

ECO4 Guidance: Supplier Administration

Subject	Details
Publication date:	05/07/2022
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This guidance sets out Ofgem's procedures for administering the The Electricity and Gas (Energy Company Obligation) Order 2022, which is referred to in this guidance as the 'ECO4 Order'.¹ ECO places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises. Each supplier has an overall target based on its share of the domestic energy market in Britain. Guidance on the ECO4 scheme is provided in following documents: The ECO4 Guidance: Delivery, ECO4 Guidance: Supplier Administration, ECO4 Guidance: Local Authority Administration, ECO4 Guidance: New Measures and Products, and ECO4 Guidance: Monitoring. The Supplier Administration guidance is aimed mainly at suppliers, describing the processes that suppliers and Ofgem follow to meet the requirements of the ECO4 Order. It explains when a supplier becomes obligated and how its obligations are set, including details of the solid wall minimum requirement. It also sets out the processes for carry-over of ECO3 measures, early delivery of measures, trading obligations, the notification of measures, and transfers of qualifying actions.

¹ <https://www.legislation.gov.uk/ukdsi/2022/9780348236606/part/1>

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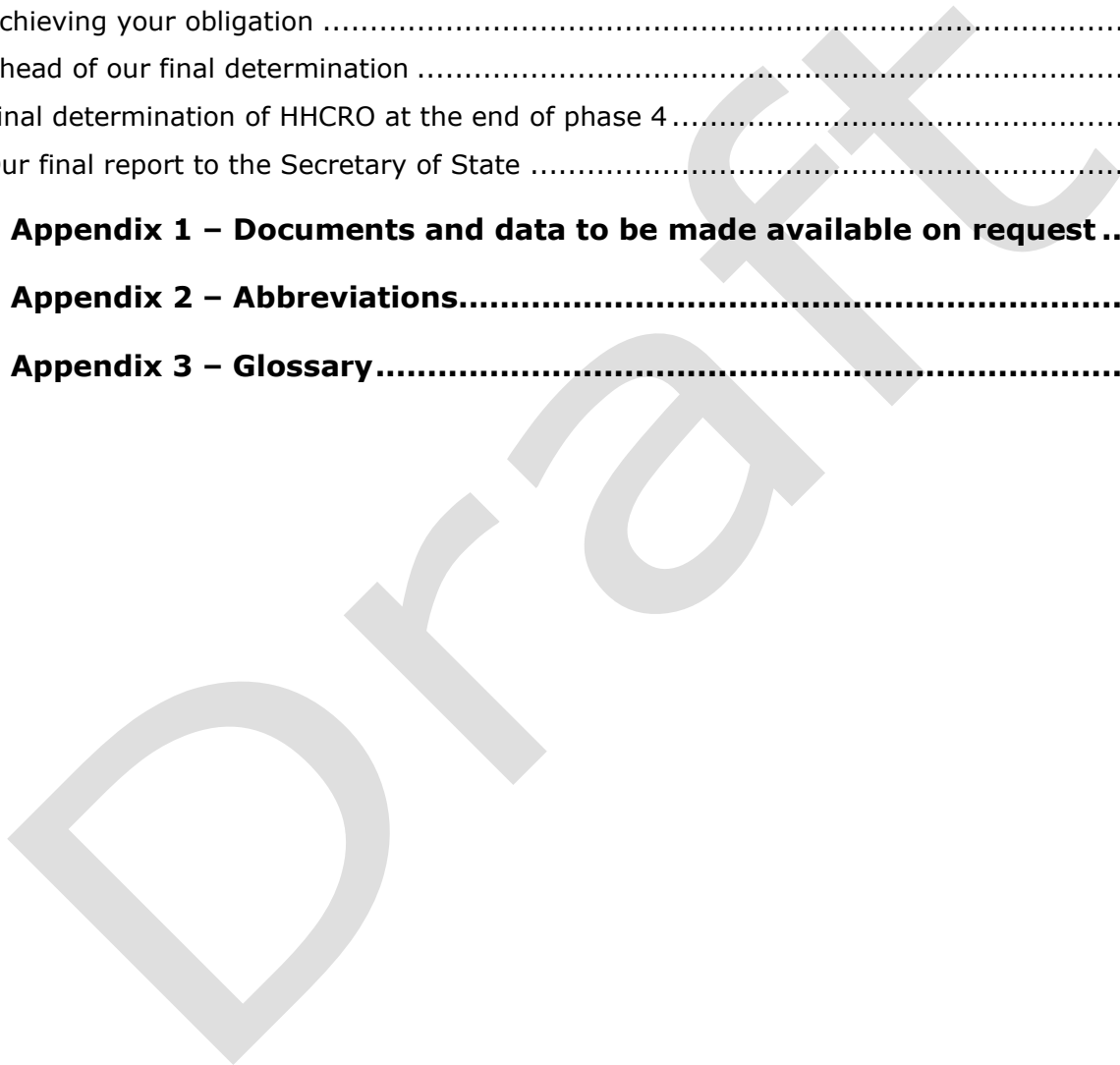
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About this Guidance

Energy efficiency is a key part of Government policy for reducing the United Kingdom's (UK) greenhouse gas emissions. This policy contributes to the Government's wider commitment to decarbonise and achieve net zero carbon emissions by 2050.

The Energy Company Obligation (ECO), first introduced in 2013, is an energy efficiency scheme for Great Britain. ECO places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises. It focuses on insulation and heating measures and supports vulnerable consumer groups. ECO is intended to assist in reducing fuel poverty, reducing carbon emissions, and maintaining security of energy supply.

An obligation has been outlined under The Electricity and Gas (Energy Company Obligation) Order 2022 (referred to as the 'ECO4 Order'), and the scheme that runs during that period is called 'ECO4'. The ECO4 scheme, which will run until March 2026, will mainly focus on low income and vulnerable households, helping to meet the Government's fuel poverty commitments.

Ofgem (on behalf of the Gas and Electricity Markets Authority) is the ECO administrator. This document provides guidance on how Ofgem ('we', 'our' and 'us' in this document) will administer the ECO4 scheme, in line with the requirements of the ECO4 Order. **This guidance will apply to all measures installed from 1 April 2022.**

The ECO4 scheme consists of one distinct obligation and energy suppliers must achieve cost savings of £8.253 billion under the Home Heating Cost Reduction Obligation (HHCRO). The target for delivery is divided between obligated suppliers according to each obligated supplier's relative share of the domestic gas and electricity market.

The HHCRO target must be achieved no later than 31st March 2026.

To help users of our guidance, we have split it into five parts:

- a) **ECO4 Guidance: Delivery²** – aimed at suppliers and the broader supply-chain, describing how to deliver measures that are eligible to contribute towards meeting the

² <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-delivery-v01>

ECO targets. Suppliers can use the ECO4 Guidance: Delivery for information on ECO4 Flex.

- b) **ECO4 Guidance: Supplier Administration** – aimed mainly at suppliers, describing the processes that suppliers and Ofgem follow to meet the requirements of the ECO4 Order.
- c) **ECO4 Guidance: Local Authority Administration**³ – aimed at Local Authorities and Devolved Administrations, describing how to identify and refer households for the ECO4 Flex scheme, publish Statements of Intent and submit Declarations.
- d) **ECO4 Guidance: New Measures and Products**⁴ – aimed at suppliers and the broader supply chain, describing how to apply for and deliver standard alternative methodologies, data light measures, and innovation measures.
- e) **ECO4 Guidance: Monitoring**⁵ – aimed at suppliers, outlining monitoring requirements and expectations on technical and score monitoring inspections on ECO measures to ensure the required standards of installation are met and measures are scored accurately.

This guidance (ECO4 Guidance: Supplier Administration) addresses the following:

- when a supplier is obligated under ECO4 and how its obligations are set
- details of the Solid Wall Minimum Requirement
- details of the EFG Minimum Requirement
- how suppliers notify completed ECO measures and projects
- carry-over, early, and interim delivery of measures
- the application process for trading obligations
- the application process for transfers of measures and projects, and
- our role as the ECO administrator.

It is the responsibility of each supplier to understand the provisions of the ECO4 Order and how those provisions apply to it. This guidance may be used by suppliers and members of the supply chain but it is not intended to be a definitive guide to those

³ <https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>

⁴ <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-new-measures-and-products-nmap-v01>

⁵ [link will be added to final guidance]

legislative provisions. Suppliers are responsible for ensuring that they, and any member of the supply chain acting on their behalf, comply with the applicable requirements of the law.

Previous ECO schemes

For measures installed before 1 April 2022, please refer to our ECO3 Delivery and Administration Guidance documents.⁶ For measures installed before 1 October 2018, please refer to our ECO2t guidance Delivery and Administration.⁷ For measures installed before 1 April 2017, please refer to our ECO2 guidance Delivery and Administration.⁸

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⁶ <https://www.ofgem.gov.uk/publications/energy-company-obligation-2018-22-eco3-guidance-delivery> and <https://www.ofgem.gov.uk/publications/energy-company-obligation-2018-22-eco3-guidance-supplier-administration>

⁷ <https://www.ofgem.gov.uk/publications-and-updates/energy-company-obligation-2017-18-eco2t-guidance-delivery>

⁸ <https://www.ofgem.gov.uk/publications-and-updates/energy-company-obligation-2015-17-eco2-guidance-delivery>.

Useful Links

The Electricity and Gas (Energy Company Obligation) Order 2022

<https://www.legislation.gov.uk/ukdsi/2022/9780348236606/part/1>

Government response to the Energy Company Obligation (ECO4: 2022 – 2026) consultation

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065823/eco4-government-response.pdf

BEIS ECO4 consultation: final impact assessment

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065825/eco4-final-ia.pdf

ECO4 Guidance: Delivery

<https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-delivery-v01>

ECO4 Guidance: Local Authority Administration

<https://www.ofgem.gov.uk/publications/eco4-guidance-local-authority-administration>

ECO4 Guidance: New Measures and Products

<https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-new-measures-and-products-nmap-v01>

TrustMark Framework

<https://www.trustmark.org.uk/aboutus/useful-links>

1. Introduction

1.1. This chapter details some of the key obligation details and administrative processes involved in the ECO scheme.

Context and related publications

1.2. The Energy Company Obligation (ECO), first introduced in 2013, is an energy efficiency scheme for Great Britain that places legal obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises.

1.3. The ECO1 scheme ran between 1 January 2013 and 31 March 2015.

1.4. The ECO2 scheme then ran from 1 April 2015 to 31 March 2017. The scheme was then extended, and ran from 1 April 2017 to 30 September 2018 and is referred to as ECO2t.

1.5. The ECO3 scheme ran from 3 December 2018 to 31 March 2022. Changes were introduced by the Electricity and Gas (Energy Company Obligation) (Amendment) Order 2019 ('ECO3.1 Order') that took effect from 1 January 2020.

1.6. ECO4 is the successor scheme to ECO3. The obligation period for ECO4 runs from the date of ECO4 Order coming into force (CIF) to 31 March 2026 and is split into four phases. We are required to determine a supplier's obligations for each of these phases:

- **phase 1:** Date of ECO4 Order coming into force to 31 March 2023
- **phase 2:** 1 April 2023 to 31 March 2024
- **phase 3:** 1 April 2024 to 31 March 2025
- **phase 4:** 1 April 2025 to 31 March 2026

1.7. ECO4 is comprised entirely of a single obligation, the **Home Heating Cost Reduction Obligation (HHCRO)**: the installation of insulation and heating qualifying actions, to reduce home heating costs for low income and vulnerable people. It also includes a solid wall minimum requirement, the EFG minimum requirement, and a minimum requirement for the improvement of a domestic premises' Standard Assessment Procedure (SAP) rating within a project.

1.8. The ECO4 Order sets the overall target for the HHCRO obligation of £224.3 million in annual cost savings.

1.9. For each phase of ECO4, suppliers are allocated a proportion of the overall targets, depending on each supplier’s relative share of the domestic gas and electricity market. A supplier must achieve its HHCRO **no later than 31 March 2026**.

1.10. A supplier achieves its obligations by promoting qualifying actions (‘measures’) at domestic premises.

1.11. A non-exhaustive overview of our role as the ECO administrator and suppliers’ roles and responsibilities for ECO4 is provided in Table 1

Table 1: Overview of Ofgem and suppliers’ roles and responsibilities for ECO4

Title	Supplier role and responsibilities	Ofgem role and responsibilities
Before each obligation period begins	<ul style="list-style-type: none"> Notify Ofgem of customer numbers and amount of supply (within 21 days of the legislation coming into force (CIF) for Phase 1) 	<ul style="list-style-type: none"> Determine and notify suppliers of their obligation, sub-obligations, and caps for ECO4⁹ In phase 1, outline the processes for early actions and interim delivery
During obligation period	<ul style="list-style-type: none"> Promote the installation of measures and projects to achieve the HHCRO and sub-obligations Ensure that relevant measures and projects are lodged in the TrustMark Data Warehouse and completed before notifying to Ofgem Notify Ofgem of projects and completed measures Apply to transfer a notified measure to another supplier Apply to trade obligations to another licence or supplier group 	<ul style="list-style-type: none"> Notify suppliers of whether or not a measure has been approved or rejected Notify suppliers of whether or not a project has been approved Award PPS (Partial Project Scores) and FPS (Full Project Scores) Publish alternative methodologies for calculating scores Develop scores for the scheme including PPS and FPS and develop new measure types as needed Notify the Secretary of State of suppliers’ progress towards achieving their obligations (monthly)

⁹ For Phase 1, this notification will happen within 6 weeks of the commencement of the Order.

