.25. For information on how exemptions are handled, see paragraph 8.9.

**Question:**

**17. Do you agree with our proposal to conduct checks for the minimum insulation requirements via TrustMark?**

## **Electric Storage Heaters, electric heating systems and boilers**

### **Under ECO3**

7.11. There are two categories of electric storage heaters (ESH) which may be installed under ECO3: fan storage and high heat retention. There were three eligible routes to deliver ESH measures:

- a) Broken ESH replacements
- b) Broken ESH repair
- c) Upgrade of an inefficient ESH

7.12. Inefficient electric heating systems and ESH are defined as systems with a responsiveness of equal to or less than 0.2 when assessed against SAP.

7.13. Biomass boilers are eligible under ECO3 and are classed as renewable energy.

7.14. Solar PV is an eligible measure where electric heating is the primary heat source of the premises, currently and in future.

## Changes

7.15. The definition of inefficient ESH and electric heating systems (SAP responsiveness rating of 0.2 or less) will be retained for ECO4.

7.16. Electric heating (other than heat pumps) may only be installed in homes that currently have electric heating (both on and off the gas grid) and in off-gas homes where it is not reasonably practicable to install a hydronic heat pump, solid biomass heating system or DHS connection, subject to the Broken Heating Replacement Cap.

7.17. Hydraulic balancing will be introduced to all boilers for ECO4, and all newly installed gas boilers will be required to have hydraulic balancing completed in order to ensure the central heating system is balanced. This will be validated via a self declaration on the heating checklist (see paragraph 7.52).

7.18. The legislation defines hydraulic balancing as the steps required to ensure the temperature difference is the same between the inlet and outlet of each radiator, or other heat emitter, in a heating system.

7.19. Solar PV can be installed in a property where either a hydronic heat pump or electric heating (ESH or electric heating system that meet the new standard ie 0.8 SAP responsiveness rating) is either already installed in the home or is installed as part of the ECO4 project.

## Proposed administrative approach

7.20. As specified in SAP, high heat retention ESH are the only type currently available with a SAP responsiveness rating of 0.8 or higher so we will therefore remove the 'fan storage' ESH measure type. The requirement for all ESH to be high heat retention (HHR) will be validated via TrustMark.

7.21. The requirements for newly installed heating systems to be hydraulically balanced and for new biomass boilers to be fuelled by wood fuel will be enforced via a self-declaration.

7.22. TrustMark monitoring will ensure that HHR are the only type of ESH installed under ECO.

7.23. The new heating form will require a declaration to confirm that hydraulic balancing has been completed.

## Repair and replacement of broken heating systems

### Under ECO3

7.24. The ECO3 Order outlines three core options for delivering heating measures to properties with broken heating systems, outside of the installation of FTCH in certain cases along with renewable and district heating:

- a) The repair of broken heating systems.
- b) The replacement of broken heating systems.
- c) The upgrade of inefficient heating systems.

#### *Replacement of broken heating systems*

7.25. For a broken heating system replacement to be eligible, immediately prior to the installation the premises must have a boiler, central heating system or DHS connection which has broken down and cannot be economically repaired or have one or more electric storage heaters, all of which are broken down and cannot be economically repaired.

#### *Repair of broken heating systems*

7.26. Where a heating system is economically repairable, it can be repaired under ECO3.

7.27. Installers use the Boiler Assessment Checklist to determine whether a boiler or ESH is economically repairable or needs a replacement.

#### *Upgrade of inefficient heating systems*

7.28. Inefficient heating systems can be replaced with a new heating system, if the new system is either renewable or is installed alongside a relevant primary insulation measure.

### Changes

7.29. Broken efficient boilers and ESH, that cannot be economically repaired, may be replaced through the Heating Replacement Cap, or with renewable heating or DHS connection, both of which will not count towards the cap – see Chapter 8 for more details.

7.30. Where an efficient heating system is broken down and can be economically repaired it can be repaired, or replaced with renewable heating or a DHS Connection.

7.31. Repairs of inefficient heating systems can only take place on inefficient oil and LPG heating systems. Oil and LPG heating systems are only eligible for repairs as the last option in the off-gas hierarchy (See paragraph 7.70).

7.32. Repairs and replacements, like all heating measures, will be subject to the minimum insulation requirements.

7.33. Repairs or like-for-like replacements of broken efficient boilers and ESH will receive a score via a fixed value uplift, as they are not scored in SAP.<sup>12</sup>

7.34. Like-for-like repairs and replacements of broken efficient heating systems will each be capped at 5000 measures each per year– this cap will be scaled to each individual supplier’s obligation.

### **Proposed administrative approach**

7.35. In order to reflect the fact that the costs of repairing boilers have changed since the beginning of ECO3, we will be releasing an updated version of the Economic Repair Cost Comparison Table.

7.36. We are considering providing a benchmark of the costs of boiler repairs that the supply chain could use which would benchmark the costs of boiler repairs both broadly and on a part-specific level. This would ease compliance for the supply chain with repair reporting requirements by providing an estimate of average repair costs – the supply chain would be encouraged to use these average costs in their estimates. We would appreciate industry feedback as to the desirability of such a table and what they think the cost estimates should be.

### **Question:**

**18. Do you think there should be a table benchmarking the cost of boiler repairs? If so and you have the relevant expertise, please do provide estimates of the average boiler repair costs along with evidence supporting these estimates.**

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<sup>12</sup> See Chapter 9

## Oil and LPG

### Under ECO3

7.37. Under ECO3, all coal-fuelled heating systems and the installation of new oil heating systems, were excluded. A limited number of oil fuelled heating system repairs and replacement were allowed, and LPG systems were eligible.

### Changes

7.38. Under ECO4, all new and replacement heating systems, fuelled by oil, coal, biofuels, and LPG, including hybrid oils, bioliquids and all hybrid systems, will be excluded.

7.39. Repair of efficient and inefficient broken heating systems fuelled by oil, LPG, or biofuels, regardless of whether economic to repair, will only be eligible, when it is not reasonably practicable to install all other measures from the off-gas heating hierarchy.

7.40. Oil, biofuels, and LPG heating system repairs (including hybrid systems) will be subject to the broken heating repair cap (See Paragraph 7.34).

## First Time Central Heating (FTCH)

### Under ECO3

7.41. Under ECO3, homes receiving first time central heating measures must have at no point prior to the installation been heated by a central heating system or a district heating system, and immediately prior to the installation did not contain an efficient repairable electric storage heater.

7.42. FTCH measures were subject to the FTCH pre-conditions, which meant that eligible properties, absent any exemptions, must have had fully insulated cavity walls and lofts / roofs before the installation of a FTCH measure.

7.43. The replacement of broken heating systems with FTCH installations were not capped.

### Changes

7.44. Under ECO4, the FTCH preconditions will be subsumed into the wider minimum insulation requirements (see paragraph 7.5).

7.45. The proposed FTCH eligibility criteria allow for measures to be delivered in premises which at no point prior to that installation were heated by a wet central heating system and / or an efficient or repairable ESH; or where ESH is present, that they are all inefficient or broken immediately prior to the installation of FTCH.

7.46. Properties with warm air central heating are now eligible for FTCH. Additionally, the replacement of broken heating systems under FTCH rules will remain uncapped.

7.47. Homes with one radiator connected to a heating appliance will continue to be considered as having a central heating system in most cases. However, as indicated in the Government Response, exceptions will be made for heating systems with one emitter, such as Aga systems and gas back boilers, which have been installed for health and safety reasons – these will not be considered CHS.

7.48. Renewable FTCH will still be eligible in on and off-gas homes in accordance with the off-gas heating hierarchy.

7.49. FTCH fuelled by mains gas cannot be installed in an off-gas home.

7.50. All newly installed gas boilers will be required to have hydraulic balancing completed to ensure the central heating system is balanced.

7.51. However, renewable heating (and DHS connection) installations are eligible in any home outside of FTCH (subject to the off-gas hierarchy in off-gas homes).

### **Proposed administrative approach**

7.52. The new heating form will require a declaration to confirm that hydraulic balancing has been completed.

7.53. The one emitter rule will also be enforced via declarations on the heating forms – exemptions will be allowed to be claimed for heating systems which are connected to one radiator for health and safety reasons such as Agas and back boiler systems.

## **Eligible measures in on-gas homes**

### **Under ECO3**

7.54. There are no separate measure rules for on and off-gas homes.

## Changes

7.55. Renewable heating measures (including biomass heating) and DHS connection (including mains-gas fuelled hybrid heat pumps ) can replace any heating system in on-gas homes unless it is a like-for-like replacement. However, biomass heating can only be delivered in rural areas.

7.56. Where a home is connected to the mains-gas grid but does not have gas central heating, gas and renewable FTCH will continue to be eligible to be installed.

7.57. On-gas premises are defined as premises which were connected to the mains supply of a relevant gas transporter immediately before 1 April 2022.

7.58. Where the existing heating system in the premises, referred to as the pre-main heat source, is an **efficient** heating system, which is **not broken down**, the following heating measures can be installed (except in the case of like-for-like replacements):

- a) Renewable heating measure
- b) A district heating connection
- c) The installation of heating controls, or
- d) An innovation measure

7.59. Where the pre-main heat source in the premises is an **efficient** heating system which is **broken down**, and can be **economically repaired**, the following heating measures can be installed (except in the case of like-for-like replacements):

- a) Renewable heating measure
- b) A district heating connection
- c) The installation of heating controls
- d) An innovation measure, or
- e) A repair

7.60. Where the pre-main heat source in the premises is an **efficient** heating system which is **broken down**, and is **not economically repairable**, the following heating measures can be installed:

- a) A boiler (if the heating system is broken down because a boiler forming part of that heating system is broken down)
- b) A renewable heating measure
- c) A district heating connection
- d) A central heating system
- e) An electric heating system or ESH (only if the heating system which is broken down is an electric heating system or ESH)
- f) The installation of heating controls, or
- g) An innovation measure

7.61. Where the pre-main heat source in the premises is an **inefficient** heating system (whether broken down or not) the following measures can be installed:

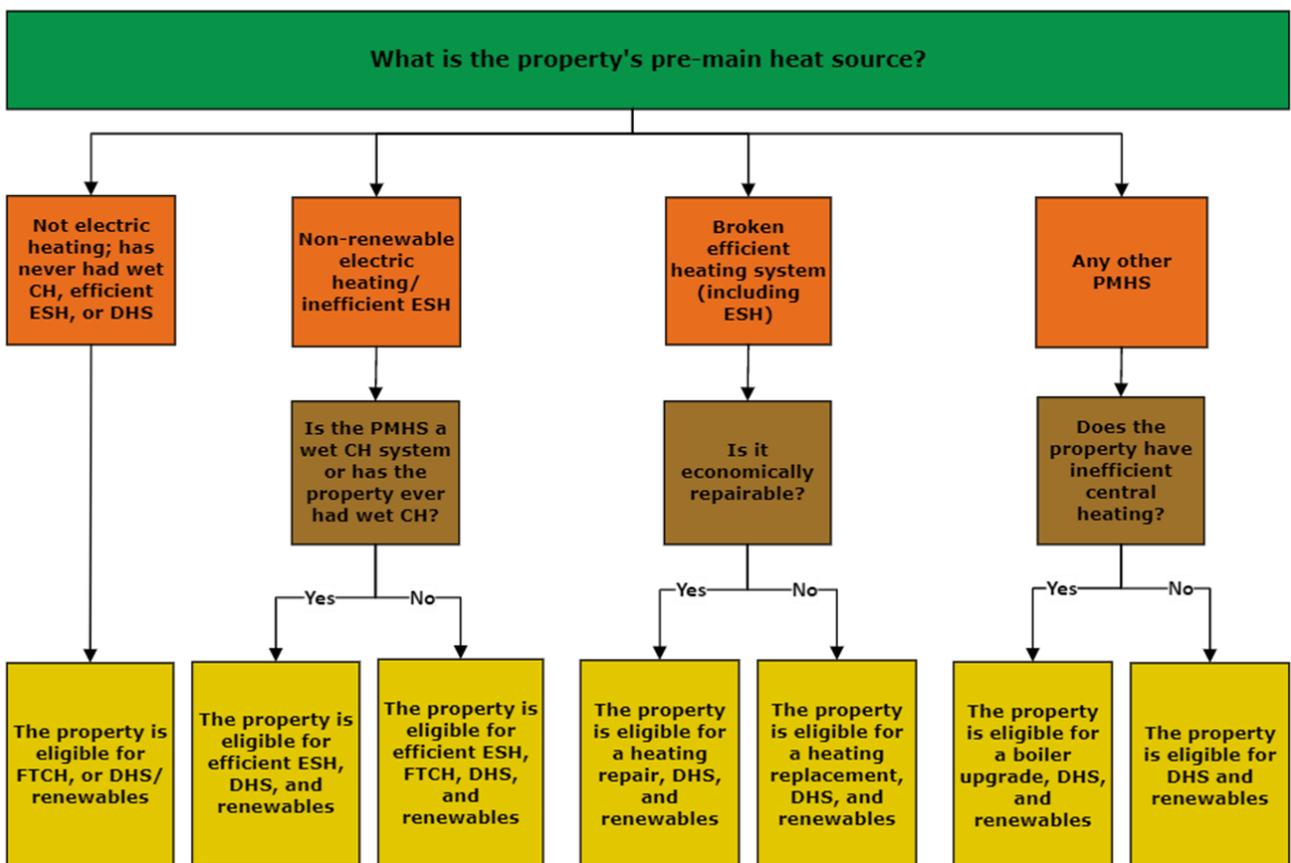
- a) A boiler
- b) A renewable heating measure
- c) A district heating connection
- d) A central heating system
- e) An electric heating system or ESH (only if the heating system which is broken down is an electric heating system or ESH)
- f) The installation of heating controls, or
- g) An innovation measure

7.62. Where the pre-main heat source in the premises is a neither an efficient nor inefficient heating system the following measures can be installed:

- a) a wet central heating system
- b) a renewable heating system
- c) a district heating connection;
- d) the installation of heating controls; or
- e) an innovation measure.

