

Energy Companies Obligation (ECO) Compliance Update

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Issue 2

This compliance update presents energy efficiency measures notified by suppliers to Ofgem by the end of July and **approved** by Ofgem by the end of August 2013. This report currently excludes excess measures carried forward from the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP). The Department of Energy and Climate Change's (DECC) latest monthly [Statistical Release](#) reports on **all measures** notified by suppliers to Ofgem for the same period, including those which are not yet approved.

What is ECO?

The Energy Companies Obligation (ECO) is a government scheme which places obligations on larger energy suppliers to deliver energy efficiency measures to domestic premises in Great Britain. Ofgem is responsible for administering ECO on behalf of DECC. Each month energy suppliers notify Ofgem of measures installed in the previous month.

The three obligations under ECO are:

- **Carbon Emissions Reduction Obligation (CERO):** solid wall and hard-to-treat cavity wall insulation alongside other insulation measures and connections to district heating systems.
- **Carbon Saving Community Obligation (CSCO):** insulation measures and connections to district heating systems in areas of low income and rural areas.
- **Home Heating Cost Reduction Obligation (HHCRO):** measures that reduce the overall cost of home heating to low income and vulnerable households, including insulation measures and the repair and replacement of boilers.

Approved measures

Fig. 1) ECO approved measures by category

The table below shows the cumulative measures approved by Ofgem.

Measure Category	CERO	CSCO	HHCRO	Cumulative Total
Solid Wall Insulation	1,284	740	-	2,024
Cavity Wall Insulation	-	6,106	1,808	7,914
Hard-To-Treat Cavity Wall Insulation¹	2,227	89	-	2,316
Loft Insulation	1,944	17,959	10,795	30,698
Other Insulation²	59	44	1	104
Boiler – Replacement	N/A	N/A	13,155	13,155
Boiler – Repair	N/A	N/A	151	151
Other Heating³	N/A	N/A	690	690
District Heating System	-	-	-	-
Micro-generation	N/A	N/A	-	-
Total	5,514	24,938	26,600	57,052

¹ Hard-to-treat cavities include narrow cavities, cavity walls in tall buildings, cavity walls in certain non-standard construction types or those which are too difficult to treat with standard materials or require works to be carried out before installation.

² Includes hot water cylinder insulation, draught proofing and window glazing.

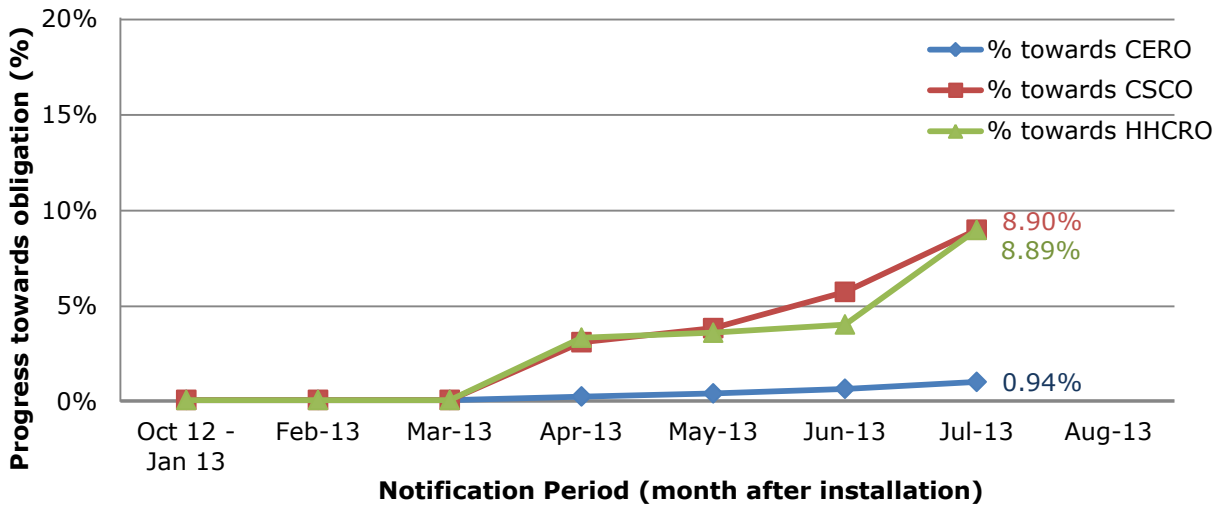
³ Includes heating controls, heat recovery ventilation and warm air units.

⁴ N/A - this measure category is not eligible to be claimed under this obligation.

Progress towards obligations

Fig. 2) Monthly progress towards ECO obligations (approved measures)

The graph below shows suppliers' consolidated cumulative monthly progress towards phase 1 and 2 obligations (phases 1 & 2 cover the period 1 January 2013 to 31 March 2014).



The run rate (as shown in Figure 2 above) will need to increase in order for suppliers to meet their obligations.

Notified measures

In addition to the 57,052 approved measures presented in Figure 1, a further 92,629 measures were notified to Ofgem by the end of July. Together, these figures constitute the 149,681 measures published in DECC's August Statistical Release.

Of the 92,629 measures which were notified to Ofgem but not yet approved, c.41,000 have been sent back to suppliers for data correction or completion of missing information. Subject to these changes being made, they will be approved once they are re-submitted. A further c.28,000 are currently undergoing further checks to ensure that they are valid measures under ECO; the majority of which are hard-to-treat cavity measures in CERO. The remaining c.24,000 measures are currently being processed and are expected to be approved shortly if the necessary information is in order. ECO is a new scheme. We are working closely with suppliers to resolve any issues relating to the notification of measures.

Still have questions?

For further information about the ECO scheme, please visit our website www.ofgem.gov.uk

For enquiries regarding ECO (with the exception of the media), please contact the ECO Operations team via email at ECO@ofgem.gov.uk.

For all media enquiries, please contact the press office on 0207 901 7246.