	<ul style="list-style-type: none"> • Apply for a measure or project extension request • Produce evidence relating to activity undertaken to achieve ECO4 obligations (including providing specific information on measures on request) • • Perform score monitoring of measures (PPS) where necessary and report the results to us¹⁰ • Adhere to the process steps required for innovation measures, including pre-filtering applications to Ofgem where necessary 	<ul style="list-style-type: none"> • Review transfer applications for notified measures • Review trading applications • Review measure extension requests • Review installation extension requests • Calculate whether a supplier has exceeded its 5% automatic extensions threshold • Carry out audits • Review the results of score monitoring and audits and take action where necessary • Review and process applications for innovation measures. • Process ECO4 Flex declarations
<p>End of the obligation period</p>	<ul style="list-style-type: none"> • Achieve obligations (and sub-obligations) for all obligated licences no later than 31 March 2026. . 	<ul style="list-style-type: none"> • Attribute savings to approved measures and projects • Determine whether a supplier has achieved its obligations • Determine whether or not a supplier has exceeded its caps. • Notify the Secretary of State and suppliers of our final determination • Consider whether to take enforcement action where a supplier has not achieved its HCCRO and sub-obligations or exceeded its caps.

¹⁰ Trustmark and Trustmark-licensed scheme providers will undertake a variety of checks to verify compliance with PAS 2030 and 2035 that underpins score monitoring, eg relevant checks on RdSAP assessments.

The ECO guidance

1.12. This guidance details our administrative processes for ECO4 and sets out the requirements for all obligated suppliers in accordance with the ECO4 Order. Where a supplier fails to meet the requirements of the ECO4 Order, we may take enforcement action. Suppliers can use the ECO4 Guidance: Delivery for information on ECO4 Flex.

Information gathering powers

1.13. We use our information gathering powers under the ECO4 Order to require suppliers to provide us with information. We can require a supplier to:

- a) provide specific information about its proposals for complying with any requirement under the ECO4 Order
- b) produce specific evidence to demonstrate that it is complying with, or that it has complied with, any requirement under the ECO4 Order, and
- c) provide information relating to the cost to the supplier of achieving its obligations.

1.14. The information that suppliers must be able to provide at audit, based on the requirements set out in this guidance, is detailed in Appendix 1 – Documents and data to be made available on request. This appendix provides full details of the specific data and documents that must be made available.

Queries and further guidance

1.15. For further information on our administration of ECO please visit our website: www.ofgem.gov.uk/eco. Any queries about our guidance or the administration of the ECO scheme should be directed to eco@ofgem.gov.uk.

1.16. For further information on Trustmark, please refer to: <https://www.trustmark.org.uk/>. Any queries on the TrustMark Framework should be directed to eco@trustmark.org.uk.

1.17. Please direct any queries about the ECO4 Order, future changes to the ECO scheme and wider policy to the Department for Business, Energy and Industrial Strategy (BEIS) at: beisecoteam@beis.gov.uk.

2. Who is obligated under ECO4?

2.1. This chapter explains when a gas or electricity licence-holder will meet the definition of a 'supplier'. It also outlines the concepts of a dual licence-holder and a group company, and explains when these types of licence-holders will meet the definition of a 'supplier'.

The obligation period

2.2. The obligation period for each licence-holder will vary depending on when that licence-holder becomes obligated under ECO4:

- a) where a licence-holder met the definition of a supplier on 31 December 2021 (see below), its overall obligation period starts from the commencement of the Order (phase 1), and ends on 31 March 2026.
- b) where a licence-holder does not meet the definition of a supplier until 31 December 2022 (a 'new 2022 supplier'), its overall obligation period starts on 1 April 2023 (phase 2) and ends on 31 March 2026
- c) where a licence-holder does not meet the definition of a supplier until 31 December 2023 (a 'new 2023 supplier') its overall obligation period starts on 1 April 2024 (phase 3) and ends on 31 March 2026
- d) where a licence-holder does not meet the definition of a supplier until 31 December 2024 (a 'new 2024 supplier') its overall obligation period starts on 1 April 2025 (phase 4) and ends on 31 March 2026.

When is a licence-holder a 'supplier'?

2.3. The ECO4 Order establishes two thresholds beyond which a licence-holder will be considered a 'supplier' for the purposes of ECO4. Suppliers become obligated under the scheme when they exceed these thresholds for the relevant phase.

2.4. Each phase will contain two elements which must be met for a licence-holder to be considered an obligated supplier:

- a) number of domestic customers and,
- b) amount of supply to domestic customers.

2.5. Government will 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. The customer number and supply volume may be reduced throughout the ECO4 scheme.

2.6. Licence-holders will be contacted within 6 weeks of the Order commencing to be notified of their obligations for phase 1. For phases 2, 3 and 4, licence-holders will be contacted on or before 7th March prior to the commencement of that phase. Suppliers will be required to meet their overall obligation by 31 March 2026.¹¹

2.7. If a licence-holder is a member of a group of companies that includes at least one other licence-holder, the licence-holder is a 'group company'. The number of domestic customers and the amount of supply of the group of companies will be used to determine whether the threshold is met.

2.8. If a company holds both an electricity supply licence and a gas supply licence ('dual licence-holder'), the number of domestic customers for each licence will be considered as distinct and combined to determine whether the threshold is met.

2.9. Assuming the customer number threshold has been met, where a dual licence-holder meets the supply volume threshold for:

a) both its gas **AND** electricity licences, it will be considered a separate supplier in respect of each supply, or

b) either its electricity **OR** gas licence, it will be considered a supplier only in respect of the supply that exceeds the threshold.

2.10. Each licence-holder is responsible for determining whether it exceeds the threshold and is therefore a supplier. Licence-holders will need to consider this ahead of each phase of ECO4. A licence-holder that does not exceed the threshold for a given year may do so in a subsequent year.

2.11. Once a licence-holder has met the definition of a supplier for a given year, it will remain a supplier (ie subject to the requirements of ECO) and will be obligated for all phases.

¹¹ A customer supplied with electricity and gas by the same licence-holder is counted twice, once in respect of each supply.

If the supply is below the threshold for the given phase then the supplier's obligation will be zero for that phase, but will retain any obligations from prior phases.

2.12. A licence-holder can use Table 2 to indicate whether it is an obligated ECO4 supplier. A licence-holder should identify which type of licence-holder it is and whether it meets the criteria in each column. A tick indicates where a licence-holder meets the criteria and a cross indicates that a licence holder does not meet the criteria. The final column indicates whether or not, based on the rules set out in the table, a licence-holder will be an obligated ECO4 supplier.

Group of companies

2.13. Whether a licence-holder is a member of a group company should be determined by reference to the membership of the group of companies on 31 December of the relevant qualification year.¹²

2.14. A group of companies comprises the holding company and the wholly-owned subsidiaries of that holding company. 'Holding company' and 'wholly-owned subsidiary' have the same meaning as in section 1159 of the Companies Act 2006.¹³

2.15. If a licence-holder is a group company on **31 December** of a qualification year, the sum of the electricity or gas supplied by that licence-holder between **1 January and 31 December** of that year must be taken into account when determining the group's supply. This is irrespective of whether that licence-holder was a member of the group for the whole of that year.

2.16. If a licence-holder is a member of a group of companies and individually exceeds the threshold, then all the other licence-holders in that group that hold a licence of the same type will also meet the definition of a supplier.

2.17. When using Table 2, where a licence-holder is a member of a group company, the sum of the customer numbers and supply of all licence-holders in that group company should be used to determine whether a licence-holder is an obligated ECO4 supplier.

¹² A group company is a group of companies that includes as members of the group at least two companies that are licence-holders.

¹³ See: <http://www.legislation.gov.uk/ukpga/2006/46/section/1159>.

Table 2: Summary of when a licence-holder meets the threshold and is considered a supplier for each relevant phase, applicable to both group and non-group companies

Type of licence-holder		Electricity supply licence?	Gas supply licence?	The customer number threshold as per the relevant phase ¹	Electricity Supply threshold to domestic customers as per the relevant phase ²	Gas Supply threshold to domestic customers as per the relevant phase ²	ECO4 supplier?
Electricity licence-holder		✓	-	✓	✓	x	✓
Gas licence-holder		-	✓	✓	x	✓	✓
Dual licence-holder	Electricity	✓	-	✓	✓	-	✓
	Gas	-	✓	✓	-	x	x
Dual licence-holder	Electricity	✓	-	✓	x	-	x
	Gas	-	✓	✓	-	✓	✓
Dual licence-holder	Electricity	✓	-	✓	✓	-	✓
	Gas	-	✓	✓	-	✓	✓

1 This is the number of domestic customers at the end of 31 December of the qualification year.

2 This is the amount of gas or electricity supplied in the relevant qualification year

2.18. It is important to note that the requirements of the ECO4 Order fall on the licence-holder, ie not at the group company level. In the remainder of this guidance we use the word 'supplier' to refer to a licence-holder that is subject to the requirements of ECO.

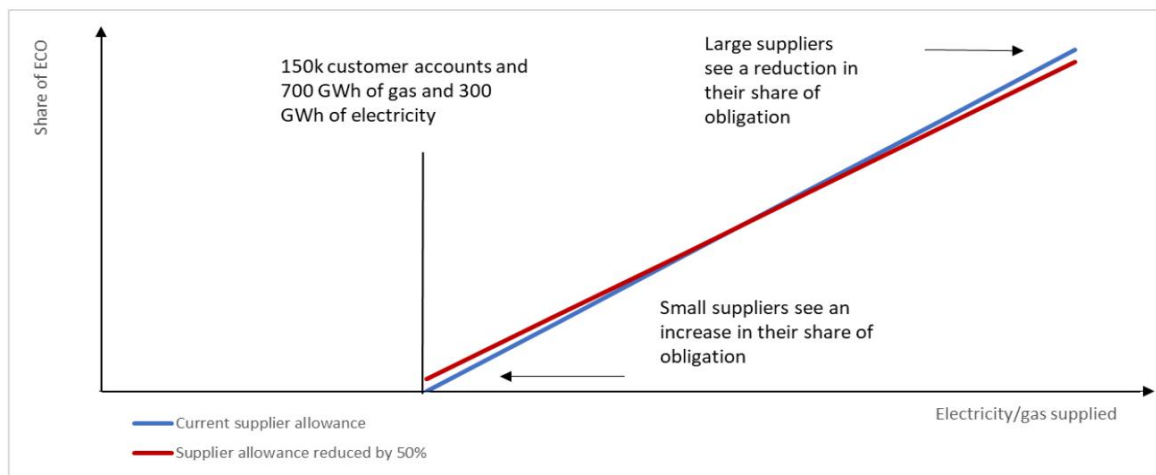
Supplier allowance mechanism

2.19. The supplier allowance exempts gas and electricity supply volumes, up to the supplier allowance amount, from being used to calculate obligations. Obligations will be calculated per unit of supply on volumes in excess of the supplier allowance.

- The supply volume thresholds are 300GWh/year electricity and 700GWh/year gas.
- The supplier allowance is therefore 150GWh/year for electricity and 350GWh/year for gas.

2.20. Each supplier that exceeds the thresholds will have an obligation that is calculated based on each unit of supply above the supplier allowance.

Figure 1: Effect of maintaining the customer numbers and reducing the supplier allowance



3. Notifying customer numbers and supply

3.1. Once a licence-holder or group company has met the definition of a supplier for ECO4, ie is an obligated ECO4 supplier, it must notify us of its domestic customer numbers and the amount of gas and / or electricity supplied. The information that must be notified to us, and how to calculate this information, is described below. We will use the information notified by a supplier to determine its obligations, including the proportion of the overall ECO targets that it must achieve.

What suppliers must notify

3.2. Before each phase of ECO4 a supplier must notify us of:

- a) the number of its domestic customers on 31 December of the relevant qualification year (see Table 3), and
- b) the amount of gas or electricity (as applicable) supplied to its domestic customers during the relevant qualification year.

3.3. This information must be sent to us by a set notification date, using the template that we will email to suppliers before the notification date.

3.4. Table 3 summarises the dates by which suppliers must notify us of their domestic customer numbers and supply, and the period of time that notification must relate to.