7.63. The practical implications of the on-gas rules are reflected in the flowchart below.

**Figure 2: On-Gas flowchart**



### **Proposed administrative approach**

7.64. As detailed in Paragraph 7.76, we expect to use the RdSAP file to determine whether or not a property is on-gas.

## **Eligible measures in off-gas homes**

### **Under ECO3**

7.65. There were no separate measure rules for on and off-gas homes.

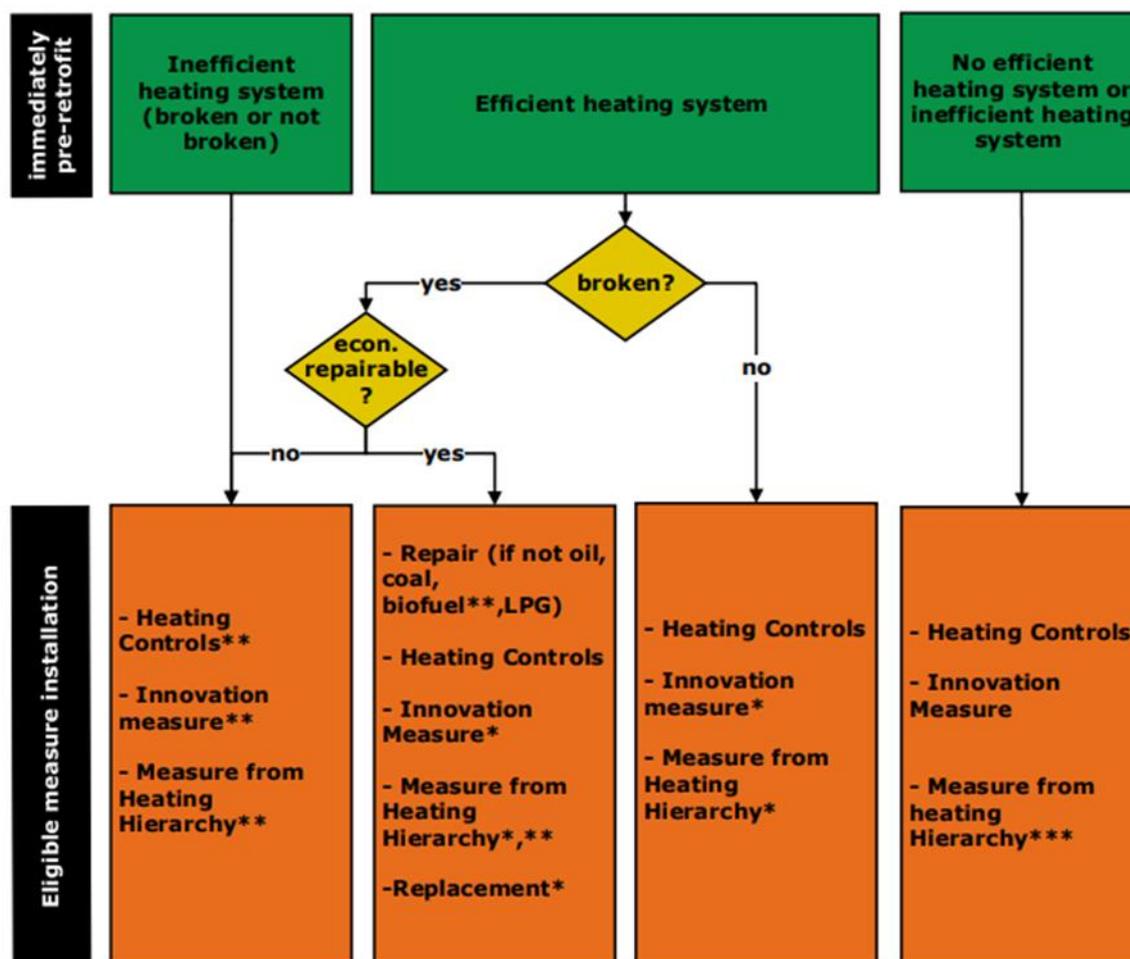
### **Changes**

7.66. Government has set out that off-gas homes are homes where the primary heating system is a fixed coal, oil or LPG heating system, or a fixed electric heating system with no evidence of using a gas cooker, or no fixed heating system. Gas heating systems and DHS connections fuelled by gas cannot be installed in off-gas homes. Off-gas premises are premises that were not connected to the mains supply of a relevant gas transporter immediately before 1 April 2022.

7.67. A measure is deemed reasonably practicable to install where it is shown to be technically feasible to install following an MCS or equivalent assessment and must not result in an increase in energy bills when the package of measures for a home is assessed against SAP.

7.68. Figure 3 outlines the requirements for off-gas measures, including requirements to installations immediately prior to the retrofit in order for an ECO4 measure to be possible to be installed. See Table 8 for further explanations on restrictions to Figure 3.

**Figure 3: Off-Gas measure requirements**



**Table 8: Restrictions for off-gas measures**

Restrictions	
*	Not the same measure as the measure being replaced
**	Not a heating system repair unless part of heating hierarchy which includes repair of a central heating system (oil, biofuel, gas or LPG) or a connection to district heating (oil, biofuel, gas or LPG) or inefficient renewable heating system
***	If the measure is: <ul style="list-style-type: none"> <li>• Hydronic heat pump;</li> <li>• Wet CHS (hydronic heat pump); or</li> <li>• Connection to a DHS (hydronic heat pump).</li> </ul>

	If neither are possible to install, either a District Heating Connection (other than hydronic heat pump) or if the premises is in a rural area, the installation of equipment for the generation of heat wholly or mainly from biomass.
****	<p>Only If it is not possible to install at the premises any of the following:</p> <ul style="list-style-type: none"> <li>• Hydronic heat pump;</li> <li>• Wet CHS (hydronic heat pump);</li> <li>• DHS (hydronic heat pump);</li> <li>• District Heating Connection (other than hydronic heat pump).</li> </ul> <p>If the premises are in rural area, installation of equipment for the generation of heat wholly or mainly from woodfuel.</p>

7.69. The requirements for off-gas measures are also met where the measure forms part of an ECO4 project which includes the installation of a district heating connection, and the measure is a wet central heating system installed after the completion of the installation of the district heating connection.

7.70. Therefore, heating measures installed in off-gas homes must be installed in accordance with the off-gas heating hierarchy. The hierarchy of measures is set out below:

- 1) A hydronic heat pump<sup>13</sup>, a wet central heating system<sup>14</sup> which generates heat wholly from a hydronic heat pump, or district heating connection fuelled by a hydronic heat pump;
- 2) Where it is not reasonably practicable to install one of the above, a solid biomass<sup>15</sup> heating system (in rural areas only<sup>16</sup>) or district heating connection fuelled by a source other than a heat pump (and excluding gas, coal, oil and LPG);

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<sup>13</sup> “hydronic heat pump” means—

- (a) an air source heat pump; or
- (b) a ground source heat pump, that heats fluid circulated in a wet central heating system;

<sup>14</sup> “wet central heating system” means a central heating system in which heated fluid circulates between a boiler or other heat source and one of more separate heat emitters.

<sup>15</sup> Fuelled by woodfuel, which includes woodchip, logs, wood pellets and wood briquettes

<sup>16</sup> We will define rural areas as those outside of settlements with a population of 10,000 people or more as classified by the 2011 Rural Urban Classification, <https://www.gov.uk/government/statistics/2011-rural-urban-classification> and Scottish Government Urban Rural Classification 2016 <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2016/>. The classification of any given location will be determined at postcode level using the Office for National Statistics Postcode Directory look-up tool, <https://onsdigital.github.io/postcode-lookup/>.

- 3) Where it is not reasonably practicable to install any of the above heating measures, broken oil, LPG, or biofuel heating systems may be repaired (subject to the Broken Heating Repair Cap) or replacement electric heating (electric heating system or electric storage heaters) may be installed in homes that are already electrically heated, according to the new standard of electric heating installation with 0.8 or greater SAP responsiveness rating.

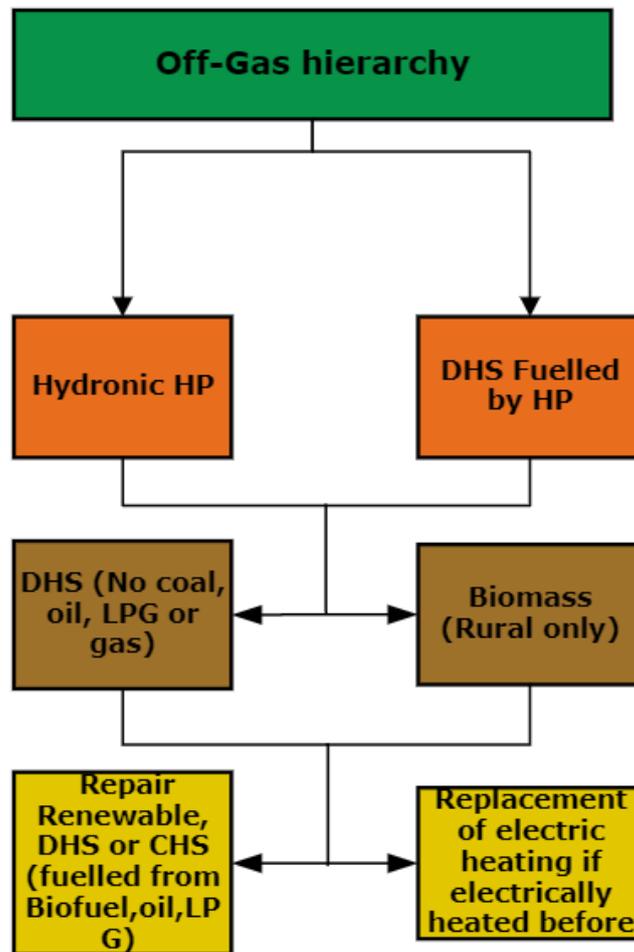
7.71. Note, the repair of broken renewable and DHS connections (other than those fuelled by oil, LPG and biofuel) as well as efficient electric heating systems take place outside the off-gas heating hierarchy rules, subject to the Broken Heating Repair cap.

7.72. Not reasonably practicable means:

- Where an exemption applies to the measure (see paragraph 8.5 for more detail on exemptions)
- Where one or more retrofit recommendation reports in relation to the premises are held on the TrustMark Data Warehouse; and the measure is not amongst the measures recommended in the most recent retrofit recommendation report; or
- Where no retrofit recommendation report in relation to the premises is held on the TrustMark Data Warehouse; one or more EPC recommendation reports have been issued for the premises; and the measure is not amongst the measures recommended in the most recent EPC recommendation report.
- For woodfuel (Level 2) and electric heating systems (Level 3) 'not reasonably practicable' is also met if the precondition for installing the measure in whichever of those provisions is relevant is not met.

7.73. Where none of the heating systems in the heating hierarchy can be installed or repaired, the home would remain eligible for insulation. Following this, where there are too few ECO-eligible measures recommended in the PAS improvement option evaluation (IOE), containing a list of all energy efficient measures deemed appropriate for the property, and, where applicable, pre-insulation EPC, these homes would be exempt from the MRs where appropriately evidenced.

**Figure 4: Off-Gas Hierarchy flowchart**



7.74. IMs and heating controls can also be installed in the below scenarios:

- a) Where the measure is installed at premises which, immediately prior to the installation of the measure, have an efficient heating system which is not broken down.
- b) Where the measure is installed at premises which, immediately prior to the installation of the measure, have an efficient heating system which is broken down and can be economically repaired.
- c) Where the measure is installed at premises which, immediately prior to the installation of the measure, have either an efficient heating system which is broken down and is not economically repairable or an inefficient heating system (whether broken down).

### Proposed administrative approach

7.75. Where a property is off-gas, heating measures must be installed according to the hierarchy in Figure 4 above.

7.76. We propose to identify off-gas homes as part of the RdSAP data that will be collected by the Retrofit Coordinator and lodged in TrustMark's Data Warehouse in the field Mains Gas. Evidence should be retained to prove they are not connected to the mains supply of a relevant gas transporter. Therefore, where mains gas is not available according to the RdSAP methodology, we deem the property to be off-gas. This methodology is set out to align with the off-gas definition of the ECO4 Order.

7.77. Where heating measures are installed in these homes which are not a hydronic heat pump, a wet central heating system that generates heat wholly from a hydronic heat pump or a district heating connection fuelled by a heat pump, we will require a declaration to be completed and signed stating that any measures above them in the off-gas heating hierarchy were not reasonably practicable to install.

7.78. We propose this declaration to be signed on the pre-project survey premises document by the Retrofit Coordinator.

7.79. In the case of DHS connections, Level 1 of the heating hierarchy requires the DHS to be a hydronic heat pump, whereas level 2 requires the DHS to be fuelled by any fuel source other than mains gas, coal, oil or LPG. We will require a declaration to be signed by the installer to confirm the fuel source.