Table 3: Key dates for notifying domestic customer numbers and supply

Actions	Phase 1 (CIF Date to 31 March 2023)	Phase 2 (1 April 2023 to 31 March 2024)	Phase 3 (1 April 2024 to 31 March 2025)	Phase 4 (1 April 2025 to 31 March 2026)
Notification date	21 days after the CIF Date	1 February 2023	1 February 2024	1 February 2025
Relevant qualification year	1 January to 31 December 2021	1 January to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2024

3.5. Where a supplier is a group company¹⁴, it must notify us of the group's customer numbers and the amount of electricity or gas, as applicable, supplied by the group during the relevant qualification year for all licence-holders part of the same group with the same type of supply at the licence level.

3.6. In calculating group customer numbers and supply, suppliers should take into account the amount of electricity or gas supplied by the entire group during the qualification year including the supply of any licence-holders that entered the group during that qualification year.

3.7. In addition, for all suppliers in the group with the same type of supply (ie gas or electricity) the supplier must also notify us of the following:

- a) the names of all the suppliers in the group, and
- b) the company registration number for each supplier within the group.

3.8. Where a supplier that is a group company fails to provide the information specified above, or we consider any of the information to be inaccurate, we may determine the information ourselves. We may also take enforcement action if appropriate.

Calculating customer numbers and supply

Calculating domestic customer numbers

3.9. The ECO4 Order defines a domestic customer as 'a person living in domestic premises in Great Britain who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes'.¹⁵

3.10. We recognise that suppliers may use a variety of different methodologies to calculate their domestic customer numbers. However, suppliers must use a methodology that accurately calculates domestic customer numbers. We may audit suppliers to ensure the

¹⁴ A 'group company' is a licence-holder that is a member of a group of companies that includes at least one other licence-holder.

¹⁵ Part 1 of the ECO4 Order

methodology used is reasonable after notification but before the start of each phase, as applicable.

Calculating electricity supply

3.11. To calculate the amount of electricity supply, suppliers should use the methodology below. It is recognised that there may be other adjustments or additions which suppliers feel are necessary to make to the supply volumes computed from ELEXON data flows below in order to include all reportable domestic supply volumes. If suppliers wish to deviate from the below methodologies they will need to provide (1) their reasoning and (2) details of the methodology in advance of notifying the volumes to Ofgem. Any adjustments which are made should also be transparent and substantiated in the reporting, with a clear reconciliation between supply volumes thus calculated and supply volumes reported on relevant settlement report.

Methodology for calculating the amount of electricity supply

3.12. In order to maintain a consistent basis of measurement amongst suppliers, ELEXON settlement data should be used for all notifications, given its acceptance for settlements data across the industry.

3.13. Suppliers should provide the total kilowatt hours (kWh) delivered to:

- customers on Profile Classes 1 and 2; and
- domestic customers on Profile Class 00.

3.14. Suppliers should remove any unmetered supply from this data. This total kWh should be based on the settlement data available from 22 January of the year after the relevant qualification year, split by licence, flow and provided to suppliers by ELEXON.

3.15. For customers in Profile Classes 1 and 2, to identify the total kWh for each profile class, Ofgem will accept two different reporting approaches:

- D0030 'Aggregated DUoS Report' data
- D0081 'Supplier Half Hourly Demand Report' data
- D0030 'Aggregated DUoS Report' data

3.16. Suppliers can use the D0030 'Aggregated Distribution Use of System Charges (DUoS) Report' data provided to both suppliers and Licenced Distribution System Operators (LDSO). This D0030 flow contains both consumption and losses data, but only consumption data is required, as ECO only requires the volumes which have been delivered to customers. Therefore no adjustments to line losses need to be made for reporting supply amounts for ECO.

D0081 'Supplier Half Hourly Demand Report' data

3.17. The D0081 'Supplier Half Hourly Demand Report' data does not provide the Profile Class information so this data flow can only be used by suppliers which do not supply energy to non-domestic premises. The data on the D0081 reports 'corrected consumption' but does include the Grid Supply Point (GSP) Group Correction Factor (GCF). If using the D0081 data suppliers will have to use the GCF to 'uncorrect' the data before adding it up.

3.18. For domestic customers in Profile Class 00, to identify the total kWh, Ofgem will accept three different reporting approaches:

- D0030 'Aggregated DUoS Report' data
- D0296 'Supplier BM Unit Report' data
- D0081 'Supplier Half Hourly Demand Report' data

D0030 'Aggregated DUoS Report' data

3.19. The D0030 'Aggregated DUoS Report' data contains domestic customer half hourly data, however for Profile Class 00 it must be adjusted to factor in line losses. Metering systems should be selected corresponding to any domestic Line Loss Factor Class (LLFC) ID they have defined. The full list of LLFC IDs are accessible from ELEXON's Portal.¹⁶ These LLFC IDs can then be used to determine the actual Line Loss Factor values for each relevant LDSO.¹⁷

¹⁶https://www.elexonportal.co.uk/mddviewer/view?cachebust=gmq0y6tfyl&table=LINE_LOSS_FACTOR_CLASSES

¹⁷ <https://www.elexonportal.co.uk/svallf/view?cachebust=lnxtr303j8> (Registration required)

D0296 'Supplier BM Unit Report'

3.20. The D0296 'Supplier BM Unit Report' data flow is provided to both suppliers and Licensed Distribution System Operators (LDSO). Consumption Component Class (CCC) IDs '42' and '45' should be used to map to the appropriate sub-category of customers, ie Measurement Class "F".¹⁸

D0081 'Supplier Half Hourly Demand Report' data

3.21. The D0081 data does not provide the Profile Class information but it can be used by suppliers which do not supply energy to non-domestic premises. Please refer to paragraph 3.17 for more information about D0081 data and how it can be used to determine the total kWh of electricity delivered to domestic customers.

Settlement runs

3.22. Most suppliers collate their energy supply volumes on a monthly basis and a similar approach has been adopted for ECO reporting, with the same settlement run type being used for complete months.

3.23. When notifying electricity supply on 1 February for the relevant qualification year (21 days after CIF for phase 1), suppliers should use the table below to determine the associated settlement runs for each month of reporting.

Table 4: For final reporting on 1 February, suppliers should use extracts from the ELEXON / EMRS for complete months containing the following settlement runs:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
R3	R3	R3	R3	R3	R2	R2	R2	R2	R1	R1	SF

¹⁸ <https://www.elexonportal.co.uk/svallf/view?cachebust=lnxtr303j8> (Registration required)

Calculating electricity supply for Supplier of Last Resort (SoLR)

3.24. A SoLR's electricity supply volume should include the electricity supply of the exited supplier from the point in time during the relevant qualification year they took on their customers.

Calculating gas supply

3.25. To calculate the amount of gas supply, suppliers should use the methodology below. If suppliers wish to deviate from the below methodology they will need to provide (1) their reasoning and (2) details of the methodology in advance of notifying the volumes to Ofgem. Any adjustments which are made should also be transparent and substantiated in the reporting.

Methodology for calculating the amount of gas supply

3.26. The aggregated Annual Quantity (AQ) is the estimated annual gas consumption of a customer over a year under seasonal normal conditions. AQ's are calculated each AQ calculation month by Xoserve in consultation with Gas Shippers and should be used as an approximation of gas delivered to domestic customers during the qualification year.

3.27. A supplier should complete the template, sent by us, to report the aggregated AQ of its domestic customers at the following five points in time, for the relevant qualification year (ie 2021, 2022, 2023 or 2024):

- 1 January
- 1 April
- 1 July
- 1 October
- 31 December

3.28. The parameter required to be used is the aggregate of values of (rolling) Annual Quantity (AQ) consistent with the definition in the Uniform Network Code Transportation

Principal Document Section G Clause 1.6.1.¹⁹ Values of Formula Year AQ are not to be used in the calculation of the aggregated AQ.

3.29. Suppliers should then calculate the mean of the five aggregated AQ values for a relevant qualification year and include this in the template provided. The mean of the five AQ values is the amount of gas supply we will use for obligation calculations for that supplier.

3.30. If due to data issues any of the five AQ values listed in paragraph 3.27 are not available, suppliers can use the nearest earlier available AQ value they have to the relevant date. However, where there has been an increase in customer numbers between the date of the earlier value and the date of the originally requested value, suppliers will need to account for those customers.

3.31. For example, if a supplier isn't able to use the AQ value as at 1 July we are content for the supplier to use the 30 June AQ value instead but only if there was no increase in customer numbers from 30 June to 1 July.

3.32. If there was an increase in customer numbers the gas supply volume should be calculated following the below methodology:

3.33. First, identify the number of new customers (N) acquired between the date of the nearest earlier available AQ value and the date of the AQ value originally requested;

$$N = O - E$$

Where:

'N' is the number of new customers.

'O' is the number of customers as on the date of the nearest earlier available AQ value.

'E' is the number of customers as on the date of the AQ value originally requested.

¹⁹ <http://www.gasgovernance.co.uk/TPD>

3.34. Next, calculate the average supply per customer (A) as on the date for which AQ data was available and that was most immediately subsequent to the date of the AQ value originally requested;

3.35. Finally, multiply that average supply (A) by the number of new customers (N) and add this figure to the nearest earlier available AQ value (V). This new AQ value should be used instead of the missing AQ value (as listed in paragraph 3.27) when calculating the aggregated AQ.

$$\text{New AQ} = (A \times N) + V$$

Where:

'New AQ' is new AQ value to be used instead of the missing AQ value (as listed in paragraph 3.27) when calculating the aggregated AQ.

'A' is the average supply per customer as on the date for which AQ data was available and that was most immediately subsequent to the date of the AQ value originally requested.

'N' is the number of new customer.

'V' is the nearest earlier available AQ value.

3.36. For example, if a supplier was not able to generate gas supply volume reports between 1 July and 5 July, and there was an increase in customer number between 30 June and 1 July, then the supplier should calculate their gas supply following the below steps:

- Identify the number of new customers from 30 June to 1 July;
- Calculate the average supply per customer as on 6 July;
- Multiply the average supply by the number of new customers and add this figure to the 30 June AQ. This new AQ value should be used instead of the 1 July AQ when calculating the aggregated AQ.

Calculating gas supply for Supplier of Last Resort (SoLR)

3.37. A SoLR's gas supply volume should include gas supply of the exited supplier from the point in time during the relevant qualification year they took on their customers.

3.38. For example, if Supplier A took on domestic customers of Supplier B on 1 December then the AQ as at 31 December would be the only AQ date available with Supplier B's customers being on Supplier A supply. In this case Supplier B's gas supply volume should be calculated by using the 31 December AQ figure, divided by days of the year (365 days in a non-leap year and 366 days in a leap year) and multiplied by the number of days the customers of failed Supplier B have been with SoLR Supplier A during the relevant qualification year (31 days in this example). The Supplier B's AQ value should then be added to the average AQ calculated for Supplier A.

3.39. If there is more than one AQ date available, for example, if Supplier A took on customers of Supplier B on 31 January then only the AQ as at 1 January wouldn't be available with Supplier's B customers being on Supplier A supply. In this case, Supplier B's gas supply volume should be calculated by calculating the AQ mean based on the four AQ dates available (1 April, 1 July, 1 October, 31 December) and then dividing that number by days of the year (365 days in a non-leap year and 366 days in a leap year) and multiplying by the number of days the customers of failed Supplier B have been with SoLR Supplier A. This Supplier B's AQ value should then be added to the average AQ calculated for Supplier A.

Calculating gas and electricity supply when there is a supplier merger or licence acquisition

3.40. If a supplier acquires a domestic energy supply licence from another supplier (due to a merger or acquisition) during the relevant qualification year then the notified domestic energy supply volume should include the amount of energy supplied to domestic customers by both suppliers during the relevant qualification year.

3.41. For example, if Supplier A acquired a domestic energy supply licence of Supplier B during 2021, then Supplier A's domestic energy supply volume reported to us in the January/February 2022 submission must include the amount of energy Supplier A and Supplier B supplied to their domestic customers via the relevant licences in 2021.

4. Setting supplier obligations

4.1. This chapter explains how we use the information provided by suppliers, as described in Chapter 3, to determine each supplier's obligations.

Obligations for each phase

4.2. The sum of a supplier's Home Heating Cost Reduction Obligation (HHCRO) over all four phases are referred to as its 'Total Home Heating Cost Reduction Obligation'. A supplier must achieve its total HHCRO obligations by the end of the overall obligation period (ie by 31 March 2026).

4.3. The obligations set for each phase of ECO4 are cumulative and do not need to be met individually for each phase. This means, for example, that a supplier is not required to meet its phase 1 HHCRO by the end of phase 1. Instead, a supplier's phase 1 HHCRO will be added to its phase 2, phase 3 and phase 4 HHCRO, and its total HHCRO must be met by 31 March 2026.

4.4. Suppliers will be notified of their phase 1 ECO4 obligations by no later than 6 weeks after the CIF (Coming Into Force) date. Suppliers will be notified of their phase 2, 3 and 4 ECO3 obligations on or before the 7th March prior to the commencement of the phase.

4.5. In some cases we may determine that a supplier's obligation for a phase is zero. If we notify a supplier that it has a zero obligation for a phase, the supplier will still need to meet its obligations for the other phase(s) (if applicable).

4.6. Suppliers' obligations will be determined using the formulae described below, based on the customer numbers and the amount of supply notified to us for each phase (as described in Chapter 3).

4.7. Suppliers are also required to deliver solid wall insulation (SWI) measures to eligible uninsulated solid wall premises. This is known as the Solid Wall Minimum Requirement (SWMR). Additionally, suppliers must deliver measures to a minimum number of private

tenure premises in SAP bands E, F, & G.²⁰ This is referred to as the EFG minimum requirement.

4.8. The overall targets for each phase of ECO4 are shown in Table 5.

Table 5: Overview of ECO4 obligations for each obligation phase

Obligation	Phase 1 (CIF date to 31 March 2023)	Phase 2 (1 April 2023 to 31 March 2024)	Phase 3 (1 April 2024 to 31 March 2025)	Phase 4 (1 April 2025 to 31 March 2026)	Total
Home Heating Cost Reduction Obligation	£28,037,500 million	£28,037,500 million	£28,037,500 million	£28,037,500 million	£112,150,000 million
Solid wall Minimum Requirement	22,500 properties treated	22,500 properties treated	22,500 properties treated	22,500 properties treated	90,000 properties treated
EFG Minimum Requirement	£19,487,500 million	£19,487,500 million	£19,487,500 million	£19,487,500 million	£77,950,000 million

Determining Supply

4.9. As defined the in the ECO4 Order, the 'qualifying supply' for a supplier is 300 GWh / year electricity and 700 GWh / year gas.

4.10. Suppliers must supply above this in the relevant qualification year supply to at least 150k customers in order to be obligated for a given phase. When we have established which suppliers are obligated, we must calculate what their obligation is.

²⁰ The term 'private tenure' refers to owners occupied and private rented premises

4.11. After we have determined a supplier is obligated and when determining their obligation, we will calculate this on the basis of the amount of their supply above the supplier allowance (150 GWh / year electricity and 350 GWh / year gas), which is 50% of the supplier obligation threshold.

4.12. The qualifying supply of electricity or gas supplied by a participant in a qualification year for each phase is the amount of electricity or gas notified by the participant for the qualification year above the allowance thresholds, The same is true for group companies.

4.13. For example, if a supplier were to notify that they had supplied 800 GWh of gas during a given phase, their obligated or determined supply would be calculated as [800-350] GWh of gas.

Determining the HCCRO and EFG minimum requirement for a supplier that is not a group company

4.14. For the HHCRO and EFG minimum requirement as shown in Table 5, a supplier's obligation for a phase is calculated using the following formula:²¹

$$\frac{(A \times T_p)}{T}$$

Where:

'**A**' is the value of the specific obligation given in Table 5 under the 'Total' header.

'**T_p**' is the amount of electricity or gas supplied in the relevant qualification year by the participant, and calculated as described under '*Determining supply*'.

'**T**' is the total amount of electricity or gas (as applicable) supplied in the relevant qualification year by all suppliers and calculated as described under '*Determining supply*', excluding those suppliers whose obligation for the phase will be zero.

²¹ Article 7(1) of the ECO4 Order.

Determining the HHCRO and EFG minimum requirement for a supplier that is a group company

4.15. For both the HCCRO and minimum requirement, the supplier's obligation for a phase is calculated using the following formula:²²

$$\frac{A \times T_g}{T} \times \frac{B}{C}$$

Where:

'**A**' is the value of the specific obligation given in Table 5 under the 'Total' header.

'**T_g**' is the amount of electricity or gas supplied in the relevant qualification year for the phase *by the group of which the participant is a member* (where the amount of electricity or gas supplied is calculated as described under '*Determining supply*').

'**T**' is the total amount of electricity or gas (as applicable) supplied in the qualification year for the phase by all suppliers and calculated as described under '*Determining supply*', excluding those suppliers whose obligation for the phase will be zero.

'**B**' is the amount of electricity or gas notified by participant for the qualification year for the phase.

'**C**' is 'the amount of electricity or gas notified by the participant as supplied in the qualification year for the phase by the group of which the participant is a member

4.16. A supplier's obligations for phases 1-4 will be zero if, during the qualification year for each respective phase, a supplier that **is not** a group company supplies less than:

- a) 300GWh of electricity, or
- b) 700GWh of gas.

²² Article 8(1) of the ECO4 Order.

4.17. A supplier's obligations for phases 1-4 will be zero if, during the qualification year for each respective phase, a supplier **is** a group company and the group supplies is less than:

- a) 300GWh of electricity (where the supplier is an electricity supplier), or
- b) 700GWh of gas (where the supplier is a gas supplier).

Solid Wall Minimum Requirement (SWMR)

4.18. To meet the SWMR, suppliers must install sufficient solid wall actions²³ into solid wall premises as set out in Table 5.

4.19. In order for a premises to count as a solid wall premises, and therefore be eligible to count towards a supplier's SWMR, at least 50% of the property's exterior wall facing walls by area must be solid wall, and at least 50% of the solid wall area must be uninsulated. More information on solid wall actions can be found in the Delivery Guidance in Chapter 4.

How will the SWMR be calculated?

4.20. The overall SWMR obligation for ECO4 is set at the equivalent of 90,000 solid wall measures overall.

4.21. The SWMR for a supplier will be equal to one domestic premises treated with SWI per £2,492 of the supplier's HHCRO.²⁴ The exact formula for determining a participant's SWMR in a given phase is as follows (expressed as the nearest integer, rounding 0.5 up to the next integer):

$$\frac{Hp}{2492}$$

Where:

'**Hp**' is the participant's home-heating cost reduction obligation for the phase.

²³ As per Article 2(1) of the ECO Order, solid wall actions are defined as 'the internal or external insulation of the exterior facing solid walls of uninsulated solid wall premises'

²⁴ £2,492 is based on the total HHCRO obligation £224.3 million divided by 90,000 SWI measures

4.22. The calculation is the same both for participants who are or are not part of a group.

When will the SWMR be calculated?

4.23. We will notify suppliers of their SWMR for phase 1 within the period of 6 weeks beginning with the commencement date and for phases 2, 3 and 4 on or before 7 March prior to commencement of the phase.

What happens if a supplier doesn't meet its SWMR?

4.24. Where we determine that a supplier has not met its SWMR, we have powers to carry out enforcement, up to and including imposing a penalty on that supplier. Please refer to our enforcement policy for further information.²⁵

EFG Minimum Requirement

4.25. To meet the requirement, suppliers must install measures in a sufficient number of private tenure domestic premises in SAP bands E, F, and G as set out in Table 5.

When will the EFG Minimum Requirement be calculated?

4.26. We will notify suppliers of their minimum requirement for phase 1 within the period of 6 weeks beginning with the commencement date and for phases 2, 3 and 4 on or before 7 March prior to commencement of the phase.

What happens if a supplier doesn't meet its EFG Minimum Requirement?

4.27. Where we determine that a supplier has not met its EFG Minimum Requirement, we have powers to carry out enforcement, up to and including imposing a penalty on that supplier. Please refer to our enforcement policy for further information.

Caps

4.28. The delivery of certain measures and the claiming of certain scores are capped under ECO4. These caps include the Heating Repair Cap, the Heating Replacement Cap, the Innovation Measure Cap, the Measure-specific Innovation Measure Cap, the Partial Project

²⁵ <https://www.ofgem.gov.uk/publications/enforcement-guidelines>

Score Cap, the Data Light Measure Cap, the ECO4 Flex Cap, the Exemption Cap and the Building Fabric Repair Cap.

4.29. Caps are either broadly set at the scheme level as a number of total measures or as a percentage of a supplier's obligation. In the former case, the number of measures on the level of an individual supplier will be set relative to their obligation.

4.30. In either case, therefore, a supplier's caps will remain proportional to their obligation, including where any obligation trading occurs and, therefore, will change according to any trading of HHCRO that a supplier may engage in.

4.31. See Appendix 5 in the ECO4 Guidance: Delivery for more information.

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5. Carry Over, interim delivery and early delivery

Carry Over

5.1. We will administer carry over for ECO4 in a similar way to how 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.

5.2. An ECO4 carry over is a measure that:²⁶

- is an ECO3 qualifying action which was achieved by the supplier applying for carry over,
- is not required by the supplier to meet its obligation under the ECO3 Order, or sub-obligations,
- was completed on or before 31 March 2022 and this does not include any surplus actions from ECO2T to ECO3

5.3. Suppliers will be able to carry over any ECO3 measures, except the exclusions below:

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

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

5.5. 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 that

²⁶ See Article 45 of the ECO4 Order

were determined as having met all aspects of their ECO3 obligations may apply to credit a surplus action towards an ECO4 obligation and must do so no later than 30 June 2023.

5.6. Any measure delivered above the ECO3 caps can still be counted as a qualifying action in ECO3 (albeit would not contribute towards ECO3 obligations) and therefore can be carried over to ECO4. Suppliers must ensure measures are delivered within their ECO3 caps.

5.7. 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 as there are no changes to the ECO3 rules or scoring for the first quarter of delivery.

5.8. Measures that were categorised as Solid Wall Alternative Measures (SWAM) in ECO3 will be eligible for carry over but will not count towards a supplier's ECO4 Solid Wall Minimum requirement (SWMR).

5.9. Any Solid Wall Insulation categorised as carry over will use the amount of £12,000 to convert SWI Lifetime Bill Savings into a number of measures. This number will then count towards a suppliers' ECO4 Solid Wall Insulation Minimum target. In effect £12,000 will equal to one home under the ECO4 SWMR target.²⁷

5.10. Suppliers can carry over measures with either PAS2017 or PAS2019.

5.11. 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.

5.12. Where there is a carry over of a replacement of efficient broken heating system, then it will count towards their ECO4 Heating replacement cap.

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

²⁷ 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.

5.14. Any uncapped measures will require suppliers to retain the Boiler Assessment Checklist (BACL) to prove that the old boiler was inefficient and the new boiler is efficient.

5.15. Inefficient heating that is replaced with First Time Central Heating (FTCH) will be uncapped.

5.16. 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 to allow us to review them ahead of formal notification of 30 June 2023. We can then provide feedback ahead of the statutory deadline. We will communicate a timeline for an informal review of ECO4 surplus actions separately.

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

Interim Delivery

5.18. ECO3 Interim Delivery will allow suppliers to deliver to ECO3 rules and receive ECO3 deemed scores for three months between 1 April 2022 – 30 June 2022. Suppliers should refer to the ECO3 Delivery Guidance for specific ECO3 rules.²⁸ The following restrictions apply:

- a) Demonstration Actions, new and replacement Oil or LPG fuelled heating systems will not be qualifying measures during Interim Delivery.
- b) Measures installed during this period must be carried out in accordance with the latest Publicly Available Specification (PAS) standards 2035 and associated processes; this includes installation in accordance with latest version of PAS2030 and Microgeneration
- c) Certification Scheme (MCS) standards where relevant. The latest information on the PAS2035:2019 TrustMark framework can be found on the TrustMark website.²⁹

²⁸ <https://www.ofgem.gov.uk/publications/energy-company-obligation-2018-22-eco3-guidance-delivery>

²⁹ <https://www.trustmark.org.uk/tradespeople/pas-2035>

5.19. More information on Interim delivery can be found in our Draft ECO4 guidance: Interim Delivery.³⁰

Early Delivery

5.20. 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'.

5.21. 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.

5.22. Suppliers can choose to install ECO4 measures under ECO4 rules from 1 April 2022, as long as they are compliant with the ECO4 requirements.

5.23. The suite of ECO4 guidance documents should be followed for the delivery and notification of early actions. However, where a supplier follows the guidance they do so at their own risk. We may reject measures where they do not comply with the final guidance.

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

5.25. ECO4 Early Delivery cannot be formally notified through the ECO4 Register until the commencement of the ECO4 Order. ECO4 Early Delivery measures installed before the commencement of the Order will have a two calendar month notification window from the commencement of the ECO4 Order (ie until the end of the second month after the date the order comes into force).

5.26. 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

³⁰ <https://www.ofgem.gov.uk/publications/draft-eco4-guidance-interim-delivery>

must explain why the extension is being requested. The reason should be supported by evidence. The 5% lates process will not be available for ECO4 Early Delivery.