### Questions:

**19. Do you agree with our proposal to satisfy the off-gas criteria through the RdSAP methodology? Are you aware of any other industry definition for off-gas?**

**20. Do you agree with our proposal to require a declaration from the Retrofit Coordinator stating any measures above the measure that is installed in the off-gas hierarchy were not reasonably practical to install?**

**21. Do you agree with our proposal to require a declaration to confirm the fuel source of DHS connection measures installed in off-gas homes?**

## Smart Meter Advice

### Under ECO3

7.80. Installers and retrofit coordinators are not required to provide advice on the benefits of smart meters under ECO3, as the decision of accepting a smart meter offer remains with the consumer.

### Changes

7.81. Smart meter advice will be mandatory and provided alongside the initial retrofit energy efficiency advice provided to households as required of the Retrofit Advisor under PAS2035. It will include information on smart meter benefits and how to request the installation of a smart meter (when not already installed in the premises).

### Proposed administrative approach

7.82. We are proposing to require that Retrofit Coordinators supply customers with the Smart Energy GB guidance on Smart Meters as released by BEIS in order to satisfy the above mandate.<sup>17</sup> This will help standardise the provision of smart metering advice and make compliance simple for the supply chain.

7.83. This requirement will be tracked via TrustMark monitoring.

## Interaction with other funding

### Under ECO3

7.84. Under ECO3 funding is not allowed to be combined for any measures between different schemes and grants. Support can only be received under one scheme or grant for a measure.

7.85. This is particularly set out for the Renewable Heat Incentive Scheme (RHI) (except for the installation of ground source heat pumps), the Green Homes Grant (GHG) scheme and the WHD.

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<sup>17</sup> <https://www.smartenergygb.org/resource-centre/materials/2022-core-assets/a-smart-meter-could-give-you-peace-of-mind-if-money-s-tight/a-smart-meter-could-give-you-peace-of-mind-if-money-s-tight-leaflet-in-english>

## Changes

7.86. As under ECO3, funding from other government schemes or grants cannot be blended with the funding of ECO4 projects. Any measures outside of ECO4 delivered to the same property would have to be installed either before or after the ECO4 measures are installed and cannot be installed in the duration of an ECO4 project. The following sets out a non-exhaustive list of other government endorsed schemes and grants that are at risk of overlapping with ECO measures. ECO measures shall not be funded with other schemes and grants which include, but are not limited to the following:

- a) The Green Homes Grant (GHG) scheme closed applications on 31 March 2021. Therefore, there will no longer be a potential overlap between the GHG and ECO4. The Home Upgrade Grant (HUG) scheme is due to follow the GHG in 2022. It will help low-income households with upgrades to the worst-performing off-gas-grid homes in England. Funding cannot be blended between ECO and HUG.
- b) The GHG LAD scheme aims to raise the energy efficiency of low income and low energy performance homes (those with energy performance certificate (EPC) ratings of E, F or G), including off-gas grid homes. Phase 2 runs until the end of June 2022 and cannot be blended with ECO4.
- c) The Domestic Renewable Heat Incentive Scheme (DRHI) closed to new applicants on 31 March 2022, so there will be no overlap with ECO4.
- d) The Boiler Upgrade Scheme (BUS), which launched in Spring 2022, offers capital grants to property owners to install heat pumps and biomass boilers, to replace fossil fuel heating systems with a focus on off-gas grid homes. Funding cannot be blended between ECO and BUS. However a property could receive a BUS grant for a heat pump and have other measures funded under ECO.
- e) The Warm Home Discount (WHD) Scheme, providing support to persons on low-income and that are vulnerable to the cold or living wholly or mainly in fuel poverty, runs until 2026. Under WHD Industry Initiatives, emergency energy efficiency measures can be installed in fuel poor homes. Funding between ECO and WHD cannot be blended.
- f) Social Housing Decarbonisation Fund (SHDF) upgrades social housing to meet an Energy Performance Certificate Band C standard. SHDF and ECO funding cannot be blended.

### **Proposed administrative approach**

7.87. As ECO4 scores are awarded based on SAP improvements, no non-ECO4 measures that effect energy efficiency will be allowed to be installed between the pre and post retrofit SAP assessment.

7.88. TrustMark will collect information on ECO4, GHGLAD, HUG and SHDF as the measures under all of these schemes need to be lodged with TrustMark. We will draw the information from Trustmark to run internal checks between the schemes to see whether a measure has benefited from another funding source besides ECO4.

7.89. BUS installations are not required to be logged with TrustMark, which is why we will connect to the Ofgem BUS database to undertake the checks internally. We will have a regular process to check that ECO measures are not also funded under BUS.

7.90. Where a measure has received funding under another scheme or grant, we will reject it from ECO4.

**This is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## 8. Projects & Scoring

### Section summary

Whereas ECO3 focused on individual measures, in ECO4 measures will form part of a project, with the intention that the majority of projects will be awarded a full project score (FPS) that supersedes the scores of individual measures. This project / measure approach requires significant changes to our administration. This chapter details our proposals relating to projects and the FPS and covers topics including exemption, caps, the project completion deadline, and rejections.

### Questions

- 22. Do you agree with our proposals that suppliers should notify exempted measures to the ECO register as separate notifications?**
- 23. What evidence do you think will be available for exemption categories beyond those listed in Table 9? Do you agree this evidence should only be required where they cannot be validated through Trustmark?**
- 24. What consumer circumstances do you think might occur and what evidence do you think might be used to support them?**
- 25. Do you agree with our other proposals for the administration of exemptions?**
- 26. Do you agree with our proposed approach towards caps and any measures or projects that breach them?**
- 27. Do you agree with our proposals for the administration of project completion timings and installation extension requests?**
- 28. What forms of evidence do you think could be used to support installation extension requests, and show why delays to installations were unavoidable and unpredictable?**

## Meeting the minimum requirement and Exemptions

### Under ECO3

8.1. Under ECO3, scores were awarded to individual measures. These scores were binary – if a measure was deemed to be a qualifying action it was awarded its score and if not, it would receive no score. The score notified with the measure was the final score for the measure

8.2. Our processing checks on measures were split into three stages, all of which checked the eligibility of the measure. Once stage 3 was passed, the measure would be moved to 'approved' status and provisionally awarded its score (with the caveat that approval could later be revoked).

### Changes

8.3. ECO4 will move to a project focused approach, where a project consists of one or more measures installed at a single property. For the purposes of our administration every measure installed under ECO4 must be associated with a project. The Full Project Score (FPS) for a property will be attached to the project, rather than the individual measures.

8.4. Both projects and measures will need to pass eligibility checks to be awarded a score that counts towards the notifying supplier's completed obligations. Further, to be awarded FPS a project must include a pre and post-retrofit SAP or RdSAP assessment,<sup>18</sup> lodged as an EPC where appropriate and result in sufficient improvement in the property's SAP rating to meet the minimum requirement (MR). The MR is:

- a) Any starting SAP band F or G property treated must be improved to at least a band D, and,
- b) Any starting SAP band D or E property treated must be improved to at least a band C.

8.5. Various circumstances may prevent the installation of a measure, for example where the property is a listed building. These circumstances are the exemption categories

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<sup>18</sup> SAP assessments are only permitted where a retrofit comprises either a DHS connection only or a DHS connection alongside one or more data light measures. In all other retrofits, only RdSAP assessments are permitted.

listed by BEIS. Where a measure is considered for installation in a project but meets an exemption category, this may be used to exempt the measure or project from various requirements:

- a) The measure may be exempted from insulation pre-conditions (see paragraph 7.1 for detail on insulation pre-conditions)
- b) The measure may be exempted from the off-gas hierarchy (see paragraph 7.65 for detail on off-gas properties)
- c) The project containing the measure may receive FPS without meeting the MR, provided there are otherwise too few suitable ECO-eligible measures to meet the MR as set out in the PAS IOE and corresponding pre-installation SAP / EPC assessment. Additionally, all other ECO-eligible measures recommended in the IOE must be installed, with the property’s pre-installation EPC/SAP assessment also used to evidence this. This is only allowed in projects with starting SAP band E, F, or G. Subject to the same requirements, FPS may also be granted where there is no exempt measure if we are satisfied there is no combination of eligible ECO4 measures that would allow the project to meet the MR.

8.6. Additionally, a project may be awarded FPS without meeting the MR where the project ended early due to the choice of the consumer after a change in the people who are occupying the premises. This covers situations such as a death of any person in the household or change in occupancy and are referred to collectively as consumer circumstances. Consumer circumstances may only be used to exempt a project from the MR, and not insulation pre-conditions or the off-gas hierarchy. Like exemptions to the MR, this is only allowed in projects with a starting SAP band of E, F, or G.

8.7. Table 9 lists the valid exemption categories and example consumer circumstances in ECO4, along with the documentation that may be used to evidence them.

**Table 9: Exemption categories and consumer circumstances in ECO4**

Exemption Category / Consumer circumstance	Evidenced via
Where the property is a listed building	A letter from planning department at relevant local authority, English Heritage, Cadw, or Historic Scotland stating that it is not possible to install a specific measure due to the building

	being a listed property / rejected planning application
Where the property is in a conservation area (and failed to gain planning permission)	A letter from planning department at relevant local authority, English Heritage, Cadw, or Historic Scotland stating that it is not possible to install a specific measure due to the building being in a conservation area
Where the property houses a protected species that would be materially affected by one or more installations	Letter from Natural England, Scottish Natural Heritage, Natural Resources Wales, or a chartered ecologist (a member of Chartered Institute of Ecology and Environmental Managers) stating which protected species is housed at the property and that installing the measure would materially affect the species
Where it would otherwise be unlawful – eg where planning permission has been refused	Letter from relevant local authority’s planning department or RICS stating which law prevents the installation of the measure(s)
Where local environmental conditions mean some measures can never be appropriately installed (e.g. regular exposure to driving rain)	A report from a chartered surveyor outlining the environmental conditions preventing installation
Where the structure / fabric of the building, or access constraints prevents installation of some measures (e.g., a narrow passageway that cannot accommodate scaffolding for external wall insulation, or a wall type that is not suitable for cavity or solid wall insulation)	A report from a chartered surveyor or structural engineer stating the property is not suitable for installation of the relevant measure
Consumer circumstances - Where the project ends early due to a change in occupancy of the household	Tenancy agreement
Consumer circumstances - Where the project ends early due to the death of a member of the household	Death certificate

8.8. The number of properties that use an exemption to be awarded FPS without meeting the MR is capped at a fixed number of properties allocated to each supplier. The size of this cap depends on the size of total obligation for that supplier. Properties beyond this cap will have to meet the MR to receive FPS even if they fit an exemption category. Consumer circumstances do not count towards this cap.

### **Proposed administrative approach**

8.9. We propose that, where a measure has been evaluated for a project but is not installed due to the potential measure meeting an exemption category, suppliers should notify these exempted measures to Ofgem. This will be done through the ECO register and using the same notification template as other measures. However, as the measures have not been installed, the majority of fields on the template may be left blank and only a few details such as MRN, PRN, measure type and exemption category will be required. The measures will not have any scores attached. Suppliers will distinguish exempted measure notifications through the 'purpose of notification field'. The alternative is for suppliers to notify the exempted measure types and categories within the project template, which would be impractical and overly complex, particularly where a project contains multiple exemptions.

8.10. Where the project in question has been lodged with TrustMark, we will validate these exempt notifications against the TrustMark Data Warehouse. Therefore, we propose that suppliers will only be required to hold the evidence for exemptions listed in Table 9 where the project is not lodged with TrustMark ie projects consisting only of DHS connection and/or DLM.

8.11. As consumer circumstances are not covered by TrustMark, suppliers will be required to hold evidence in all cases where one is notified and should produce this evidence when requested. Where a supplier wishes to notify consumer circumstances that are not a death in the household or change in occupancy, they should contact Ofgem to discuss suitable evidence and we will judge these on a case-by-case basis.

8.12. We propose that, in addition to notifying exempted measures, suppliers will also indicate whether they are requesting an exemption from the MR or consumer circumstances through the notification of a completed project. See paragraph 10.598 for more detail of our proposed notification system. These are the exemptions that will contribute to the exemption cap.

8.13. We are seeking views on what evidence may be available to prove an exemption or consumer circumstances exists outside those listed in Table 9.

8.14. Details of our proposed scoring mechanisms for FPS and PPS are included in part 2 of our scoring consultation<sup>19</sup>.

**Questions:**

**22. Do you agree with our proposals that suppliers should notify exempted measures to the ECO register as separate notifications?**

**23. What evidence do you think will be available for exemption categories beyond those listed in Table 9? Do you agree this evidence should only be required where they cannot be validated through Trustmark?**

**24. What consumer circumstances do you think might occur and what evidence do you think might be used to support them?**

**25. Do you agree with our other proposals for the administration of exemptions?**

## **Awarding PPS and Caps**

### **Under ECO3**

8.15. In ECO3, approved measures were provisionally awarded individual scores. This was the final score for each measure. There was no overall cap on the number of approved measures that would be awarded scores.

8.16. Measures were subject to several caps in ECO3, for example the innovation cap, broken boiler cap etc. Where a supplier was found to have exceeded a cap at final determination, measures beyond a cap could not be treated as qualifying actions for those obligations.

### **Changes**

8.17. There are new caps in ECO4, which are listed in Table 10.

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<sup>19</sup> See <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

**Table 10: Caps in ECO4**

Cap	What does the cap limit?	Value	Impact of project / measure breaching cap
Innovation measure - general	% of obligation awarded to innovation measures	10% of each supplier's obligation	Score still awarded but with IM uplift(s) excluded
Innovation measure - specific	% of obligation awarded for each innovation measure type	5% of each supplier's obligation	Score still awarded but with IM uplift(s) excluded
Partial Project Score	% of obligation awarded to measures where PPS is the final score ie approved measures in projects that aren't awarded FPS (except for in-fill)	12.5% of each supplier's obligation	Measure not scored
Exemptions	Number of projects that are awarded FPS without meeting the MR due to having an exemption (except where that exemption is a change in occupancy or death in household)	7500 exemptions in ECO4. Each supplier's share of this is equivalent to their share of total ECO4 obligation	FPS not awarded, PPS will be final score for measures in project.
Data Light Measures	Number of each data light measure type that can be installed	5000 measures for each DLM across ECO4. Each supplier's share of this is equivalent to their share of total ECO4 obligation	Not scored and will not contribute to MR
Building Fabric Repair	% of obligation awarded for building fabric repair increases	0.5% of each supplier's obligation	BFR increase not awarded for PPS or FPS
ECO4 Flex	% of obligation awarded to projects with ECO flex eligibility route	50% of each supplier's obligation	Entire project not scored unless eligible through another route
Efficient heating system and ESH repair	Number of projects that include the repair of efficient heating systems / ESH	Equivalent to 5000 per phase. Each supplier's share of this is equivalent to their share of total ECO4 obligation	Measure not scored
Efficient heating	Number of projects that include the replacement of	Equivalent to 5000 per phase. Each supplier's	Measure not scored

system and ESH replacement	efficient heating systems / ESH	share of this is equivalent to their share of total ECO4 obligation	
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8.18. In ECO4, deflated partial project scores (PPS) will be provisionally awarded to individual measures that pass eligibility checks. These scores will be superseded by a single FPS attached to the project if one is awarded. Where FPS is not awarded, PPS will remain as the final score for each measure.

8.19. Depending on the cap in question, measures that exceed a cap may not be eligible to be awarded PPS. A measure must be a qualifying action to contribute to the score of a project, so measures that exceed such a cap cannot be included in the calculation of the FPS of a project either. For some caps, exceeding the cap will result in the entire project becoming ineligible and the project and all measures within it may be rejected.

**Proposed administrative approach**

8.20. We propose to assess suppliers’ progress towards caps, and potentially revoke approval of projects or measures where caps are exceeded, at final determination. We intend to report frequently on suppliers’ progress towards caps, however, they should also ensure they are monitoring this themselves so that they are aware of their position.

8.21. Where a supplier is found to have breached relevant caps at final determination, some selection process must be used to decide which measures or projects will be rejected. Legislation requires Ofgem to determine the order in which measures and projects apply to caps. We propose that measures will be automatically selected in reverse chronological order based on the DOCI, so the latest project or measure completed will be the first to be revoked.

8.22. Where we determine that a project or measure has exceeded a cap at final determination, it may result in a change or outright removal of the score from said project or measures. In some cases it may result in the rejection of a notification. Details for our proposals for rejected measures are in the “Packages with rejected measures” section below.

8.23. For details on how we propose to calculate PPS and FPS, please see part 2 of our scoring consultation<sup>20</sup>.

**Questions:**

**26. Do you agree with our proposed approach towards caps and any measures or projects that breach them?**

## **Project completion timings**

### **Under ECO3**

8.24. Under ECO3, so long as a measure was installed within the timeframe of the scheme there were no restrictions on when measures should be installed, outside of specific scenarios such as secondary heating measures which had to be installed within six months of its associated primary insulation measure.

8.25. A measure's date of completed installation (DOCI) could determine eligibility but had no effect on the scoring of that measure.

### **Changes**

8.26. Projects in ECO4 have a three-month completion deadline. In order to receive FPS with no penalty, all measures in a project must be completed within three months of the earliest DOCI in the project. For projects containing DHS connection measures, this deadline is six months instead.

8.27. Measures installed beyond this deadline will be treated as late installations and a penalty will be applied to the FPS, provided one is eventually awarded. Where a project is completed but does not meet the MR (and has no valid exemption), the project completion timing is irrelevant to the FPS as one will not be awarded. A measure being deemed a late installation has no impact on its eligibility, with the exception of in-fill measures.

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<sup>20</sup> See <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

8.28. The late penalty is equal to the 20% deflator multiplied by the determined cost savings (the value taken from the scores matrix) of any late measures. This calculated value will be subtracted from the FPS.

8.29. The deadline for an in-fill flat measure starts from the DOCI of the supporting primary measure. For an in-fill house, it starts from the latest DOCI among the three primary measures. Unlike all other measures, this deadline does impact eligibility. An in-fill measure must be completed within the deadline to be an eligible measure.

8.30. Suppliers will be able to apply for an extension request for an additional three months. If granted, measures installed beyond the extended deadline will still count as late installations. These requests must be for on a per-measure basis. In-fill measures are not eligible for extensions. As the deadline of in-fill is based on the deadline of the primary measure, an extension to the primary measure results in an effective extension to the in-fill as well.

8.31. Suppliers will be able to apply for an installation deadline extension request for a measure at any time within the period between work beginning on the associated project and no later than five months (eight months for projects with a DHS connection measure) from the DOCI of the first measure in the associated project. Each measure may only receive one installation extension.

### **Proposed administrative approach**

8.32. We propose that suppliers do not need to wait until a measure or its associated project has been notified to raise an extension request. Suppliers should begin the process of completing an extension request as soon as they become aware that there will be delays to the installation of the relevant measure. This mirrors the approach taken to notification deadline extensions.

8.33. We propose that, unlike with notification extensions, suppliers will not need to notify a measure as having an installation extension. This is because installation deadlines only impact the FPS for a project and not the eligibility of the project or measures. The only exception is in-fill, however in-fill measures may not receive extensions. Therefore, we do not need to know if a measure has an extension at the point of notification.

8.34. Instead, we propose that Ofgem will manually change measures to show that they have an installation extension on the ECO register after approving a successful extension application. This will be taken into account when awarding FPS to relevant projects.

8.35. We propose to determine extension requests on an individual basis, and will not publish an exhaustive list of acceptable reasons for extension. In general, extensions may be granted for unavoidable or unpredictable delays. Delays that could have been foreseen and therefore were avoidable will not be eligible for extensions. For example, issues with the availability of installers which could have been mitigated through improved coordination prior to the installation of the first measure. Where the same parties or reasons are used as the basis for repeated requests, we may consider these grounds to reject the request. We are seeking views on what are likely to be reasons for delays in measure installations.

8.36. An extension request should be supported by evidence. This should be included with the request. As we do not have fixed criteria against which a request is checked, we will not publish an exhaustive list of accepted evidence. We are seeking views on what evidence is likely to be available to support extension requests.

**Questions:**

**27. Do you agree with our proposals for the administration of project completion timings and installation extension requests?**

**28. What forms of evidence do you think could be used to support installation extension requests, and show why delays to installations were unavoidable and unpredictable?**

## **Packages with rejected measures**

### **Under ECO3**

8.37. Under ECO3, a measure was rejected if it was not compliant with the ECO Order and ECO Guidance. The rejected measure did not count towards a supplier's obligation.

8.38. When a measure was found to be non-compliant with the ECO3 rules, the supplier could provide the necessary evidence to save the measure. If no representations were made to rectify the non-compliance, the minded-to-notice (MTN) process was initiated, outlining our intention to reject the relevant measure(s).

### **Change**

8.39. Individual measures will be rejected where they do not comply with the ECO4 scheme requirements. Under ECO4, a measure rejection could result in a project no longer meeting the MRs.

8.40. If a measure in a project gets rejected, it will receive no score. The remaining measures in the project will receive PPS, if after the measure rejection the project no longer meets the MR. If after the measure rejection the project still meets the MR, the remaining measures would still receive FPS. This means that the final SAP rating would need to be adjusted and re-notified to exclude the rejected measure. The FPS will be recalculated based on the lower final SAP rating, which ultimately results in a lower FPS.

8.41. Measures that are not yet approved by Ofgem at final project notification, such as when a measure fails TrustMark monitoring, can be rectified by industry. If rectified successfully or representations are made, the whole project gets FPS, including the rectified measure, provided the MR is met after the retrofit. A rectification of a measure after it fails TM monitoring is subject to the late penalty; if the rectification takes place outside of the standard project deadline or an extension to this deadline it will be treated as a late installation and may attract a late penalty for the project (see project completion timings from paragraph 8.26 onwards for further information).

8.42. If the rectification of a measure after a TrustMark monitoring fail is unsuccessful, the measure will be rejected. In that case, depending on whether the MR is met or not after the measure is rejected, the remaining measures in the project get FPS if the MR is met and PPS if MR is unmet.

8.43. If a measure is rejected due to a minor administrative error, for example a missing consumer signature on a piece of documentation, but is functioning normally in the household, so that the MR was met 'in practice' and the measure can be considered a qualifying action, the remaining measures in the project will receive FPS. The rejected measure would get no score.

8.44. Where a rejection applies in a project with an exemption the same rules apply, ie if a measure in a project with an exemption gets rejected, the scores for the remaining measures depend on whether the MR is met in the project or not. If it is met, the remaining measures get FPS, if it is not met, the remaining measures get PPS.

8.45. All measures in a package will be rejected and no scores for the property will be granted if an occupant or a property was never eligible for ECO4 in the first place or fraud or misrepresentation was detected.

### **Proposed administrative approach**

8.46. Measures will be identified through our compliance processes. If a non-compliant measure is detected, we will notify the supplier to give them the option to rectify anything or provide the necessary evidence. If the supplier cannot provide necessary representation, we will proceed to the 'MTN' (minded-to notice) process, offering the supplier two more weeks to make any final representations, such as reasons why we shouldn't reject the measure, before we ultimately reject the measures from the scheme.

8.47. Rejected measures should not contribute to the post-retrofit SAP rating of a property. Where a measure is rejected after a project has been notified as complete, the supplier may be required to resubmit the completed project re-notification with an updated post-retrofit SAP assessment to account for the rejection.

8.48. **This change is set out in the draft ECO4 Order and we do not have administrative discretion, so we are not consulting on this topic.**

## 9. Uplifts

### Section summary

Uplifts are bonuses applied to the score of certain measures. ECO4 comes with significant changes to uplifts from ECO3, including the addition of fixed value increases. This section contains our proposals for evidencing the administration of these uplifts and increases.

### Questions

**Question 29:** Do you agree with our proposed approach to identifying rural areas in Scotland and Wales? Are you aware of other ways of identifying rural output areas?

**Question 30:** Do you agree to using the ONS Postcode Directory look-up as an alternative for the ECO Tool, given Ofgem will provide further guidance in the ECO4 delivery guidance?

**Question 31:** Do you agree with our proposed approaches for administering uplifts under ECO4?

**Question 32:** Do you agree with our proposal to require the completion of a Pre-insulation Heating Checklist prior to repair or replacement of a heating system or ESH?

**Question 33:** Do you agree with our proposal to mandate that the chartered surveyor attends the property in person before submitting a report which substantiates the need for cavity wall or loft insulation extraction?

## Rural and off-gas uplift

### Under ECO3

9.1. Under ECO3, there was an uplift for non-gas fuelled premises, which are premises where the main space heating system(s) is not fuelled by mains gas or a district heating connection. The score may have received an uplift depending on the measures that are installed at the non-gas fuelled premises that remain non-gas fuelled.

## Change

9.2. An uplift of 35% will be applied to projects delivered to properties that are both rural and off-gas. This uplift is limited to properties in Scotland and Wales and will not apply in England, as rural off-gas properties are expected to be supported under the Home Upgrade Grant. This uplift also applies to in-fill properties.

## Proposed Administrative approach

9.3. To ensure that measures are installed in rural areas, suppliers are advised to refer to the 2011 rural-urban classification of output areas document for properties in England and Wales<sup>21</sup>, and to the Scottish Government Urban Rural Classification 2016 document for properties in Scotland.<sup>22</sup>

9.4. The ECO Tool, used under ECO3 for identifying rural areas, will no longer be available for ECO4 as we propose to switch to the government provided ONS Postcode Directory look-up provided by the Office for National Statistics,<sup>23</sup> or an equivalent system, to ensure measures are installed in eligible rural areas. As there is no longer a rural obligation, where suppliers intend to install measures in rural properties, they can use this checker, which is provided directly by a government department and presents a cost-effective alternative to the ECO Tool. It returns a 'Rural Urban Indicator' as set in the ONS publication, where the codes D1, D2, E1, E2, F1 and F2 qualify as rural areas.<sup>24</sup> The codes referred to as rural areas will qualify for the rural areas criteria under ECO.

9.5. Ofgem will provide guidance on the Rural Urban Indicator codes of the ONS Postcode Directory look-up in the ECO4 Delivery Guidance.

9.6. Suppliers can notify a property which is located in a rural area in Wales or Scotland through the register. We will use the data provided alongside the ONS Postcode Directory look-up in the ONS GIS data – Open Geography Portal<sup>25</sup> to validate whether a property is in a rural area in Scotland and Wales.