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6. Trading obligations

6.1. Suppliers may trade³¹ part of their obligations between one another or between their own licences. This chapter explains:

- a) what trading is;
- b) the time period during which a supplier may apply for a trade;
- c) limits on the amount of obligation(s) a supplier can trade;
- d) the evidence we may request from each supplier in order to assess an application;
- e) the process for approving applications to trade obligations, and;
- f) the compliance and legal liabilities of the supplier receiving a traded obligation.

6.2. Only obligated suppliers may take part in trades. In this chapter, Supplier A is the supplier passing on an obligation and Supplier B is the supplier taking on the additional obligation. Where we refer to a supplier we may, depending on the context, also be referring to supplier groups, ie groups of related companies which hold more than one licence.

Requirements for trading obligations

6.3. A supplier may trade all or part of its obligations (phases 1 to 4 inclusive) in relation to the main obligation (total home-heating cost reduction obligation) and the sub-obligations (total solid wall minimum requirement and total EFG minimum requirement).

6.4. Ofgem administers the trading process. We will only approve trades that meet the following requirements:³²

- a) the amount to be traded does not exceed Supplier A's relevant obligation;
- b) we are satisfied that the trade is not likely to adversely affect our ability to enforce the requirements placed on Supplier B by the ECO4 Order;

³¹ The ECO4 Order refers to this mechanism as 'transfer of obligations'. As we currently use 'transfers' to refer to transferring measures to another licence or supplier, we have adopted the term 'trading'.

³² Article 81 of the ECO4 Order.

- c) supplier B is capable of achieving its new total HHCRO, total SWMR or total EFG minimum requirements.

6.5. In making a decision we will always consider each case on its individual merits.

Submitting a trade application

Intra-Supplier Licence Consolidation Trading (ISLCT)

6.6. Suppliers can request ISLCT prior to Ofgem setting obligations for each phase. The obligation will be traded to the supplier's largest licence. For ISLCT, an abbreviated process to the normal trading activity will occur, with suppliers opting in during the customer number collection process. For phase 1, we will contact suppliers to ask them if they wish to participate.

6.7. Suppliers that wish to do this will receive their obligations showing the post-trade position (ie all obligations consolidated onto one licence). The normal trading facility will remain available to suppliers for both intra- and inter-supplier trading.

Normal trading

6.8. A supplier may apply to trade an obligation at any time from when the ECO4 order comes into force to 30 September 2025.

6.9. If a supplier notifies measures and projects against a licence where the obligation is traded away, the supplier that promoted them can submit a separate application to transfer these measures and projects as required. This does not need to happen before the trade.

6.10. 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.

6.11. In either case an application for approval of a trade must be submitted to us by appropriately authorised representatives of the supplier licence seeking to pass on the obligation and the supplier licence wishing to take on the obligation.

Intra-supplier trading

6.12. As a general rule an obligation can only be traded to a licence with a larger obligation. We consider the size of the obligation for any particular licence to be the obligation allocated as a result of the obligation setting process for the current phase.

6.13. If a supplier or supplier group is consolidating all of its obligations onto one licence, this must be its licence with the largest original obligation at the point of setting the supplier's current phase of the obligation.

6.14. The trading application must always include confirmation of which licences are involved in the trade, along with the types and amounts of obligations to be traded.

Inter-supplier trading

6.15. Generally, where Supplier B has more than one licence, the obligation must be traded onto the licence with the largest original obligation following obligation setting for the current phase.

6.16. All applications for inter-supplier trading must include:

- a) confirmation of which suppliers and licences are involved in the trade;
- b) which obligations are to be traded;
- c) the amount to be traded, and;
- d) the annual turnover of the licence holder that is taking on the obligation (only required to be provided by Supplier B).

6.17. Where Supplier B applies to receive an obligation from Supplier A, it must be able to provide evidence to support the application to demonstrate that it is able to deliver the additional obligations. This will generally include but is not exclusive to:

- a) evidence of progress towards its current obligation;
- b) details of a track record of delivering obligations;
- c) evidence of completed and contracted activity, and;
- d) a delivery plan for the additional activity.

Approving a trade

6.18. We will assess whether the trade meets our requirements in order to inform our decision on whether the trade should be approved or rejected.

6.19. In the course of approving a trading application, we may ask a supplier to provide additional information in support of its application.

6.20. After assessing an application we will either approve or reject the trade, or request additional information in support of the application where we do not have sufficient assurance to either approve or reject a trade.

6.21. Applications will generally be processed in the order in which they are received but inter-supplier trades may be prioritised if there is a time-sensitive commercial impact.

6.22. Where an application is received before the end of the trading window this will continue to be reviewed in line with the timescales described above until a decision is reached on whether to approve or reject the application.

6.23. If we determine that a proposed trade does not meet our requirements, then we will reject the application. We will notify both suppliers of this in writing, including any reasons for our decision relating to the relevant party.

Following approval

6.24. Following approval of a trade, we will notify the suppliers involved in writing and confirm their new obligations. We will subsequently update our reporting to reflect these changes.

6.25. The supplier that has taken on the additional obligation will be wholly responsible for delivery of that obligation. If the supplier fails to deliver the obligation, or comply with any other requirements under the ECO4 Order in relation to the obligation then this will be considered non-compliance and any associated sanctions may be imposed on the supplier which has taken on the obligation.

6.26. As a supplier's caps are calculated based on their HHCRO, caps will effectively also be traded in proportion to any trade of total HHCRO obligation. For example, where supplier A has an exemption cap of 100 retrofits and it trades 50% of its total obligation to supplier B, the exemption cap that applies to supplier A at the end of the scheme will lower by 50 and supplier B's cap will increase by 50.

6.27. Where a request consists solely of a trade in sub-obligations, caps will not change as they are based on total HHCRO.

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7. Notification of completed measures and projects

7.1. For a supplier to achieve its obligations, once projects and measures have been installed they must be notified to us by that supplier. We use the information provided at notification to determine whether or not we will approve a project or measure. This chapter explains the following:

- When projects and measures must be notified to us
- When projects and measures are considered “complete”
- How projects and measures should be notified
- What information must be notified
- What happens when notifications contain errors
- Our approach to late notifications
- Information processing

When a supplier must notify us of completed measures and projects

7.2. ECO4 measures completed before the scheme commencement date, or before the end of the month after the month containing the commencement date must be notified by the end of the second month after the month containing the commencement date. For example, if the commencement date is in August 2022, then all measures completed on or before 30 September 2022 would have a notification deadline of 31st October 2022.

7.3. All ECO4 measures that are completed after the first month following the month containing the commencement date must be notified by the end of the month after the measure was completed. For example, if a measure is completed in March 2023, its notification deadline is 30th April 2023.

7.4. Measures notified beyond these deadlines will be treated as late notifications.

7.5. ECO4 projects do not have a notification deadline, although suppliers should be aware that no measure in a project can be approved until that project has been notified and passed

initial validation checks. See 7.38 for details on the validation checks we perform on notifications. We anticipate that in most cases projects and the first measure in a project will be notified closely together.

When is the installation of a measure complete?

7.6. The installation of a measure is deemed complete at handover, at which point it must be able to deliver savings at a level expected for that measure. This will normally be the date on which the installer finishes work on the measure.

7.7. For measures installed in accordance with PAS 2030:2019 and PAS 2035:2019, the meaning of handover is defined within these documents. Broadly it includes, where required, any explanation provided by the installer to the occupant / landlord / client(s) on the safe, efficient operation of the system, as well as any guidance on care and maintenance.

7.8. For measures that do not need to be installed in accordance with PAS 2030:2019 / PAS 2035:2019, the date of handover will be the date on which:

- Work on the installation of the measure is finished, and
- any relevant information or documents relating to operating and maintaining the measure have been provided to the consumer.

7.9. We expect handover to take place within four calendar weeks of the installer finishing work on each measure. However, we understand this may not be feasible where a particular type of measure is installed in multiple premises where those premises are owned by the same landlord. For example, a block of flats, a row of houses, or where flats and / or houses are on the same estate.

7.10. In these circumstances the installer may handover to the landlord or its agent (rather than to the tenants of the premises) and may do a single handover for all measures installed of that type. Therefore, all the measures of that type can be notified in the same monthly notification because all the measures will have the same handover date. We expect handover to take place within four weeks of the installer finishing work on the last measure.

7.11. Suppliers must be able to evidence the date on which a measure was completed. The documentation a supplier must be able to make available on request to do this is explained in Appendix 1.

When is the installation of a package of measures complete?

7.12. For the purposes of our administration, all measure in ECO4 must be associated with a project. A project is a package of one or more ECO4 measures installed in a single property and supported by the same supplier.

7.13. A project is deemed complete once the final measure in that project has been completed. Suppliers indicate that this has occurred by re-notifying the project with completed project details, at which point the project will be considered complete.

7.14. A project will not be complete at the point when it is first notified to us. The initial project notification must contain all of the details available when the project starts and before any measures in that project are installed. This notification is required before any measures in the project can be approved.

Notifying projects and measures

7.15. A project must be notified using an up-to-date version of the ECO4 project notification template³³ and in accordance with the formatting prescribed within the data dictionary³⁴. The data dictionary is a reference tool for completing the notification template.

7.16. The same project template is used for the re-notification of completed projects. The template contains several fields that can be left as "N/A" in an initial notification but require data when the project is re-notified. Completed project re-notifications are determined by entering "Completed Project Notification" in the "Project purpose of notification" field.

³³ To be added in final guidance

³⁴ The draft data dictionary can be found at: <https://www.ofgem.gov.uk/publications/draft-eco4-supplier-data-dictionary>

7.17. Similarly, notification of a completed measure must be made using an up-to-date version of the ECO4 measure notification template³⁵ and in accordance with the formatting prescribed within the data dictionary.³⁶

7.18. Note that Interim Delivery measures under ECO3 rules should not be notified using the ECO4 template. Instead they will be notified to the ECO3 Register. See our draft Interim Delivery guidance document for more details on Interim Delivery measures³⁷.

7.19. The ECO4 measure notification template will describe the information that suppliers must include as part of the notification for each type of completed measure. Suppliers will need to provide this information to us securely through the ECO4 Register, which suppliers can use to notify both measures and projects. Only obligated suppliers have access to the ECO4 Register.

7.20. We will review each project or measure that is successfully notified to us and will inform suppliers of our decision to approve or refuse that notification. We may require a supplier to clarify the information notified or provide further information for a notification before we can make this decision.

7.21. A significant proportion of validation checks will occur automatically upon notification of a project or measure. These checks may result in a delay between the upload of a template and its contents appearing on the register.

7.22. These automated checks will occur immediately after or overnight after a notification. We intend to conduct any manual processing of notifications within a reasonable timeframe, usually through monthly processing rounds, but may review as required. Suppliers can use the ECO4 Register to check the status of notifications, including which projects or measures are being processed, which are on hold and which have been approved or had approval refused or revoked. Suppliers will also be able to view and download notification errors. Our ability to validate and process notifications will depend on the quality and completeness of the information provided at notification.

³⁵ To be added in final guidance

³⁶ Link to be added in final guidance

³⁷ See <https://www.ofgem.gov.uk/sites/default/files/2022-04/Draft%20ECO4%20Guidance%20Interim%20Delivery.pdf>

7.23. Once an initial project notification has passed validation checks that project will move to a “project in progress” status until all measures are notified, at which point suppliers should re-notify the project as a completed project. The re-notification template will undergo additional validation checks, and after passing those the project will move to a “project complete” status.

7.24. This completed project re-notification should only contain new information available at project end, and only certain fields of the project template may be edited at this stage. Suppliers may not use the re-notification to change information already provided. Suppliers can make other changes to a project notification by raising a notification change request.

7.25. Measures will be approved on the ECO4 Register once we are satisfied that the information notified is correct, all relevant fields of the notification template are complete and the eligibility criteria are met for both the measure and project.

7.26. Once a project is in “project complete” status, and once all associated measures are approved, we will determine if the project is eligible to receive FPS.

7.27. Where a project or measure does not meet the relevant eligibility criteria we will refuse to approve, or will revoke approval of, that project or measure. Where approval of a project is revoked we will also revoke approval of associated measures.

7.28. All projects and measures may be subject to various compliance checks to ensure the notification contains all the information we require, and that this information meets the requirements of the scheme. All measures in a project must be notified to the same supplier licence as that project. A project cannot contain measures split across multiple licences.

Rejected measures and incomplete projects

7.29. Measures that are potentially ineligible or non-compliant can be identified through our compliance processes. In some cases they can also be referred to us by suppliers, other industry parties, or members of the public.

7.30. If we have reason to believe a measure is ineligible or non-compliant with the ECO4 rules, we will provide suppliers the possibility to make the necessary representations. Failing this, we may reject the savings for that measure and will notify the relevant supplier of our intention to refuse or revoke those savings. We will communicate this via a minded-to notice (MTN). This process allows suppliers two weeks to make any final representations before the

measure is ultimately rejected from the scheme via a refusal and revocation decision (RRD) notice.

7.31. Individual measures will be rejected where they do not comply with scheme requirements. If a rejection occurs in a project, it may no longer meet the minimum requirement.

7.32. Whether a project with non-compliant measure(s) receives FPS, PPS or no scores depends on the nature of the non-compliance as well as on whether the minimum requirement was met at the point of completed project re-notification.

7.33. If a measure is identified through the TrustMark Quality Assurance framework as having been non-compliant at the point of completed project notification, it may not have in principle met the MR at that critical point. In such instances, suppliers are encouraged to ensure the project does meet the MR through the rectification of the measure:

- If rectified successfully and approved by Ofgem, the rectified measure as well as the remaining measures in the project will receive FPS. If the rectification is completed after the project deadline or an extension to that deadline, a late penalty will apply. For measures that must be lodged with TrustMark, the rectification will be monitored Trustmark.
- If the rectification is unsuccessful, the measure will be rejected. The remaining measures in the project will receive PPS if the MR is no longer met, or FPS if the MR is still met without the rejected measure.

7.34. 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. This will depend on whether the rejected measure still works in practice. If it does, the MR could be considered met, and a full project score would apply to all remaining measures.

7.35. When a measure is rejected, for example if it is an invalid duplicate, no score for the measure will be awarded. If this results in the project no longer meeting the MR, the remaining measures in the project will receive PPS. Depending on the measure, in some cases the MR in a project could still be met after a measure is rejected, in which case the remaining measures would still receive FPS without taking the rejected measure into account. This means that the final SAP (or RDSAP) rating would need to be adjusted and re-notified to

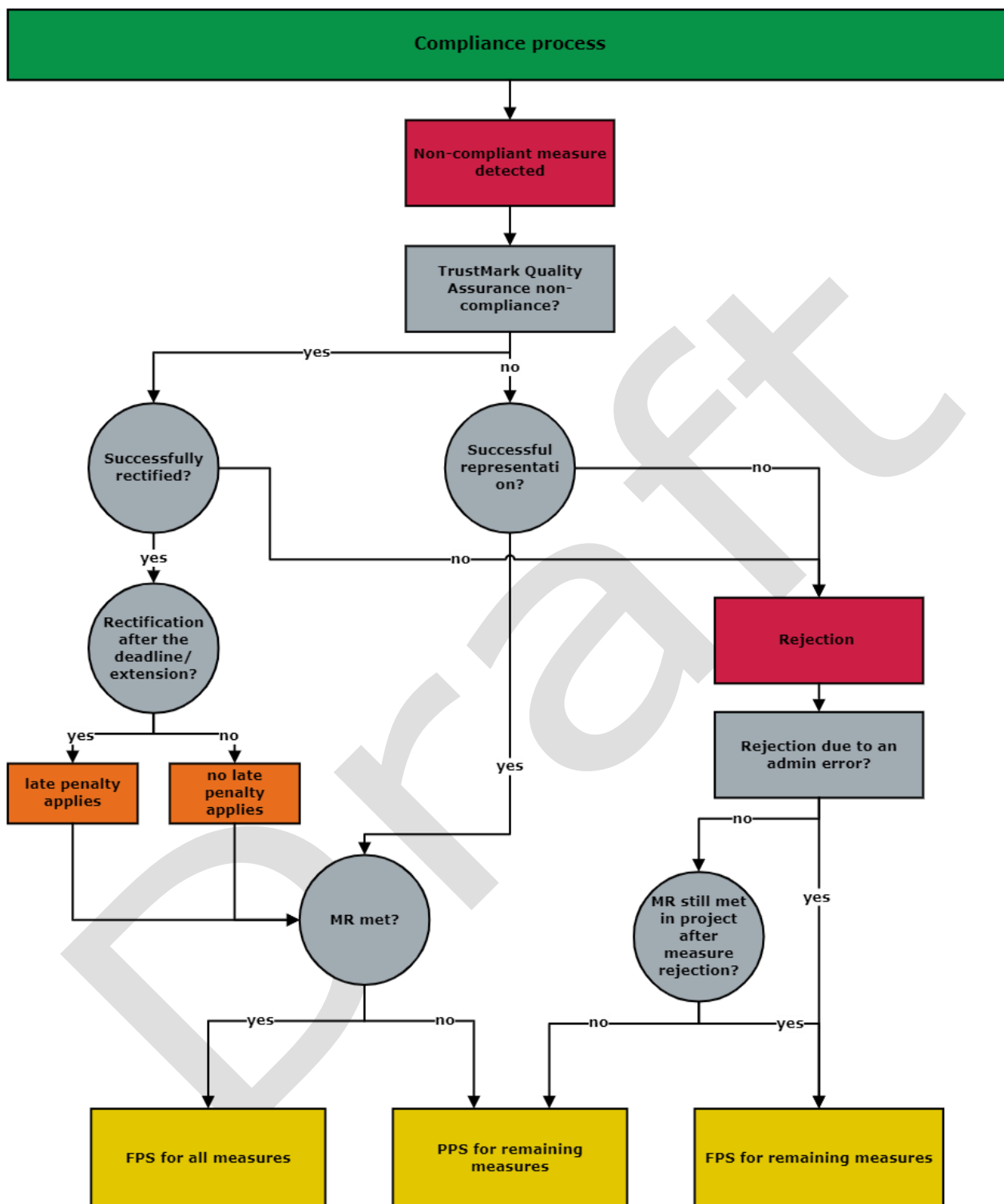
exclude the rejected measure. The FPS will be re-calculated based on the lower final SAP (or RDSAP) rating, which ultimately results in a lower FPS.

7.36. 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 is met 'in practice' and the measure can otherwise be considered a qualifying action, the remaining measures in the project will receive FPS. The rejected measure will receive no score.

7.37. If an occupant or a property was found to be ineligible for ECO in the first place or in the case of fraud or other scheme abuse, all measures in a package will be rejected and no score for the project will be granted.

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Figure 2: Compliance process and measure rejection with according scores



Information suppliers must include as part of notification

7.38. Upon notification to the ECO4 Register, both projects and measures undergo core checks. Core checks must be passed for notifications to be accepted onto the register. If a

notification fails a core check, it will not appear on the register. The notification template will need to be corrected and the upload attempted again.

7.39. As measures are subject to a notification deadline, this means that if a supplier does not provide the correctly formatted information required to pass core checks by the notification deadline, notification of the measure will be unsuccessful and the score associated with the measure may be lost. Suppliers may apply for a notification extensions request to extend this deadline or have one granted via the automatic extensions route.

7.40. We will look at each project or measure identified in a notification separately when determining whether notification of that measure has been successful. The following core information is required for notification of a measure to succeed:

- Measure reference number
- Measure type
- Date of completed installation (where applicable)

7.41. The following core information is required for notification of a project to be successful:

- Supplier reference number
- Project reference number
- Either Address details or Unique Property Reference Number
- Eligibility type

7.42. In addition to the above information, suppliers must also provide other information when submitting their notifications of projects or measures, as detailed in the notification templates and data dictionary. Checks on this additional information will be performed once notifications pass core checks. This additional information must be submitted by the notification deadline.

7.43. Failure to provide this additional information will not render that notification unsuccessful, as it will have been accepted onto the register after passing core checks. However, without this information we are unable to process the notification and it will not be approved until corrections are made by the supplier.

7.44. Suppliers may also use the measure notification template to notify exempt measures. These are cases where a measure can not be installed in a property because it attracts an exemption criteria. Suppliers should notify such cases to the ECO4 Register using the measure notification template. Exempted measures should be assigned an MRN and must be associated with a project, however they do not require many of the details needed for regular measure notifications such as a date of completed installation. See chapter 4 of our Guidance: Delivery³⁸ for more detail on exemptions and the Data Dictionary³⁹ for instructions on how these should be notified.

7.45. To confirm that measures are installed in accordance with MCS or PAS 2030:2019 and PAS 2035:2019, TrustMark will issue a Certificate of Lodgement once the project Retrofit Co-ordinator has signed off the project and submits a lodgement.

7.46. It is important to note that although measures must be notified after installation, each measure cannot be approved as a qualifying action until the Certificate of Lodgement for the measure has been issued for the relevant project. Similarly, completed projects must also be notified with the appropriate Certificate of Lodgement. This applies to all measures that are lodged with TrustMark.

Errors in notifications

7.47. Before the notification deadline, a supplier may make corrections to a measure notification that it has submitted to us. After the notification deadline, the measure notification may only be corrected with our consent and, in some cases, may require an extension request. We will notify the supplier if we identify any errors in notified measures as soon as possible. For example, for a measure installed on 15 December 2023 and notified on 10 January 2024, an error in the notification template can be corrected at any time before 1 February 2024.

7.48. This period where corrections may be made does not exist for project or exempt measure notifications as they do not have a notification deadline. Our consent will be required for an edit to be made to these unless we notify the supplier of an error in the notification.

³⁸ <https://www.ofgem.gov.uk/publications/draft-energy-company-obligation-eco4-guidance-delivery-v01>

³⁹ <https://www.ofgem.gov.uk/publications/draft-eco4-supplier-data-dictionary>

7.49. It is the responsibility of each supplier to ensure that the information contained in all notifications is true and to manage any third parties involved in the delivery of ECO measures. Errors in the notification of a project or completed measure may lead us to refuse or revoke approval of a project or measure and may lead to enforcement action. This includes where projects or measures are not accepted or are rejected, and results in any primary measures (eg in-fill) and respective projects subsequently being rejected.

7.50. Where we revoke or refuse approval of a notification, we will inform the supplier in writing. Our decision notice will provide details, including the project or measure reference numbers and reason, for our decision. This should assist suppliers in correcting the issue that prevented approval of the notification where possible.

7.51. In a scenario where where a house in-fill measure is supported by three primary measures, and one of those primary measures is rejected, we will not automatically reject the in-fill. It will remain as an un-linked in-fill that cannot be approved and will not count towards the supplier's obligation. However, the supplier may be able to substitute the rejected primary measure with another that meets all the requirements to support that in-fill measure (ie. a qualifying measure of the same type installed in a house with the same street name). If this occurs the in-fill may be eligible for approval once again.

Notifying late measures

7.52. Where a supplier is unable to notify measures before the notification deadline, the measures can still be successfully notified to Ofgem via one of the following two scenarios:

- for measures composing a maximum of 5% of the number of measures notified within their notification period each month, the notification deadline can be automatically extended for up to three months, or
- a supplier can apply for an extension to the notification deadline for measures above the automatic 5%.

Automatic extensions for 5% of measures

7.53. Up to 5% of the number of measures installed in a particular calendar month, and notified on time, can be given an automatic extension of three months to the notification deadline (the automatic 5%). The first 5% of late measures notified to us for a particular calendar month without an extension request are given this automatic extension.

7.54. The 5% automatic extension route cannot be used for Interim Delivery and ECO4 Early Delivery measures.

7.55. Where the number of late measures without an extension request exceeds the 5% threshold, these measures will be flagged to the supplier who must submit an accompanying extension request or the measures will be considered late.

7.56. Measures submitted as late as part of the 5% quota must be notified with a Purpose_of_Notification of "Automatic Late Extension".

Determining if measures fall within a supplier's 5% automatic extension quota

7.57. Below is the formula for determining whether measures fall within a supplier's automatic extension quota for a given notification period. A late measure falls within a supplier's 5% quota if at the time the measure is notified, the result of the following calculation is less than or equal to 0.05. The calculation uses figures for measures installed in the same month, and is calculated on a group company level.

$$\frac{A - B}{C}$$

Where:

A is the total number of late measures notified

B is the number of measures included in an approved extension request that were notified after the original deadline but within the agreed extended period.

C is the number of measures which were notified by the supplier on time

7.58. Where a supplier notifies a late measure that is included in an approved extension request, the measure would not be included in the automatic 5% quota for that particular month.

Example

7.59. Supplier A notifies 3,000 measures with a notification period of October 2023 on time. This would allow supplier A to notify 150 measures also with a notification period of October 2023 in the following three months (November 2023, December 2023 and January 2023), without needing an extension request.

7.60. In November 2023, Supplier A submits 140 measures with a notification period of October 2023. These measures are included in the automatic 5% and processed as normal.

7.61. In December 2023, Supplier A submits a further 50 measures with a notification period of October 2023. As these take supplier A over its automatic extension quota, all 50 of these measures are returned to the supplier.

7.62. Supplier A then decides which of these 50 measures it wants to include in the automatic 5% (a maximum of 10) and for which it will submit an extension request. Any subsequent measures notified with a notification deadline of October 2023 will require an extension request.

7.63. The 5% calculation is undertaken by the ECO4 Register on the first day of the month.

7.64. Late measures are attributed to the supplier that originally notified the measure, and will continue to form part of that supplier's automatic extension quota. Where a supplier accepts a transfer containing late measures without an extension request, these measures will not be included in the receiving supplier's automatic extension quota for relevant notification period. Transferring measures does not affect the automatic extension quota for the original supplier that notified the measure.