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<sup>21</sup> See <https://www.gov.uk/government/statistics/2011-rural-urban-classification>

<sup>22</sup> See <https://www.gov.scot/publications/scottish-government-urban-rural-classification-2016/pages/2/>

<sup>23</sup> See <https://onsdigital.github.io/postcode-lookup/>

<sup>24</sup> See <https://www.gov.uk/government/statistics/2011-rural-urban-classification>

<sup>25</sup> See <https://geoportal.statistics.gov.uk/>

9.7. Please see section 7.78 under Measures in Off-gas homes for information on when a property is considered off-gas.

**Questions:**

**29. Do you agree with our proposed approach to identifying rural areas in Scotland and Wales? Are you aware of other ways of identifying rural output areas?**

**30. Do you agree to using the ONS Postcode Directory look-up as an alternative for the ECO Tool, given Ofgem will provide further guidance in the ECO4 delivery guidance?**

## **Uplifts calculation**

### **Under ECO3**

9.8. Under ECO3, all the uplifts available were applied as multiplication factors to the deemed scores for each measure. For example, the LA Flex F&G non-PRS uplift, which uplifts scores by 25%, would be applied by multiplying the deemed score for the measure by 1.25.

9.9. Uplifts were divided into two tiers. Tier 1 uplifts could not be combined, and the largest tier 1 uplift the measure was eligible for should be selected. Tier 2 uplifts could be combined but should be applied separately.

9.10. The uplifted scores (for tier 1 uplifts) were available to select in the Deemed Scores Matrix.<sup>26</sup> Tier 2 uplifts were not included in the Deemed Scores Matrix and were applied manually to the score. Furthermore, the notification template<sup>27</sup> contained fields for suppliers to notify Ofgem of the uplifts which had been applied to the score.

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<sup>26</sup> <https://www.ofgem.gov.uk/publications/eco3-deemed-scores>

<sup>27</sup> <https://www.ofgem.gov.uk/publications/eco3-notification-template>

## Changes

9.11. There will be nine different uplifts and increases in ECO4. The term uplift applies to percentage based multipliers, and the term increase applies to fixed value bonuses. These are outlined in Table 11.

**Table 11: Uplifts and increases available in ECO4**

Uplift / Increase	Limit on uplifts in project	How uplift / increase is applied	Rate / value	How / when uplift / increase should be notified	Eligible properties
Broken efficient heating system repair	1	Fixed value increase	£140 <sup>1</sup>	Applicable measures	All SAP bands, owner-occupied properties only
Broken efficient heating system replacement	1	Fixed value increase	£140 <sup>1</sup>	Applicable measures	All SAP bands, owner-occupied properties only
Broken efficient ESH repair	No limit	Fixed value increase	£40 <sup>1</sup> per ESH	Applicable measures	All SAP bands, owner-occupied properties only
Broken efficient ESH replacement	No limit	Fixed value increase	£40 <sup>1</sup> per ESH	Applicable measures	All SAP bands, owner-occupied properties only
Building fabric repairs	1	Fixed value increase	Based on cost of rectifying BFR issues in home	Applicable measures	SAP band E-G, owner-occupied properties only
Innovation measure	No limit	Multiplication factor	25% or 45%, plus 5% for sponsoring supplier	Applicable measures	All SAP bands and tenures
Off-gas and rural uplift	No limit	Multiplication factor	35%	All measures in applicable project	All SAP bands and tenures, properties which are both rural

					and off-gas in Scotland and Wales only
ECO4 Flex route 4	No limit	Multiplication factor	10%	All measures in applicable project	All SAP bands and tenures
Floor area uplifts	No limit	Multiplication factor	20% and 10% to the smallest and second smallest floor area segments respectively	All measures in applicable project	All SAP bands and tenures, including in-fill

<sup>1</sup>Annual bill savings. Note these fixed values are subject to the floor area uplift so values may be higher in some cases.

9.12. The floor area uplifts will already be included in the PPS and FPS listed in the published score matrices. Other uplifts will be calculated to include the floor area uplifts.

### Proposed administrative approach

9.13. The administration of each uplift depends on the mechanism of the uplift. The available uplifts in ECO4 can be categorised into three different mechanisms:

- 1) Fixed value increases – this includes the boiler repair, boiler replacement, ESH repair, ESH replacement and building fabric repairs increases. These have fixed value scores attached to them, they are notified using the measure template and will be awarded deflated PPS when approved. When the project is complete and if the MR is met, these fixed values will be un-deflated (returned to original score before deflation) and added to the FPS.
  
- 2) Innovation measure uplifts – after an innovation measure is notified, the deflated PPS for the measure will receive a 25% or 45% uplift, dependent on whether the measure demonstrates a reasonable or substantial improvement against its commonly available counterpart (see paragraphs 12.4-12.7 for further information). The differentiation between the two uplifts will be decided by the innovation measure application process. The sponsoring supplier will also receive an extra 5% uplift. When the project is complete and if the MR is met, the value of the IM uplift will be un-deflated and added to the FPS.

3) Project uplifts – this applies to the rural off-gas uplift and ECO4 Flex route 4 uplift. These result in a % multiplier that will be applied to the PPS of every measure in a relevant project. If the MR is met, that same multiplier will be applied to the FPS of the project.

9.14. We propose for the fixed value increases to be notified to us in a similar way to measure notifications, and the different increases will be assigned measure names. Suppliers should then notify us of the appropriate increases by selecting the corresponding measure name. Further information around this can be found in Ofgem’s Scoring Consultation Part 2 and Decision Document<sup>28</sup>. Deflated PPS will be awarded for these notifications. Once the project is complete and if the minimum requirement has been met, the value of the uplift will be un-deflated and added to the FPS. Note that other % uplifts, for example the ECO flex uplift, will not be applied to the PPS of these increases.

9.15. We propose for the innovation measure uplift to be applied automatically to the measure notified to us. The innovation measure application process will determine whether the innovation measure receives a 25% or 45% uplift, and the sponsoring supplier will be known to Ofgem as they have gone through the application process to get the measure approved. Therefore, when the innovation measure is notified to us with the innovation measure number, the correct uplift will be automatically applied, and no additional information is required to be notified to us. The uplift will be applied to the deflated PPS for the innovation measure, and once the project is complete and if the minimum requirement has been met, the value of this uplift will be un-deflated and added to the FPS.

9.16. We propose for the project uplifts to be notified to us through the project notification template. There will be fields in the project notification template which will identify whether the property is off-gas and whether the eligible household has been identified through ECO4 Flex route 4. The appropriate uplift will then be applied to the package of measures after the project is complete.

9.17. Where fixed value increases are notified as measures the measure details such as DOCI, measure type etc. will be validated against the TrustMark Data Warehouse in line with other measure notifications. We will also mandate that a Heating Checklist be completed prior to any boiler or ESH replacement or repair.

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<sup>28</sup> See <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

9.18. Furthermore, boiler replacement uplifts will only be eligible for like-for-like replacements, meaning that the replacement boiler must be of the same fuel source as the original boiler.

9.19. Renewable heating systems and DHS Connections and FTCH and inefficient heating upgrades will not be subject to the repair or replacement caps.

*BFR increases*

9.20. BFR increases are eligible for owner-occupied premises with a starting SAP band of E, F or G. The available building fabric repairs increases, which are dependent on the amount spent rectifying issues with the property, are set out in the BEIS ECO4 government response.<sup>29</sup> As discussed in paragraph 9.14, we propose for this uplift to be notified to Ofgem using the measure notification template. There will be four available BFR 'measures', which the supplier must select based on the total BFR spend which covers the cost of rectifying all BFR issues that there may be in a property. Only one BFR uplift can be applied per retrofit.

9.21. The appropriate BFR uplift is determined by the BFR actual spend. The amount spent on rectifying BFR issues will fall into a cost range category, to the nearest pound. The mid-point of this cost range category is then used to calculate the value of the BFR uplift. These cost range categories are:

- a) Low - £50-200 actual spend (mid-point £125)
- b) Medium - £201-500 actual spend (mid-point £351)
- c) High - £501-1000 actual spend (mid-point £751)
- d) Highest - £1001-1500 actual spend (mid-point £1251)

9.22. Where the BFR actual spend is above £1500 in a property, the mid-point of the highest category will still be used, which would be £1251.

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<sup>29</sup> See <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026>

9.23. The BFR uplift is calculated using the BFR spend and the following formula:

$$\text{BFR Uplift} = \frac{\text{Mid-point of BFR actual spend cost range category}}{\text{Cost per £ bill saving of improving the household}}$$

9.24. The cost per £ bill saving of improving the household is taken from the ECO4 final stage impact assessment<sup>30</sup> and has a value of £17.83. An example BFR calculation is provided in paragraph 9.28.

9.25. As stated in the BEIS ECO4 Government Response, the BFR actual spend must be recorded in the TrustMark Data Warehouse. We will validate the BFR measure notified to us against the TrustMark Data Warehouse to ensure the appropriate 'measure' corresponding to the actual BFR spend has been notified.

9.26. Furthermore, BEIS have stated that the extraction of defective cavity wall and loft insulation can be claimed under BFR, provided there is no warranty for the defective cavity wall or loft. A chartered surveyor's report substantiating the need for an extraction of the relevant measure must also be provided. However, throughout ECO3 we have received chartered surveyor's reports where it appears that the chartered surveyor has not seen the property themselves. Therefore, to minimise risk, we propose to mandate that the chartered surveyor who carries out the report substantiating the need for an extraction attend the property in person prior to submitting their report.

#### *Example score calculation with uplifts*

9.27. A rural and off-gas property with a starting intermediate SAP band of low E and floor area of 150m<sup>2</sup> repairs several BFR issues before measure installation begins, which total £890. Then, an insulation measure is installed, followed by an innovation measure (which is eligible for the 45% uplift), followed by a heating measure which results in the property being improved to a low band C.

9.28. The BFR total spend falls into the cost range of high (£501-1000) therefore the increase should be notified to Ofgem as 'BFR\_high'. This corresponds to an uplift value of:

$$\text{BFR Uplift} = \frac{751}{17.83} = £42.12$$

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<sup>30</sup> See <https://www.gov.uk/government/consultations/design-of-the-energy-company-obligation-eco4-2022-2026>

The PPS deflator of 20% is applied, awarding a PPS of £33.70 for the BFR uplift.

9.29. The deflated PPS for the insulation measure is £200 which is awarded for the insulation measure when it is approved.

9.30. The innovation measure receives a deflated PPS of £100, which receives a 45% uplift, therefore the PPS is multiplied by 1.45 and the PPS awarded is £145.

9.31. The deflated PPS for the heating measure is £600 which is awarded for the heating measure when it is approved.

9.32. The project also reaches the MR, therefore the FPS supersedes the PPS awarded for the project. However, the uplifts are still awarded. The FPS received for improving a home with a floor area of 150m<sup>2</sup> from a low band E to a low band C is £815.4<sup>31</sup>. The FPS is also uplifted by 35% for the off-gas uplift, increasing the FPS to £1100.79.

9.33. The value of the BFR uplift is un-deflated (to £42.12) and added to the total score.

9.34. The value of the IM uplift itself is 45% of the PPS for the IM, which is £45. This value is un-deflated (to £56.25) and added to the total score.

9.35. Therefore, the total score for this project is the FPS multiplied by the off-gas uplift, plus the un-deflated values of the BFR uplift and IM uplift. This is:

$$\text{Total score} = £1100.79 + £42.12 + £56.25 = £1199.16$$

### Questions:

**31. Do you agree with our proposed approaches for administering uplifts under ECO4?**

**32. Do you agree with our proposal to require the completion of a Pre-insulation Heating Checklist prior to repair or replacement of a heating system or ESH?**

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<sup>31</sup> Taken from the Full Project Scores matrix, published at:  
<https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

**33. Do you agree with our proposal to mandate that the chartered surveyor attends the property in person before submitting a report which substantiates the need for cavity wall or loft insulation extraction?**

## 10. Project / Measure administration

### Section summary

This section contains details of our proposals for the administration of measures and projects that is mostly relevant to suppliers. It details how we propose to collect data for ECO4, whether through notifications from suppliers, TrustMark, or on collected forms. This section also contains proposals for late measures and the transfer of measures.

### Questions

**Question 34:** Do you agree with our proposal that project notifications will not be subject to a notification deadline?

**Question 35:** How soon do you anticipate measures will be notified after the initial project notification? Do you anticipate significant delays between notifications?

**Question 36:** Do you agree with our proposal to extract some data from TrustMark instead of having it notified by suppliers, where possible?

**Question 37:** Do you agree with our proposal to provide the option for suppliers to notify the UPRN only, without the address details?

**Question 38:** Do you agree with our proposal to use TrustMark data as a substitute where suppliers do not submit completed project re-notifications for complete projects?

**Question 39:** Do you agree with our proposal to allow the transfer of incomplete projects?

**Question 40:** Do you agree with our proposals on the approval of transfers?

**Question 41:** Do you agree with our proposal on documentation for ECO4?

## Project notification

### Under ECO3

10.1. In ECO3 measures were notified to Ofgem through the ECO register. A notification template was populated with measure details and submitted to the register, at which point

it underwent validation checks. To be on time measures had to be notified by the end of the month after they were installed.

## Changes

10.2. With the introduction of projects, measures and projects must both be notified to the ECO register. This approach is intended to align with PAS requirements, as the vast majority of projects are expected to be within the scope of PAS and thus lodged with TrustMark.

10.3. Under PAS 2035, a project will start with a retrofit assessment of a property created by a Retrofit Assessor. For ECO4 this must be an RdSAP assessment. Based on this assessment, additional documents may be created including the Improvement Options Evaluation and Medium-Term Improvement Plan that will set out which measures can be installed in the property.

10.4. Once all required documents are provided to TrustMark the project will be generated. From this point, individual measures can be installed and lodged with TrustMark. Once all measures are installed, a post-retrofit assessment of the property must be created and lodged with TrustMark, at which point a project completion certificate will be generated to prove the project has been completed.