7.65. The 5% is calculated on a group company level (ie not at licence level).

7.66. Measures to be included in the automatic 5% must be notified by the earlier of:

- the end of the fourth calendar month after the calendar month the measure was completed, or
- the end of June 2026.

Applications for an extension to the notification deadline

7.67. Suppliers can also 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. A supplier should make an extension request promptly when it first becomes aware that it has failed, or will fail, to notify a measure by the notification deadline.

7.68. Once a supplier becomes aware that it has, or will, fail to notify a measure by the notification deadline it should take all reasonable steps to ensure that the measure is notified as soon as possible. It is not guaranteed that an extension request will be approved.

7.69. Suppliers seeking an extension should submit an extension request using the 'Application for Extension' template. Any relevant supporting evidence, such as emails, screenshots or other correspondence should be sent to us at the same time as the extension request. We will process extension requests within a reasonable timeframe, where sufficient evidence is provided.

7.70. We are not obliged to grant an extension to suppliers and we will consider each application on an individual basis. We will grant an extension to the notification deadline if a supplier satisfies us that there is a reasonable explanation for failing to notify the measure by the notification deadline. Further information about 'reasonable excuse' is provided below

Reasons for an extensions request

7.71. A reasonable excuse is an unexpected or unusual event that:

- is either unforeseeable or beyond the supplier's control, and
- prevents the supplier from notifying a measure by the notification deadline

7.72. We will judge the actions of a supplier from the perspective of a prudent supplier exercising reasonable foresight and due diligence, and having proper regard for its responsibility under the ECO4 Order.

7.73. If a supplier relies on a third party to provide the necessary information to notify a completed measure, the supplier is responsible for ensuring that party carries out its task correctly. We expect the supplier to take reasonable care to explain to the third party what it requires them to do and to set deadlines for the task. We expect the supplier to have processes in place for eliminating or mitigating any risk of the third party failing to carry out its task correctly or within the agreed deadlines. If a supplier does this, but fails to submit a notification by the notification deadline because of what the third party did or did not do, the supplier may have a reasonable excuse.

7.74. Where similar issues are raised more than once by the supplier as a reason for a delay in a measure's notification, this may not satisfy our requirements for granting an extension.

Suppliers are expected to make the necessary updates to their processes to ensure issues are not repeated.

7.75. As each extension request is considered on a case-by-case basis, we do not intend to provide an exhaustive list of eligible reasons for extension.

Determining the period of extension

7.76. If we are satisfied that an event occurred that gives a supplier reasonable excuse for failing to notify a measure by the notification deadline, we will expect the supplier to take all reasonable steps to submit the notification at the earliest possible time.

Installation extensions

7.77. All measures in a project must be completed within three months of the DOCI of the first measure installed in the project . This deadline is six months for projects containing a DHC measure.

7.78. If a measure is installed beyond the associated project's completion deadline it will be counted as a late installation. If that project is later awarded FPS it will receive a late installation penalty. This penalty equals the deflator value $0.2 * \text{the deemed cost savings (the value taken from the scoring matrix) of the late installations}$. Where the project does not receive FPS, late installations have no effect.

7.79. In-fill measures are an exception to this. In-fill measures must be completed within the deadline based on the DOCI of the most recently completed primary measure. In-fill measures installed beyond this deadline are not eligible.

7.80. Suppliers may apply for an extension to the installation deadline. These extensions are on a per-measure basis. Each measure may only receive one extension. In-fill measures may not receive extensions.

7.81. An extension may be requested at any time before the deadline of five months after the DOCI of the first measure in that project. For projects containing a DHC measure, the application must be made within 8 months instead. The measure and project referred to in an extension application do not need to have been notified before an extension can be raised.

7.82. Extension applications must be in writing and must explain why the extension is being requested. The reason should be supported by evidence.

7.83. Suppliers do not need to wait until the deadline has passed to submit a request. Suppliers should submit a request as soon as they become aware that a project may not be completed within the deadline.

7.84. Suppliers seeking an installation extension should submit an extension request using the 'Application for Installation Extension' template. Any relevant supporting evidence, such as emails, screenshots or other correspondence should be sent to us at the same time as the extension request. We will process extension requests within a reasonable timeframe, where sufficient evidence is provided.

7.85. We are not obliged to grant an extension to suppliers and we will consider each application on an individual basis. We will grant a measure an extension to the project completion deadline if we are satisfied the supplier has a reasonable excuse for why the measure was not or is unlikely to be completed by the deadline. Further information about 'reasonable excuse' is provided below.

7.86. Unlike notification extensions, suppliers do not need to notify a measure as having an installation extension, as an installation extension will not impact the eligibility of the measure in question. Once a measure has been awarded an installation extension Ofgem colleagues will update the measure on the ECO4 register to indicate the measure has an extension, Suppliers will be able to see this information through the register.

Reasons for an extension request

7.87. A reasonable excuse is an unexpected or unusual event that:

- is either unforeseeable or beyond the supplier's control, and
- prevents the supplier from completing a project by the deadline

7.88. We will judge application for installation extensions using the same standards and reasoning laid out for notification extensions in paragraphs 7.71-7.75.

Determining the period of extension

7.89. Project completion extensions are fixed at an additional three months from the original deadline. In the case of projects containing a DHC measure, this results in a total deadline of nine months. For all other projects, the total deadline is six months.

7.90. Installation extensions will not allow installation dates beyond the overall scheme deadline of 31 March 2026.

7.91. Each measure can only be awarded one installation extension.

Monthly report to the Secretary of State

7.92. One of our duties as the ECO administrator is to submit a monthly report to the Secretary of State from the first month following the month of commencement of the scheme.⁴⁰ These reports will show the progress that suppliers have made towards meeting their obligations.

7.93. The reports contain data from the information notified to us by suppliers each month and include information on supplier progress towards achieving their obligations.⁴¹ Please see Chapter **Error! Reference source not found.** for more information on our final report to the Secretary of State.

Fair and transparent processing

7.94. When fulfilling its ECO4 obligations, a supplier may obtain information about the occupant or landlord of the premises. Some of this information will need to be provided to us either as part of notifications or in the course of our audits. In addition, in the course of the transfer of a qualifying action, one supplier will disclose this information to another supplier.

7.95. A supplier should ensure that its processing of this information complies with all applicable data protection laws. A supplier should also ensure that any member of the supply chain acting on its behalf complies with the data protection laws.

7.96. In particular, it is the responsibility of suppliers to ensure the person who lives at the premises where the ECO measure is delivered knows how and why their information will be processed, including who the information will be disclosed to and for what purpose. This includes telling them that their data will be shared with us.

⁴⁰ Article 82(4) of the ECO4 Order

⁴¹ See: <https://www.ofgem.gov.uk/environmental-programmes/eco/contacts-guidance-and-resources/eco-public-reports-and-data>.

7.97. In general, the General Data Protection Regulation (GDPR) requires anyone collecting personal data to give the data subject (ie in the case of ECO, the occupant) a Privacy Notice.

7.98. Data must be handled in line with GDPR rules.

7.99. So that we are able to process the data that suppliers provide, we require suppliers to provide the occupant or landlord under ECO4 with the ECO4 Working Group Privacy Notice Document, available on our website.⁴² Full details of Ofgem’s ECO Privacy Policy can be found on our website.⁴³

7.100. The wording in the Privacy Notice is intended to discharge some of our obligations under the GDPR. It is not intended, and should not be relied on, to discharge suppliers’ obligations for that legislation or other data protection laws. Further guidance on what information Privacy Notices should contain can be found on the Information Commissioner’s Office website.⁴⁴

⁴² Link to be added in final guidance

⁴³ Link to be added in final guidance

⁴⁴ See: <http://ico.org.uk/>

8. Transfers of measures and projects

8.1. This chapter explains how suppliers can transfer measures and projects to other suppliers.

8.2. At any time on or before 30 June 2026, a supplier may apply to transfer ECO4 measures and projects to another licence. Suppliers can transfer measures and projects to another licence within the same supplier group, called an intra-supplier transfer. A transfer between two different suppliers is called an inter-supplier transfer. Intra-supplier and inter-supplier transfers have different requirements for approval.

8.3. We have no part in any commercial agreement that is entered into as part of a transfer.

Applying for approval to transfer measures and projects

8.4. The following requirements apply to both intra-supplier and inter-supplier transfers.

8.5. A transfer request will consist of both projects and measures to be transferred. The partial transfer of projects is not allowed, meaning all measures in the same project must be transferred together, along with the project notification itself.

8.6. A project does 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 the project and both notified measures were transferred together. If an incomplete project is to be later completed it must be done through notifications to the new licence.

8.7. Where an In-fill measure or the primary measure that supports an in-fill measure is to be transferred, it must be accompanied by all of the in-fill and primary measures along with their projects. For example, where a supplier requests to transfer a measure installed in the same house as an insulation measure that is supporting an in-fill house, the request would need to contain:

- The in-fill project;
- Every measure notified to that in-fill project;
- All three projects that support the in-fill project;

- Every measure notified to those three supporting projects.

8.8. There is no limit on the number of measures a supplier can seek to transfer in any one application. Nor is there any limit on the number of applications a supplier can make on or before 30 June 2026.

Intra-supplier transfers

8.9. For an intra-supplier transfer, projects and measures may be transferred regardless of their status on the ECO4 Register, provided they meet all other requirements.

Inter-supplier transfers

8.10. For an inter-supplier transfer, measures must be in an approved or rejected state to be eligible for transfer.

Submitting a transfer application

8.11. A supplier should apply for a transfer request using the function within the ECO4 Register for raising a request to transfer.⁴⁵ Instructions on how to do so are available in the ECO4 Register external user guide

8.12. Suppliers must submit all transfer applications for measures and projects on or before 30 June 2026.

8.13. A supplier can withdraw a transfer application at any time before the application is approved by us. If a supplier wants to withdraw an application, they should contact us as soon as possible and subsequently withdraw the application on the ECO4 Register.

Approving a transfer application

8.14. In the course of approving a transfer request, we may ask the supplier(s) to provide additional information in support of their application.

⁴⁵ For guidance about using this function in the ECO4 Register contact us via email: eco@ofgem.gov.uk.

8.15. We may reject a transfer request where we believe the applicant supplier may not be able to meet its total HHCRO, total SWMR or total EFG minimum requirement. This decision will be based on the applicant supplier's delivery to date, delivery track record and plans for future delivery.

Following a transfer

8.16. If we approve a transfer request, we will notify the suppliers involved in writing of the date on which the application was approved. Once the transfer is complete, the ECO4 Register will show the projects and measures as having been achieved by the supplier to whom they were transferred.

8.17. If we do not approve a transfer application, we will notify in writing:

- Supplier A of any reasons for the decision relating to supplier A
- Supplier B of any reasons for the decision relating to supplier B

8.18. Once approved, the measures and projects that have been transferred are treated as being provisionally promoted by the supplier to whom they were transferred. Suppliers accept a transfer at their own risk. If, for example, a transferred measure later fails an audit, the supplier to whom the measures were transferred will be responsible for remedying the measure (or it will lose the savings).

8.19. The supplier to whom the projects and measures were transferred will need to ensure it can produce the necessary evidence at audit to demonstrate that a transferred project or measure meets the eligibility criteria for the obligation that the action was credited against.

8.20. Suppliers should note that any transfer of personal data from one supplier to another, in the course of a transfer of a project or measure, will amount to the processing of personal data for the purpose of the General Data Protection Regulation (GDPR). Suppliers should ensure that the transfer of personal data complies with the GDPR.

Transfer of ECO3 interim delivery and surplus actions

8.21. ECO3 interim delivery measures and surplus action measures may be transferred during the ECO4 scheme. These measures must be included in separate transfer requests

from ECO4 measures and projects. Please see our draft interim delivery guidance⁴⁶ for more detail on interim delivery measures.

Draft

⁴⁶ See <https://www.ofgem.gov.uk/publications/draft-eco4-guidance-interim-delivery>

9. End of the overall obligations period

Achieving your obligation

9.1. The installation of a measure cannot count towards a supplier's HHCRO unless the installation is complete **before 1 April 2026** (ie the end of the overall obligation period) and after 31 March 2022 (unless a measure is being carried over from ECO3). Suppliers must notify us of all measures completed in March 2026 by the end of April 2026. Any measures which are subject to a notification extension must be notified by the end of June 2026.

9.2. Following the end of the overall obligation period, we will determine whether a supplier has met its ECO4 obligations and notify both the supplier and the Secretary of State of our determination, known as our 'final determination'. **We will notify all suppliers of our final determination no later than 30 September 2026.**⁴⁷

Ahead of our final determination

9.3. Under the ECO4 Order, we must determine whether a supplier has achieved its total home heating cost reduction obligation, including its SWMR and EFG sub-obligations. After the transfer, trading, and final notification deadlines, and before our final determination, we will carry out a number of compliance checks and processes. These include, but are not limited to, the following:

9.4. **Solid wall minimum requirement:** As described in Chapter 4, a supplier must deliver SWI measures to a set amount of homes. This is referred to as its SWMR. Where a supplier fails to meet this requirement, it will fail to achieve its HHCRO.