## Proposed administrative approach

10.5. We propose to have separate notification templates for projects and measures. See part 2 of our scoring consultation<sup>32</sup> for more detail and our reasoning behind this proposal.

10.6. In the two-template system, validation checks on the measure template will require pulling data from the associated project. Therefore, the project details are needed before the measure details. It will be possible for measures to be notified before the associated project, however these measures will not be able to pass validation checks until the associated project has been notified and passed its own validation checks. In addition, some projects may require at least one measure to be notified before the project can

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<sup>32</sup> See <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

progress through later validation stages, where details such as the installation date of the first measure are required for certain checks.

10.7. To signal when a project is complete and to provide data such as the finishing SAP rating and TrustMark completed project ID, the project will require a re-notification once all the measures have been notified. Our intended order of notifications for a two measure project would therefore be:

- a) Initial project notification
- b) Measure 1
- c) Measure 2
- d) Completed project re-notification

10.8. We propose that there will be no notification deadline that impacts eligibility for either the initial project notification or the project re-notification. Suppliers should be incentivised to notify projects since no measures can be approved until the project is notified and passes checks. Similarly, the project completion re-notification must be submitted and pass checks for a project to receive FPS, which should provide sufficient incentive for suppliers to notify projects as complete as soon as possible.

10.9. If we never receive a completed project re-notification, that project will remain incomplete and will not be eligible for FPS. It will be counted towards the PPS cap at final determination (except for in-fill).

**Questions:**

**34. Do you agree with our proposal that project notifications will not be subject to a notification deadline?**

**35. How soon do you anticipate measures will be notified after the initial project notification? Do you anticipate significant delays between notifications?**

## Measure notification and extensions

### Under ECO3

10.10. To be eligible under ECO3, measures had to be notified to Ofgem no later than the end of the month after they were installed. For example, a measure installed in March had to be notified by the last day in April. Measures notified beyond this deadline were deemed late measures and could not be approved, barring some exceptions.

10.11. Measures could be notified up to three months beyond the usual deadline if they were granted an extension. An extension could be granted in two ways. Firstly, a number of late measures up to 5% of the number of measures that are installed in a given calendar month and notified on time could receive an automatic extension. Secondly, measures that are late and above the 5% quota could be manually granted an extension if the notifying supplier submitted an extension request.

10.12. Suppliers distinguished late measures with extensions and automatic lates at notification through the "Purpose of Notification" field.

### Changes

10.13. ECO4 will have the option of Early Delivery. These are measures completed to ECO4 rules but before the commencement date. Early delivery measures may not be notified until after the commencement date, and may not make use of 5% autolates. They may however apply for notification extensions.

10.14. For measures installed after the commencement date, no significant changes are being made to the measure notification deadline, notification extensions or autolates systems in. They will continue as they were in ECO3. The notification deadline will be the end of the month following the completion date of the measure.

10.15. One exception to this is for measures installed before the end of the first month following the notification date. These measures can be notified up to the end of the second month following the notification date. For example, if the commencement date were to occur in July, then any measures completed on or before 31 August must be notified by 30 September at the latest.

10.16. Suppliers can request extensions for measure notifications at any time on or before 31<sup>st</sup> May 2026.

### **Proposed administrative approach**

10.17. **As we are not proposing any changes to our administration we are not consulting on this topic.**

## **Data sourcing**

### **Under ECO3**

10.18. In ECO3, suppliers would provide information we require primarily through the use of the measure notification template. Suppliers were required to notify address details for all measures as core fields. The Unique Property Reference Number (UPRN) was a complementary but optional field suppliers could also fill in.

10.19. Signed forms and declarations such as the BACL, ESCHL etc. were used to provide additional information.

10.20. Partway through the ECO3 scheme, we began matching measure data against TrustMark as an additional means to verify the accuracy of information provided. This resulted in large numbers of mismatches between data provided to Ofgem and TrustMark.

### **Changes**

10.21. In ECO4, both projects and measures must be lodged with TrustMark where they fall under PAS2035, and will exist as separate but associated entities on their system. The project and associated measures will have their own TrustMark reference numbers that must be notified to us.

10.22. As the rules for ECO3 and ECO4 are different, the data we require for validation purposes has also changed. This will result in the addition of new fields to the notification templates as well as the removal of fields for data that is no longer necessary. For example, as there is no SWAM in ECO4, we no longer require solid wall measures to be notified with a SWMR MRN.

### **Proposed administrative approach**

10.23. We will continue to use notification templates in ECO4. As discussed in part 2 of our scoring consultation, we propose to have separate templates for projects and measures. We will also continue to make use of signed forms such as the checklists currently used for boiler assessment and electric storage heater assessment. We intend to minimise the

amount of data captured in both the templates and forms so that only data required for ECO4 is captured and any redundant information is removed.

10.24. We propose that in ECO4, in addition to matching data against TrustMark, we will also source some data directly from TrustMark by extracting it from their Data Warehouse during the matching process. Doing so means suppliers would no longer have to notify this information to us so would not be required to hold it themselves, making notification easier. This would reduce the opportunity for mismatches, resulting in easier and quicker approval of projects and measures. Suppliers would be able to view this data on the ECO register once the project/measure in question has been through the TrustMark matching process for the first time.

10.25. However, this will only be possible for projects and measures that are lodged with TrustMark, and not for non-PAS or non-MCS projects such as a property where the only measure is a DHS connection. Therefore the relevant fields will still be present on the notification templates, suppliers just would not be required to fill them out in the majority of cases.

10.26. The list of data for which this process should be possible includes on / off-gas status, insulation pre-conditions for heating measures, and building fabric repair costs.

10.27. We anticipate that in ECO4 suppliers will be able to collect the UPRN for properties from the supply chain for the majority of projects. Therefore, we propose to have two routes for notifying the address of a property.

10.28. Suppliers will continue to be able to notify the address by filling out the same address fields as in ECO3, where a UPRN cannot be sourced. Suppliers will also have the option of leaving those fields blank and notifying only the UPRN. We would then use this UPRN to populate the address details using ONS data.

**Questions:**

**36. Do you agree with our proposal to extract some data from Trustmark instead of having it notified by suppliers, where possible?**

**37. Do you agree with our proposal to provide the option for suppliers to notify the UPRN only, without the address details?**

## Completing projects

### Under ECO3

10.29. In ECO3, all of the information required to determine eligibility of and award a score to a measure was included in the notification of that measure, albeit provisionally.

10.30. Multiple measures could be installed at the same property but these would still be notified separately. Once a measure was (provisionally) awarded a cost score, the measure was in its final state and the score should not change again.

### Changes

10.31. In ECO4, the deflated PPS awarded to a measure is primarily intended to be an interim approach while the project is in progress. Projects may be awarded FPS upon completion of the project and if that project meets the minimum requirements.

10.32. In order to calculate and award an FPS to a project we require a post-retrofit SAP rating. As this won't be available until after all measures are installed it must be notified as part of the proposed completed project re-notification.

10.33. The notification of a finishing SAP rating, and therefore FPS being awarded, are optional. The scheme rules allow for incomplete projects where the MR will not be met.

### Proposed administrative approach

10.34. As the rules of ECO4 allow for projects to be left incomplete, completed project re-notifications cannot be made mandatory. However, we aim to ensure awarded scores are in line with policy intent and our scoring methodology, and accurately reflect the work installed in the premises. Our intent is that where a project has been completed in a premises and a finishing SAP assessment performed, that project should be completed on the ECO register.

10.35. We therefore propose that throughout ECO4 we will periodically check incomplete projects on the ECO register against TrustMark data to identify any that have a completed project certificate. Where these projects have been complete according to TrustMark for a significant length of time, but we have not received the completed project re-notification, we will first send a reminder to the supplier to notify the project as complete.

10.36. If we still do not receive the completed project re-notification, then we propose to source the data required to calculate an FPS from TrustMark and use that instead. As suppliers have generally expressed a preference for projects to be closed off as soon as possible, we expect this situation will occur very infrequently, if at all.

**Questions:**

**38. Do you agree with our proposal to use Trustmark data as a substitute where suppliers do not submit completed project re-notifications for complete projects?**

## **Transfers**

### **Under ECO3**

10.37. In ECO3 suppliers could apply to transfer measures between licences. This could be between licences within a group (intra-supplier) or between different groups (inter-supplier).

10.38. Measures had to be approved before they could be transferred. In addition, certain groups of measures had to be transferred together. These were in-fill and supporting measures, primary insulation and secondary heating measures, and solid wall measures with the same SWMR.

10.39. Transferred measures had their cost score counted towards the completed obligation of the new licence. However, the buyer in an inter-supplier transfer accepted the risk of transferred measures having approval revoked. They needed to ensure they could produce the necessary evidence at audit to demonstrate that a transferred measure met the eligibility criteria for the obligation that the action was credited against.

### **Changes**

10.40. The transfers mechanism will continue in ECO4. Suppliers will be able to apply for a transfer up to 30<sup>th</sup> June 2026.

10.41. The introduction of projects into ECO4 impacts the transfers process. Each project in a transfer request must have all associated measures included in that request for the transfer to be approved.

10.42. The SWMR and associated primary insulation checks will no longer be performed because the relevant fields don't exist in ECO4. It is still a requirement for in-fill projects to be accompanied by their supporting projects. Where an in-fill measure is being transferred it must be accompanied by all other measures in the same in-fill, all primary measures and all other measures within the same projects as the primary measures

10.43. Another significant difference is that measures no longer have to be approved to be involved in an intra-supplier transfer between licenses within the same group. Inter-supplier transfers will continue to require measures to be approved or rejected.

10.44. Government has decided to include provision within the legislation to enable Ofgem to reject an application for the transfer of measures where there is significant risk that the applicant supplier will be unable to fulfil its obligation.

10.45. Carryover and ECO3 interim delivery measures can be transferred, subject to the same transfer rules that applied to measures in ECO3 eg primary insulation and secondary heating measures must be transferred together.

### **Proposed administrative approach**

10.46. We propose that the projects do not have to be completed to be transferred. For example, where a project consisting of three measures only had two notified, it would be eligible for transfer provided both notified measures were transferred together. This would fulfil the requirement for all the measures in the project to be transferred together even though the project was not complete. In this example, to be included in an inter-supplier transfer both measures would need to be approved, whereas for intra-supplier they only need to be notified. If an incomplete project is to be later completed it must be done through notifications to the new license.

10.47. Regarding the new provisions to allow the rejection of transfers where there is significant risk that the applicant supplier would be unable to deliver its obligation, we propose to treat approval of transfers as the default approach provided the request meets all other criteria. However, we reserve the right to reject based on applicant's delivery to date, track record and future plans.

10.48. While ECO3 interim delivery measures can be transferred, we propose that they require separate requests from ECO4 projects. A request cannot have a mixture of both, since they are subject to different rules.

**Questions:**

**39. Do you agree with our proposal to allow the transfer of incomplete projects?**

**40. Do you agree with our proposals on the approval of transfers?**

## **Documentation**

### **Under ECO3**

10.49. Under ECO3, we published a suite of standardised templates to enable suppliers and supply chains to consistently collect information and evidence relating to ECO measures. Of these templates, some were owned by Ofgem, and some were owned by the ECO Reporting Working Group (ERWG). Table 12 outlines the templates that were used for ECO3 and whether they were Ofgem or ERWG-owned.

10.50. These templates gathered information and declarations on ECO requirements that suppliers held in case of compliance checks or audit, as well as information that suppliers needed to notify measures to the ECO Register. Additionally, some elements of the templates provided guidance to supply chains to ensure ECO rules were being followed.

10.51. Partway through the ECO3 scheme, TrustMark lodgement became a requirement for most ECO measures. As a result, we began matching measure data against TrustMark as an additional means to verify the accuracy of information notified to the ECO Register. This meant that some of the information collected on templates was collected and validated multiple times for the same measure. However, data validation with TrustMark was simple, with information on measures being either 'matched' or 'mismatched' with measure data on the ECO Register.

### **Changes**

10.52. The introduction of projects for ECO4 means that some of the information required for a project notification no longer needs to be collected for individual measures. For example, the requirement for a pre-retrofit SAP or RdSAP assessment removes the need for certain data to be collected that would have previously informed the selection of deemed scores.

10.53. The way information is validated with TrustMark is also changing for ECO4. Instead of a simple matching exercise, the data itself will be shared between Ofgem and TrustMark, removing the need for certain information to be collected and validated using

templates. Furthermore, TrustMark lodgements will include additional information relating to ECO4 projects and measures.

10.54. Legislative requirements have been introduced meaning that some new information will need to be collected using the templates. For example, the off-gas heating hierarchy, the requirement for smart meter advice to be provided, and general changes to the eligibility criteria.

10.55. These new legislative requirements, the introduction of ECO4 projects, and additional TrustMark oversight of measures and projects, ultimately mean that the information collected using ECO templates will need to change.

### **Proposed administrative approach**

10.56. We propose to continue to publish standardised templates for ECO4, with some significant changes to the documents' structure and the information collected. We also propose that none of the ECO4 templates will be owned by the ERWG – instead they will all be owned by Ofgem as all of the information on them will relate to ECO requirements. We intend that the ERWG will still be involved in the development and reviews of these documents and any subsequent iterations.

10.57. To make the templates more user-friendly, we propose that they will generally be focussed on either pre-installation or post-installation requirements, instead of a combination of both. Our intention is to reduce the need for the templates to be filled in by various operatives at different stages of the retrofit, and to reduce potential errors and inaccuracies.