9.5. **EFG Minimum:** As described in Chapter 4, a supplier must deliver measures to a minimum number of private tenure homes in SAP bands E, F & G. This is referred to as its EFG Minimum. Where a supplier fails to meet this requirement, it will fail to achieve its HHCRO.

9.6. **Limits on certain heating measures:** As described in Chapter 5 of the ECO4 Guidance: Delivery, there is a limit to the proportion of a supplier's HHCRO that can be achieved through the replacement of broken efficient heating systems, as well as limits on the repair of broken efficient boilers and electric storage heaters. These limits are equivalent to

⁴⁷ Article 36(2) of the ECO3 Order.

efficient heating system replacements in 5000 homes and efficient heating system repairs in 5000 homes per year set relative to each supplier's obligation (20000 each over the entirety of the scheme).

9.7. Limits on ECO4 Flexible Eligibility measures: As described in Chapter 3 of the ECO4 Guidance: Delivery, suppliers can achieve no more than 50% of their HHCRO through the installation of measures under the ECO4 Flexible Eligibility mechanism.

9.8. Limits on innovation measures and DLM measures: As described in ECO4 Guidance: New Measures and Products, the overall delivery of innovation measures cannot exceed 10% of an obligated supplier's total obligation (the innovation cap). Innovation measures which fall within the same innovation measure description cannot exceed 5% of an obligated supplier's total obligation (the innovation sub-cap). There is also a cap of 5000 measures for each DLM, set relative to each supplier's obligation.

9.9. Limits on Exemptions: As explained in Chapter 6 of the ECO4 Guidance: Delivery, the number of exemptions from meeting the MR that can be claimed is capped at 7500 across the entire scheme and set relative to each supplier's obligation. When the exemption is claimed, the project is able to claim to a Full Project Score. Note that the cap does not apply when an exemption from the MR is being claimed due to consumer circumstances such as a change in occupancy or death in household.

9.10. Limits on Partial Project Scores: As explained in Chapter 6 of the ECO4 Guidance: Delivery, suppliers can achieve no more than 12.5% of their obligation through the awarding of Partial Project Scores.

9.11. Limits on Building Fabric Repairs: As explained in Chapter 4 of the ECO4 Guidance: Delivery, suppliers can achieve no more than 0.5% of their obligation through the awarding of building fabric repair uplifts

Final determination of HHCRO at the end of phase 4

9.12. Under the ECO4 Order, we must determine whether a supplier has achieved its total home heating cost reduction obligation, including its SWMR and Private Tenure EFG sub-obligations.

9.13. Suppliers will be notified of our final determination no later than 30 September 2026.

9.14. Where we determine that a supplier has not met its obligations, we have powers to impose a penalty on that supplier. Please refer to our enforcement policy for further information.

Our final report to the Secretary of State

9.15. We must submit a report to the Secretary of State, no later than **30 September 2026**, showing whether suppliers achieved the overall home heating cost reduction target, including SWMR and the Private Tenure EFG sub-obligations.

9.16. The final report will contain our final determination of whether suppliers have achieved their obligations.

Draft

10. Appendix 1 – Documents and data to be made available on request

10.1. In this appendix we set out the documents and data which a supplier must be able to make available for the purpose of an audit or other compliance check at any time before 30 September 2026.

10.2. The information in this appendix is presented in Table 6.⁴⁸

10.3. The second column refers to the relevant ECO requirement, the third column refers to the documents (if any) that a supplier will need to make available to demonstrate compliance with that requirement, and the fourth column refers to the data (if any) that a supplier will need to make available to demonstrate compliance with that requirement.

10.4. We are looking to reduce the amount of evidence we requiresuppliers to hold and instead intend to rely on data TrustMark holds where applicable. This should reduce the amount of documentation suppliers might need to retain. Suppliers may want to ensure they do still have access to such evidence in case they need to support the eligibility or compliance of a measure at a later date.

Table 6: Documents and data to be made available on request

	ECO requirement	Document to be available on request	Data to be made available on request
1	Promotion of measure	<p>Documentation sufficient to establish 'promotion'.</p> <p>For example, in the case where a supplier contracts a person to install a measure at premises, a supplier should produce:</p> <ul style="list-style-type: none"> the contract(s) or other document(s) which establish the relationship between the supplier and the installer, under which the installation was performed (this includes documents which 	

⁴⁸ This table is incomplete and will be expanded in final guidance to cover more legislative requirements.

	ECO requirement	Document to be available on request	Data to be made available on request
		<p>demonstrate that the installation was completed under an oral contract), AND</p> <ul style="list-style-type: none"> where appropriate, evidence of the supplier’s payment of, or contribution towards, the fees and other costs of the installation. For example, an invoice and a payment slip. 	
2	Specification of measure	<p>Documentation which can be used to verify the exact details of the measure.</p> <p>For innovation measures only – evidence that the product installed is one of the ‘products meeting description’ listed on the ECO4 approved innovation measures document.</p>	<p>To include:</p> <ul style="list-style-type: none"> measure type manufacturer name product name product serial number (where available) Details of Trustmark lodgement
3	Installation in accordance with certification schemes governed through Trustmark	<p>Where a measure is required to be installed in accordance with:</p> <ul style="list-style-type: none"> PAS 2030, MCS <p>suppliers must provide the details required to verify the measure has been successfully lodged with Trustmark and met any standards they require installed.</p>	<p>Details of Trustmark lodgement</p>
4	Installation in accordance with certification schemes not	<p>Where a measure is not covered by a certification governed by Trustmark as in row 3, for example:</p> <ul style="list-style-type: none"> DHC, Novel DLM 	<p>Certification number and / or qualification where relevant</p>

	ECO requirement	Document to be available on request	Data to be made available on request
	governed through TrustMark	<p>An alternative certification scheme must be used to demonstrate appropriate skill and experience by the installer.</p> <p>Suppliers should provide the certification number for the relevant scheme under 'Other_Certification' for each measure installed.</p> <p>Suppliers must retain supporting evidence for all relevant certifications.</p> <p>For DHC: Documentation that demonstrates the installation was by a person of appropriate skill and experience, and at a minimum holds a Level 2 or 3 NVQ in gas, plumbing and / or mechanical engineering.</p> <p>Certification schemes which require this qualification (such as Gas Safe) can be used.</p>	
5	Installation or repair of measures involving natural gas	For any measures that involve the removal, repair, or installation of natural gas heating systems, evidence of the operative's Gas Safe licence number must be retained.	<p>Name of Operative and Gas Safe Licence Number</p> <p>Gas Safe register number of the company the operative belongs to</p>
6	Address where the measure is installed	Documentation which can be used to verify the address – for example, a completed ECO4 Post-installation Declaration.	<p>House / flat number</p> <p>Street</p> <p>Town / city</p>

	ECO requirement	Document to be available on request	Data to be made available on request
			Country Postcode Unique property reference number
7	Date of completion	Either: <ol style="list-style-type: none"> 1. A copy of the declaration of conformity described at Chapter 9 of PAS 2030:2019, where such declaration has been produced and signed by the installer, OR 2. A completed ECO4 Post-Installation Declaration, OR 3. A declaration including the details listed below. <p>Either declaration must be signed by the occupant, or if unoccupied, the landlord, to confirm the date on which the installer finished work on the installation of the measure as well as the date the measure was handed over. This can be in an electronic form (we understand that some suppliers will capture this information electronically).</p> <p>We recommend the following wording is included in the declaration for the purpose of obtaining confirmation from the occupant or landlord, as applicable: For completion by the occupant, or if unoccupied, the landlord:</p>	Date of completion

	ECO requirement	Document to be available on request	Data to be made available on request
		<ul style="list-style-type: none"> • Confirmation that information provided by the installer is accurate • Date the installer finished work on the measure • Date of handover of all information relating to the measure • Occupant / landlord (print) • Occupant / landlord signature • Date <p>The declaration can be signed by someone acting on behalf of the occupant or landlord as long as they are not the installer, supplier or any other party in the supply chain.</p>	

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11. Appendix 2 – Abbreviations

Abbreviation	Explanation
AQ	Annual Quantity
BEIS	Department for Business, Energy and Industrial Strategy
CERO	Carbon Emissions Reduction Obligation
DHC	District Heating Connection
DPA	Data Protection Act 1998
DUoS	Distribution Use of System Charges
DWP	Department of Work and Pensions
ECO	Energy Company Obligation
GDPR	General Data Protection Regulation
HHCRO	Home Heating Cost Reduction Obligation
HTHG	Help to Heat Group
ISLCT	Intra-Supplier Licence Consolidation Trading
LA	Local Authority
LDSO	Licensed Distribution System Operators
LPG	Liquefied Petroleum Gas
PAS	Publicly Available Specification
RdSAP	Reduced data Standard Assessment Procedure
SAP	Standard Assessment Procedure
SWI	Solid Wall Insulation
SWMR	Solid Wall Minimum Requirement

12. Appendix 3 – Glossary

Affordable Warmth In-fill is a mechanism to ease delivery of SWI, CWI, and DHC measures. For every eligible flat, another can be treated as 'in-fill'; for every eligible house, three more houses can be treated as 'in-fill'. Measures installed to in-fill properties also count towards a supplier's obligation. Measures installed to in-fill do not count toward suppliers PPS cap.

Annual quantity (AQ) is the estimated annual gas consumption of a customer over a year under seasonal normal conditions. AQs are set annually by Xoserve in consultation with Gas Shippers.

C

Cost saving is the money saved annually by the measure in heating a domestic premises and where applicable, heating water or generating electricity at those premises.

D

The **date of handover** is, for measures installed in accordance with PAS 2035 (including measures listed within PAS 2030 or MCS), as defined within PAS. Broadly it includes, where required, any explanation by the installer on the safe, efficient operation of the system, as well as any guidance on care and maintenance. For measures not installed in accordance with PAS 2035, it is the date on which work on the installation of the measure is finished, and any relevant information or documents relating to operating and maintaining the measure have been provided to the consumer.

Deemed scores are a method of determining the contribution certain measures make towards a supplier's obligation. Deemed scores are fixed scores for each measure type that are determined using three or four variables.

Domestic customer means a person living in domestic premises in Great Britain who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes.

Domestic premises means separate and self-contained premises used wholly or mainly for domestic purposes. A mobile home is considered domestic premises if it is a caravan and is used as a dwelling.

A **dual licence-holder** is a company that holds both an electricity supply licence and a gas supply licence.

E

ECO Brokerage is an auction-based mechanism designed to enable suppliers to buy forward contracts delivering ECO measures by participating authorised sellers.

The **ECO4 Register** is the IT system which suppliers can use to notify and manage completed ECO4 measures and projects, and submit applications for approval of transfers.

Elexon administers the wholesale electricity balancing and settlement arrangements for Great Britain, as set out in the Electricity and Balancing Code. Further information can be found at www.elexon.co.uk.

G

A **group company** is a licence-holder that is a member of a group of companies that includes at least one other licence-holder.

Group of companies means a holding company and the wholly-owned subsidiaries of that holding company. 'Holding company' and 'wholly owned' subsidiary have the same meaning as in section 1159 of the Companies Act 2006.

H

The **Home Heating Cost Reduction Obligation (HHCRO)** is the installation of heating qualifying actions to people deemed to be low income, vulnerable or living in fuel poverty.

Help to heat group means a group of people receiving at least one of the benefits outlined in Schedule X to Electricity and Gas (Energy Company Obligation) Order 2022 (the 'ECO4 Order').

L

A **licence-holder** means an electricity licence-holder, a gas licence-holder or a dual licence-holder.

Lifetime is the estimated lifetime for measures. Standard lifetimes will be set out in the delivery guidance. is the installation of an eligible ECO3 measure.

R

The **Reduced data Standard Assessment Procedure (RdSAP)** is a simplified version of SAP that requires fewer data inputs. The current version at the time of publication is RdSAP 2012. The ECO4 PPS and FPS are based on the energy efficiency rating mechanism defined by SAP/RdSAP 2012.

Relevant year, with respect to the qualification year, means 2022, 2023, 2024, and 2025.

S

A **score** is the contribution that a measure makes towards a supplier's total HHCRO in pounds sterling (£). The score is calculated using the cost saving and the relevant HHCRO uplift, where applicable. Methodologies for determining the score to be notified will be set out in the delivery guidance

X

Xoserve is the Gas Transporters' Agent and it delivers transportation transactional services on behalf of all the major gas network transportation companies. Further information can be found at www.xoserve.co.uk.