10.58. We propose to consolidate some ECO3 templates that provide similar functions. We will work with the ERWG to ensure that the layout and formatting of these templates are suitable for use – both with software solutions, and for those using digital or paper copies.

10.59. Regarding the content itself, we believe a significant amount of information collected on ECO3 templates will no longer be required as a significant amount of information will be captured through the TrustMark lodgement process. We will introduce any new fields required to capture information relating to new ECO4 rules, however, our intention is that the templates will generally be reduced and simplified. Again, we will consult with the ERWG on our proposed changes regarding the ECO4 templates.

10.60. Table 12 outlines our proposed ECO4 templates and the ECO3 templates they will replace, along with a brief description of each new document.

**Table 12: Proposed changes to templates for ECO4**

ECO3 template(s)	ERWG or Ofgem owned in ECO3?	Proposed ECO4 template	Purpose of proposed ECO4 template
ECO3 Deemed Scores Survey	ERWG	ECO4 Pre-Installation Project Survey	To collect project-level information before the installation of measures takes place.
ECO3 Declaration of Conformity and Completed Installation ECO3 RIRI Checklist	ERWG	ECO4 Post-Installation Declaration	To collect post-installation information on the measures installed. To collect customer and supply chain declarations to sign off on ECO4 requirements.
ECO3 Privacy Statement	ERWG	ECO4 Privacy Statement	No significant changes for ECO4.
ECO3 Boiler Assessment Checklist ECO3 Electric Storage Heater Checklist ECO3 First Time Central Heating Checklist	Ofgem	ECO4 Pre-installation Heating Checklist	To assist the supply chain in complying with rules for heating measures, and to collect information relating to those rules.
ECO3 Pre-existing Loft Insulation Declaration	Ofgem	ECO4 Pre-existing Loft Insulation Declaration	No significant changes for ECO4.
ECO3 Social housing E, F and G declaration & landlord permission ECO3 Private housing FTCH declaration & private rented sector landlord permission ECO3 Templates to evidence private domestic premises	Ofgem	ECO4 Eligibility Declaration	To determine eligibility to receive ECO4 measures. Social housing declaration, private housing declaration and evidencing templates for private domestic premises to be merged into one eligibility declaration form.

ECO3 Child Benefit self-declaration	Ofgem	ECO4 Child Benefit self-declaration	No significant changes for ECO4.
ECO3 District Heating Pre-Conditions (Insulation): Technical Report Template ECO3 District heating systems (DHS) factsheet and summary of proposal (SoP)	Ofgem	ECO4 District Heating Connection Template	To assist the supply chain in complying with rules for district heating connection measures, and to collect information relating to those rules.

**Questions:**

**41. Do you agree with our proposal on documentation for ECO4?**

## 11. Consumer protection

### Section summary

This section outlines the approach of ECO4 to quality assurance and consumer protection, including requirements for measure installation according to PAS and MCS standards, where applicable, and for measures to be promoted through TrustMark’s quality assurance framework.

## PAS compliance and installation standards

### Under ECO3

11.1. Under ECO3, from 1 July 2021, all Registered Businesses delivering energy efficiency measures within the scope of the Publicly Available Specification (PAS) 2035:2019 and PAS 2030:2019 had to be certified as compliant with PAS 2030:2019 by a PAS 2031:2019 accredited Scheme Provider / certification body and comply, and be able to evidence compliance, with both PAS 2035:2019 and PAS 2030:2019.

11.2. Measures were required to be recognised within the TrustMark Framework and PAS standards, or be subject to arrangements for quality assurance and consumer protection equivalent to requirements under TrustMark, except for district heating connection measures. TrustMark’s Framework<sup>33</sup> requires measure compliance and certification with PAS standards, and complements the UKAS certification process. Systems have been developed to ensure certification is current and in place for measures delivered by installers.

11.3. Measures and systems within the scope of the Microgeneration Certification Scheme (MCS), were required to be installed in accordance with PAS 2035:19 and applicable MCS standards, or equivalent. Measures outside of the scope of TrustMark, PAS and MCS, were mandated to be installed according to a suitable TrustMark equivalent standard of installation and consumer protection, with the exclusion of district heating connection

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<sup>33</sup> Further details on the TrustMark quality assurance framework can be found here: <https://www.trustmark.org.uk/tradespeople/eco-technical-monitoring>

measures. District heating connection measures were required to be registered with the Heat Trust Scheme, or an equivalent.

## **Changes**

11.4. Under ECO4, measures will continue to be required to be installed according to PAS and MCS standards, with the exceptions of data light measures and innovation measures that cannot be installed under PAS 2030:19 or MCS, and district heating connection measures. To ensure installation according to the most up-to-date PAS standards, compliance with PAS and MCS will be mandated through the TrustMark framework.

11.5. District heating connection measures will be required to be registered with the Heat Trust Scheme, or be subject to arrangements for consumer protection which are equivalent. Data light and innovation measures which cannot be installed according to PAS 2030:19 or MCS will need to be certified by a person accredited to ISO/IEC 17065:2012, and be installed subject to arrangements for quality assurance and consumer protection which are equivalent to requirements under TrustMark.

11.6. TrustMark will be reviewing their Quality Assurance (formerly technical monitoring) process for ECO4, and will have full oversight of the monitoring process for most ECO measures, including loft insulation, but excluding district heating connection measures and some data light measures and innovation measures. TrustMark's code of conduct, and training for Quality Assurance Inspectors will ensure consistency across monitoring requirements, compliance, performance, and health and safety. The process will be subject to continuous improvement and development through ECO4.

## **Proposed administrative approach**

11.7. Ofgem will work closely with Government and TrustMark to assemble a robust and fit for purpose monitoring system. Ofgem will also work with Heat Trust to check the registration status of district heating connections with Heat Trust.

11.8. Ofgem will look to remove the two fields "Installed\_In\_Accordance\_with\_PAS?" and "PAS\_Certification\_Number" from the ECO4 notification template.

## Guarantees - Trustmark

### Under ECO3

11.9. Under ECO3, insulation measures (cavity wall, solid wall, park home insulation, underfloor and room in roof), were required to be accompanied by an ECO appropriate guarantee, in order to receive the relevant standard lifetime.

11.10. An appropriate guarantee needed to meet the following criteria, as set out in legislation:

- a) Financial assurance: there must be a mechanism that gives assurance that funds will be available to honour the guarantee
- b) Duration: lasts for at least 25 years
- c) Coverage: provides for repair or replacement of a failed measure where appropriate and covers the costs of remedial and replacement works plus materials, and
- d) Quality Assurance Framework: there must be an assurance framework for the quality of the installation and the product used in the installation

11.11. TrustMark deliver the Government-endorsed quality framework for energy efficiency measures, which includes the Framework Operating Requirements and Code of Conduct, which provide comprehensive consumer protection. From 1 January 2020, all ECO installers were required to be TrustMark registered (subject to certain exemptions, such as DHS). TrustMark were responsible for all aspect of the guarantee process including assessing ECO appropriate guarantee applications.

11.12. Ofgem collected appropriate guarantee codes as part of the measure notification process in order to assess whether measures should have received the standard applicable lifetime.

11.13. DHS installers were required to be registered with Heat Trust or demonstrate compliance with equivalent consumer protection standards.

## **Changes**

11.14. For measures that are installed through the TrustMark framework, guarantee requirements and standards will be mandated by TrustMark via their registration and compliance process, rather than specifically through ECO legislation. Any measure that does not meet relevant guarantee requirements, enforced via TrustMark, will not be considered a qualifying ECO measure. For data light measures and innovation measures that do not fall under PAS or MCS, we will expect guarantees to be provided that are the equivalent of what is required through the TrustMark framework.

11.15. Guarantees for boiler and loft insulation will have an increased duration.

11.16. Compliance of DHS installers with consumer protection standards will remain as it is under ECO3, across ECO4.

11.17. The requirement for all current and new measures to have an associated lifetime to be installed through the scheme will be maintained and used to benchmark appropriate guarantee requirements and supplement scheme reporting.

11.18. Guarantee requirements for solid wall insulation (SWI), cavity wall insulation (CWI), room in roof insulation (RIRI), park home insulation (PHI) and underfloor insulation (UFI) will no longer have a lifetime specified in the ECO Order.

## **Proposed administrative approach**

11.19. Guarantee durations will be assessed through the TrustMark Framework Operating Requirements, and Ofgem will work closely with Government and TrustMark.

11.20. Ofgem will remove the requirement for suppliers to notify the guarantee code as part of the notification template.

## 12. Innovation

### Section summary

This section contains details of our proposals for the administration of the Innovation Measure, Standard Alternative Methodology measure, and Data Light Measure routes. It details proposals for the applications processes that will be used to administer these pathways.

### Questions

**Question 42.** Do you agree with the proposed changes to the innovation measure application process and our proposed approach to assessing the two uplifts as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?

**Question 43.** Do you have any feedback on the draft ECO4 innovation measure application form?

**Question 44.** Do you agree with our proposal to bring the Standard Alternative Methodology, Data Light and Innovation Measure routes into a single 'New Measures and Products' guidance document?

**Question 45.** Do you agree with the proposed changes to the standard alternative methodology and data light measure application process as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?

**Question 46.** Do you have any feedback on the draft standard alternative methodology and data light measure application form?

**Question 47.** Do you have any other general feedback on our proposed administration of the Innovation Measure, Standard Alternative Methodology, and Data Light Measure routes?

**Question 48.** How should suppliers demonstrate that a smart technology is smart-enabled, safe, secure, and installed with sufficient energy storage?

## Innovation measures

### Under ECO3

12.1. Under ECO3, the Innovation Measure (IM) mechanism was voluntary, and intended to encourage and reward innovative products, where the benefits and quality improvements had not been captured through deemed scores. A 25% uplift was awarded to any obligated supplier delivering an approved IM, subject to a 10% cap.

12.2. Applications for IM were required to evidence that the product was "materially different" to previously delivered ECO measures, with regards to materials, technology, and methods of production and installation. Other assessment criteria included increased bill savings, ease or speed of installation, potential for reduced cost of installation, increase in the range or number of homes installations can take place in, and reduced disruption to the householder.

12.3. The application process under ECO3 consisted of three main stages; initial Ofgem review, Technical Advisory Panel (TAP) meeting/review, and post-TAP clarifications. Under ECO3, we planned for quarterly TAP meetings.

### Changes

12.4. Under ECO4, the Innovation Measure route will remain voluntary. Two levels of uplift will be available and awarded based on comparisons of a product against their standard counterparts available on the market. A 25% uplift will be awarded for applications that provide a reasonable explanation of how the product is an improvement against its standard counterparts. These will be classed as 'standard innovation measures'. A 45% uplift will be awarded to products that demonstrate a substantial improvement across a range of criteria, including: increase in the cost savings of the measure, decrease in the cost of installing the measure, increase in the durability of the measure, improvement in overall environmental impact, and reduction in the disruption to households during installation. These will be classed as 'substantial innovation measures'. The supplier that applied for any approved IM will receive a 5% 'applicant uplift' for all installations post-approval.

12.5. There will continue to be an overall 10% cap on all uplifted IM, and a 5% cap on any uplifted IM that fall within the same IM description.

12.6. The requirement for measures to be "materially different" from measures previously delivered on ECO will be removed. Instead, applicants must demonstrate how the product

concerned is an improvement on comparable products that are commonly available on the market, which must be deliverable under an existing ECO4 measure type.

12.7. The Technical Advisory Panel (TAP) will provide advice and a recommendation on the level of improvement for each application. The final decision to award an uplift will remain with Ofgem.

12.8. Under ECO4, all ECO3-approved IM will automatically become standard innovation measures, with a 25% uplift, but will not have a 5% 'applicant uplift' for installations. Suppliers will be able to apply for ECO3-approved IMs to be considered for a 45% uplift. This will be assessed according to the ECO4 criteria for a substantial improvement.

12.9. Applications for IM must be for products that can be delivered using an existing measure type, and cannot be submitted alongside a standard alternative methodology or data light measure application<sup>34</sup>. If a measure cannot be delivered under an existing measure type, the Standard Alternative Methodology or Data Light route can be applied for, and once approved, if there are other associated benefits not reflected in the measures' score, an IM application submitted.

### **Proposed administrative approach**

12.10. See paragraphs 9.11-9.15 for our proposals on the notification of the innovation uplift.

12.11. Following the introduction of two IM uplifts under ECO4, we propose that the TAP will consider applications in two separate standalone stages: First, for the 25% uplift, they will consider whether the explanation of an improvement against standard counterparts is reasonable. Second, for the 45% uplift, they will use a scoring matrix using the substantive improvement criteria.

12.12. We propose that if suppliers do not believe a product is a substantial improvement, they should state N/A in the evidencing sections for the 45% assessment in the application form.

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<sup>34</sup> Further details on both routes can be found in Chapter 3 of our ECO4 Consultation: [scoring methodology part 1 and 2 decision: https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision](https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision)

12.13. Under ECO4, subject to demand, we propose to hold TAP meetings every two months. We believe that with a more streamlined application process, and with more frequent TAP meetings, the Innovation Measures route will be more efficient.

12.14. Under ECO4, IM that are being installed and promoted will need to go through TrustMark lodgement and be installed in compliance with PAS 2035 and either PAS 2030 or Microgeneration Certification Scheme (MCS) standards, or to standards certified by a person accredited to ISO/ IEC 17065:2012, and installed subject to arrangements for quality assurance and consumer protection that are equivalent to TrustMark. Accordingly, we propose that we will request information on the standards to be complied with. We intend for a TrustMark representative to attend the innovation measures process. This is still to be confirmed, as is any level of involvement in looking at information provided about standards during the application process. If we have any substantive concerns about the ability of products to be installed in compliance with any relevant standards, which the applicant is unable to address, we may reject applications.

12.15. We received stakeholder feedback suggesting that the ECO3 application process for IM could be overly time consuming and onerous for applicants. The proposed application process for ECO4 will retain the three main stages: initial Ofgem review, TAP meeting / review, and post-TAP clarifications. However, we are proposing changes to each stage to improve application processing times. Please see the 'draft for comment' version of the ECO4 Guidance: New Measures and Products, which will be published during the consultation period, for a detailed overview of our proposed process.

12.16. We are proposing that Ofgem's initial review will only check core eligibility requirements, completeness, and the provision of relevant evidence, but unlike under ECO3, this review will not qualitatively assess whether evidence substantiates claimed improvements.

12.17. The TAP meeting and review process, while having two assessments (see 12.11), will remain otherwise largely the same as under ECO3. Unlike under ECO3, applicants may be invited to provide oral submissions. These would be question and answer sessions held at the start of each TAP meeting, and will be strictly for the purpose of giving the TAP members the opportunity to ask for clarifications on the information provided in the application.

12.18. Following the TAP meeting, there will be a two-week period where we may ask applicants to provide further information and any minor clarifications, after which we will decide for each application whether to award an IM, and the level of uplift. Unlike under

ECO3, we propose that major clarifications or the submission of further substantive evidence will not be allowed. There will be no further opportunity to provide information or evidence following our decision meeting.

12.19. Where an application is rejected, feedback will be provided, and a fresh application can be submitted for one of the subsequent TAP deadlines, in which feedback should have been addressed.

12.20. We propose that where an applicant submits an application for a standard innovation measure (this could be either an ECO3-approved IM or a new ECO4-approved IM), to be considered for a 45% uplift, we will only apply the 45% uplift assessment. The process for applications will otherwise be the same as for new applications.

12.21. We are also proposing new questions on the IM application form to gather more general information on products and their use, to ensure that the TAP will have sufficient information to assess applications, and that fewer clarifications will be required. We will also include more information in the NMAP guidance on how to fill out the application form, and on what information and evidence should be submitted in support of applications. Please see the 'draft for comment' version of the ECO4 Guidance: New Measures and Products, which will be published during the consultation period, for a draft application form.

#### *New Measures and Products guidance*

12.22. For ECO4, we have also reviewed the interactions between the Innovation Measures route, Alternative Methodologies, and the newly introduced Data Light Measure route. As a result, in order to facilitate the delivery of new and innovative measures on the scheme, we have brought these routes together into a single guidance document.

12.23. The new document – ECO4 Guidance: New Measures and Products (NMAP) – brings together all of our guidance on applying for, delivering, and notifying measures under the Standard Alternative Methodology, Data Light Measure, and Innovation Measure routes.

#### **Questions:**

- 42. Do you agree with the proposed changes to the innovation measure application process and our proposed approach to assessing the two uplifts as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?**

**43. Do you have any feedback on the draft ECO4 innovation measure application form?**

**44. Do you agree with our proposal to bring the Standard Alternative Methodology, Data Light and Innovation Measure routes into a single 'New Measures and Products' guidance document?**

## **Standard Alternative Methodology and Data Light Measures**

### **Under ECO3**

12.24. Where no suitable ECO3 deemed score is published for an energy efficiency measure, a supplier can apply for a new set of deemed scores or propose an alternative scoring methodology.

12.25. Only a small number of measures have successfully gone through this route in ECO3, and we have received feedback which indicates the application process may be too onerous, which could act as a barrier for new technologies to enter the scheme.

### **Changes**

12.26. Two routes are proposed whereby suppliers may apply for scores to be created for new measure types which emerge during ECO4. The first is the Standard Alternative Methodology (SAM) route for technologies which have extensive evidence to support heating cost savings. The second is a new Data Light Measure (DLM) route, which is intended to support newer technologies with less evidence and is capped at 5,000 measures across the scheme.

12.27. If an application is approved, measures installed via both the SAM and DLM route will contribute towards the project MR.

### **Proposed administrative approach**

12.28. We consulted on our administration of the Standard Alternative Methodology and Data Light Measure routes in part 1 of our ECO4 Scoring Consultation. We published our response to stakeholder feedback in our decision document<sup>35</sup>.

12.29. The draft NMAP guidance contains further details on the proposed application process for both routes. The guidance details the requirements, definitions of key terms, and examples of evidence to support space heating cost savings.

12.30. As outlined further in the guidance, to ensure both SAM and DLM can contribute towards a projects MR, before determining the finishing intermediate SAP band and the FPS, the SAP rating improvement created for the SAM or DLM measure is added to the projects finishing SAP rating. The SAP rating improvement can be derived by adapting SAP's procedure for calculating the SAP rating from the annual running costs using the energy cost rating formula<sup>36</sup>.

12.31. We have proposed changes to the application form and will include more information in the NMAP guidance on how to fill out the application form, and on what information and evidence should be submitted in support of applications.

12.32. As part of this consultation we would welcome feedback on the SAM and DLM application process outlined in the draft NMAP guidance document and on the draft application form.

### **Questions:**

**45. Do you agree with the proposed changes to the standard alternative methodology and data light measure application process as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?**

**46. Do you have any feedback on the draft standard alternative methodology and data light measure application form?**

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<sup>35</sup> Our scoring methodology decision document can be found here: <https://www.ofgem.gov.uk/publications/energy-company-obligation-eco4-consultation-scoring-methodology-part-1-and-2-decision>

<sup>36</sup> SAP 2012 document – Chapter 13. <https://www.bregroup.com/sap/standard-assessment-procedure-sap-2012/>

**47. Do you have any other general feedback on our proposed administration of the Innovation Measure, Standard Alternative Methodology, and Data Light Measure routes?**

## **Smart and Flexible Heating Systems**

### **Under ECO3**

12.33. Specific criteria for smart technologies and flexible heating systems were not defined in ECO3.

### **Changes**

12.34. As part of the commitment to meeting climate change targets, the government is looking to promote time-of-use tariffs and smart technologies. This will bring opportunities for consumers to save money and reduce their carbon usage, as smart tariffs and energy storage will enable consumers to change their consumption patterns.

12.35. The benefits of smart technologies are currently not fully recognised within the Standard Assessment Procedure (SAP) framework.

12.36. The government intends to support the inclusion of smart technologies combined with time-of-use tariffs in ECO through the Alternative Methodology routes where there is evidence of savings to household heating bills.

12.37. As set out in the government response, there may be more clearly defined criteria for accepting smart technologies onto the scheme via this route.

### **Proposed administrative approach**

12.38. As part of the application process smart technologies could be asked how they demonstrate additional criteria specific to best practice guidance for this measure, including that the measure is combined with a time-of-use tariff, will be used with a functioning electricity smart meter and that the measure is smart-enabled, safe, secure, and installed with sufficient energy storage.

12.39. We have included further details in our draft NMAP guidance and are working with BEIS to consider how to potentially implement these requirements. We would appreciate feedback from industry on how the additional criteria above can be best demonstrated.

**Questions:**

**48. How should suppliers demonstrate that a smart technology is smart-enabled, safe, secure, and installed with sufficient energy storage?**

## **Demonstration Actions**

### **Under ECO3**

12.40. The demonstration action mechanism was introduced under ECO3 as a mean for testing individual measures, previously tested in laboratory setting, but requiring further in-situ testing, for collecting data on the energy/cost savings.

### **Changes**

12.41. Due to difficulties in meeting ECO eligibility requirements and the introduction of new MRs under ECO4, which focus on delivering a package of measures, rather than individual interventions, the demonstration action mechanism will not be carried over into ECO4. It will also be excluded from ECO3 interim delivery and carry-over.

## Appendix 1 – List of questions

1: Do you agree with our administration of carry-over? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

2: Do you agree with Ofgem’s administrative approach of calculating the start and finish ratings of SAP band properties?

3: Do you agree with the approach set out for our administration of evidencing householder eligibility? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

4: Do you have any suggestions of alternative documentation that could be used by suppliers to evidence HTHG membership, other than DWP data matching?

5: Do you agree with the approach set out for our administration of domestic premises through SAP assessments and EPC ratings? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

6: Do you agree with our administration of the PRS? Please provide suggestions for alternative evidence if you disagree with our proposed approach.

7: Do you agree with our administration of the new Social Housing rules? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

8: Do you agree with our proposal to use a declaration to evidence a property is Social Housing and let below the market rate?

9: Do you agree with the approach set out for our administration of in-fill? If you disagree, please provide alternative suggestions, including any evidence, to support your response.

10: Do you agree with our approach for standardised SoIs? If not, please provide detail on alternative approaches.

11: Do you agree with our approach for LA / DA declarations?

12: Do you think there are any additional fields that should be included in the declaration template?

13: Would notifying batches of declarations to Ofgem be easier for LAs to submit? Do you have any suggestions on what submission timelines would work best for you?

14: Do you agree with retaining the approach for suppliers to collect declarations?

15: Should suppliers retain and check household evidence from LAs for the duration of the scheme and should Ofgem request it for auditing purposes?

16: What evidence can be collected by LAs / DAs for Routes 1-3?

17: Do you agree with our proposal to conduct checks for the minimum insulation requirements via TrustMark?

18: Do you think there should be a table benchmarking the cost of boiler repairs? If so and you have the relevant expertise, please do provide estimates of the average boiler repair costs along with evidence supporting these estimates.

19: Do you agree with our proposal to satisfy the off-gas criteria through the RdSAP methodology? Are you aware of any other industry definition for off-gas?

20: Do you agree with our proposal to require a declaration from the Retrofit Coordinator stating any measures above the measure that is installed in the off-gas hierarchy were not reasonably practical to install?

21: Do you agree with our proposal to require a declaration to confirm the fuel source of DHS connection measures installed in off-gas homes?

22: Do you agree with our proposals that suppliers should notify exempted measures to the ECO register as separate notifications?

23: What evidence do you think will be available for exemption categories beyond those listed in Table 9? Do you agree this evidence should only be required where they cannot be validated through Trustmark?

24: What consumer circumstances do you think might occur and what evidence do you think might be used to support them?

25: Do you agree with our other proposals for the administration of exemptions?

26: Do you have with our proposed approach towards caps and any measures or projects that breach them?

27: Do you agree with our proposals for the administration of project completion timings and installation extension requests?

28: What forms of evidence do you think could be used to support installation extension requests, and show why delays to installations were unavoidable and unpredictable?

29: Do you agree with our proposed approach to identifying rural areas in Scotland and Wales? Are you aware of other ways of identifying rural output areas?

30: Do you agree to using the ONS Postcode Directory look-up as an alternative for the ECO Tool, given Ofgem will provide further guidance in the ECO4 delivery guidance?

31: Do you agree with our proposed approaches for administering uplifts under ECO4?

32: Do you agree with our proposal to require the completion of a Pre-insulation Heating Checklist prior to repair or replacement of a heating system or ESH?

33: Do you agree with our proposal to mandate that the chartered surveyor attends the property in person before submitting a report which substantiates the need for cavity wall or loft insulation extraction?

34: Do you agree with our proposal that project notifications will not be subject to a notification deadline?

35: How soon do you anticipate measures will be notified after the initial project notification? Do you anticipate significant delays between notifications?

36: Do you agree with our proposal to extract some data from TrustMark instead of having it notified by suppliers, where possible?

37: Do you agree with our proposal to provide the option for suppliers to notify the UPRN only, without the address details?

38: Do you agree with our proposal to use TrustMark data as a substitute where suppliers do not submit completed project re-notifications for complete projects?

39: Do you agree with our proposal to allow the transfer of incomplete projects?

40: Do you agree with our proposals on the approval of transfers?

41: Do you agree with our proposal on documentation for ECO4?

42. Do you agree with the proposed changes to the innovation measure application process and our proposed approach to assessing the two uplifts as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?

43. Do you have any feedback on the draft ECO4 innovation measure application form?

44. Do you agree with our proposal to bring the Standard Alternative Methodology, Data Light and Innovation Measure routes into a single 'New Measures and Products' guidance document?

45. Do you agree with the proposed changes to the standard alternative methodology and data light measure application process as set out in the ECO4 Guidance: New Measures and Products (draft for comment)?

46. Do you have any feedback on the draft standard alternative methodology and data light measure application form?

47. Do you have any other general feedback on our proposed administration of the Innovation Measure, Standard Alternative Methodology, and Data Light Measure routes?

48. How should suppliers demonstrate that a smart technology is smart-enabled, safe, secure, and installed with sufficient energy storage?

## Appendix 2 – Privacy notice on consultations

### Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, “Ofgem”). The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### 3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. ie a consultation.

#### 3. With whom we will be sharing your personal data

***(Include here all organisations outside Ofgem who will be given all or some of the data. There is no need to include organisations that will only receive anonymised data. If different organisations see different set of data then make this clear. Be as specific as possible.)***

#### 4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for ***(be as clear as possible but allow room for changes to programmes or policy. It is acceptable to give a relative time e.g. 'six months after the project is closed')***

#### 5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

**6. Your personal data will not be sent overseas** (Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

**7. Your personal data will not be used for any automated decision making.**

**8. Your personal data will be stored in a secure government IT system.** (If using a third party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

**9. More information** For more information on how Ofgem processes your data, click on the link to our “[Ofgem privacy promise](#)”.