

# Energy Companies Obligation (ECO) Compliance Update

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Issue 6

This compliance update presents energy efficiency measures notified by energy companies to Ofgem by the end of November and **approved** by Ofgem by the end of December 2013. This report currently excludes excess measures carried forward from the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP), which are likely to be material for some companies. The Department of Energy and Climate Change's (DECC) latest monthly [Statistical Release](#) reports on **all measures** notified by energy companies to Ofgem to the end of November, including those which are not yet approved. DECC has proposed changes to ECO; this report is based on existing legislation and does not take account of these potential changes.

## What is ECO?

The Energy Companies Obligation (ECO) is a government scheme which places obligations on larger energy companies\* to deliver energy efficiency measures to domestic premises in Great Britain. Ofgem is responsible for administering ECO on behalf of DECC. Each month energy companies 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 secondary measures including other insulation and district heating systems;
- **Carbon Saving Community Obligation (CSCO):** insulation and district heating measures in low income and rural areas; and
- **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) Approved measures by category

The table below shows cumulative measures approved by Ofgem.

Measure Category	CERO	CSCO	HHCRO	Cumulative Total
Solid Wall Insulation	10,289	1,443	8	<b>11,740</b>
Cavity Wall Insulation	70	18,759	6,000	<b>24,829</b>
Hard-To-Treat Cavity Wall Insulation <sup>1</sup>	23,358	360	-	<b>23,718</b>
Loft Insulation	4,794	47,015	23,183	<b>74,992</b>
Other Insulation <sup>2</sup>	457	171	24	<b>652</b>
Boiler – Replacement	N/A <sup>4</sup>	N/A	90,777	<b>90,777</b>
Boiler – Repair	N/A	N/A	334	<b>334</b>
Other Heating <sup>3</sup>	N/A	N/A	13,468	<b>13,468</b>
District Heating System	124	170	-	<b>294</b>
Micro-generation	N/A	N/A	-	<b>-</b>
<b>Total</b>	<b>39,092</b>	<b>67,918</b>	<b>133,794</b>	<b>240,804</b>

<sup>1</sup> 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.

<sup>2</sup> Includes hot water cylinder insulation, draught proofing and window glazing.

<sup>3</sup> Includes heating controls, heat recovery ventilation and warm air units.

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

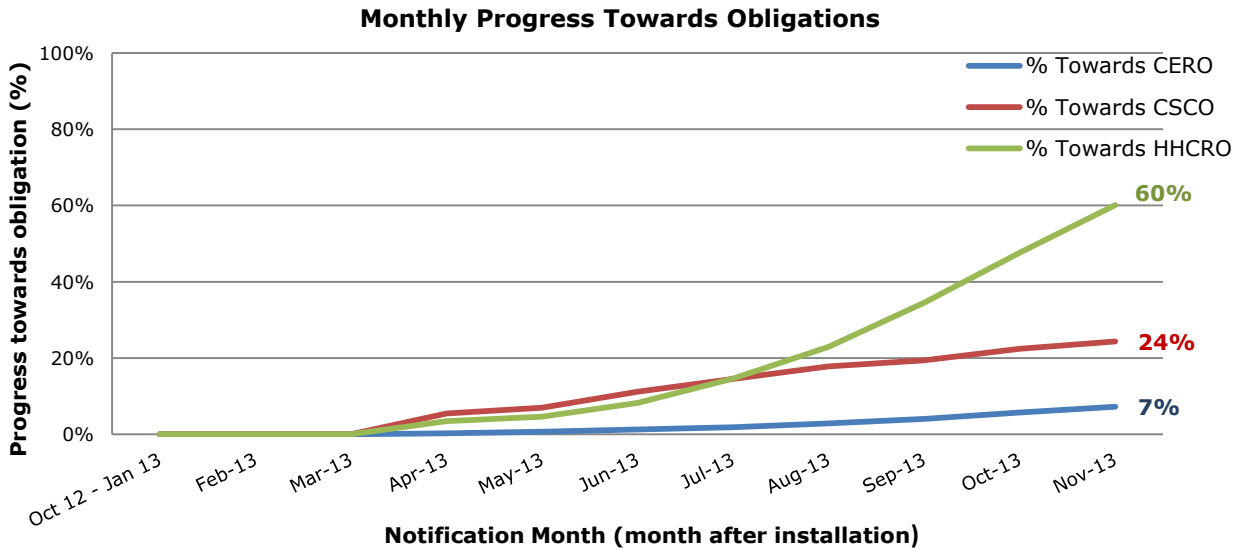
\*Under the ECO Order, obligations are imposed on an individual licence holder ('supplier') rather than on the parent company of a group of suppliers (which we refer to as an 'energy company').

## Progress towards obligations

The scheme is currently 67% of the way through phases 1 and 2 (which cover the period 1 January 2013 to 31 March 2014).

### Fig 2) Cumulative overall progress towards phase 1 & 2 obligations (approved measures only)

The chart below shows energy companies' cumulative monthly progress towards phase 1 and 2 obligations. Note the legislative requirement on suppliers is 100% compliance against each of the obligations over the whole period to March 2015. The run rate will need to increase for CERO and CSCO in order for energy companies to meet their obligations.



## Notified measures

In addition to the 240,804 approved measures presented in Figure 1, a further 138,493 measures were notified to Ofgem by the end of November. Together, these figures constitute the 379,297 measures published in DECC's December Statistical Release.

Of the 138,493 measures which were notified to Ofgem but not yet approved, circa 46,000 have been sent back to energy companies for data correction or completion of missing information. These measures will be reassessed and approved (if appropriate) once they are re-submitted. A further c.88,000 are currently undergoing further checks to ensure that they are valid measures under ECO; the majority of these are hard-to-treat cavity measures in CERO. The remaining c.4,000 measures are currently being processed and are expected to be approved shortly if the necessary information is in order. We are working closely with energy companies 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](http://www.ofgem.gov.uk)

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

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

## Quarterly Annex: Energy Company Progress

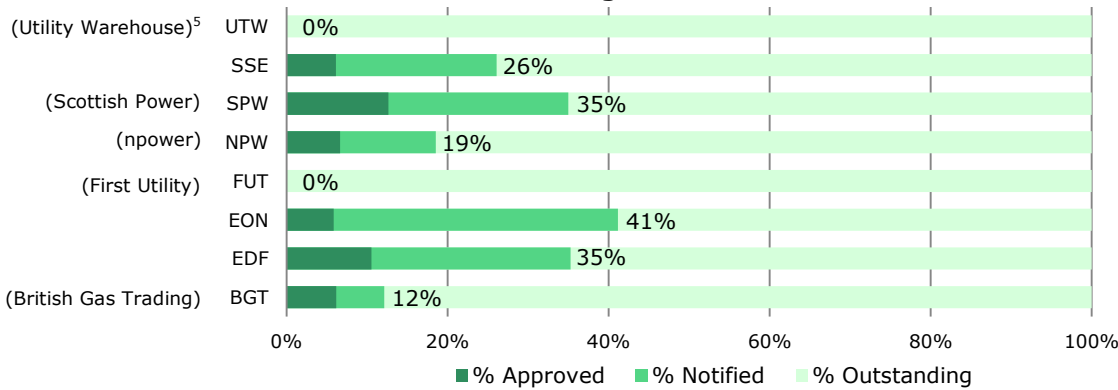
This is an annex to the **January Energy Companies Obligation (ECO) Compliance Update (Issue 6)** and is based on the same data.

### Fig 3) Energy company progress towards phase 1 & 2 obligations (notified measures)

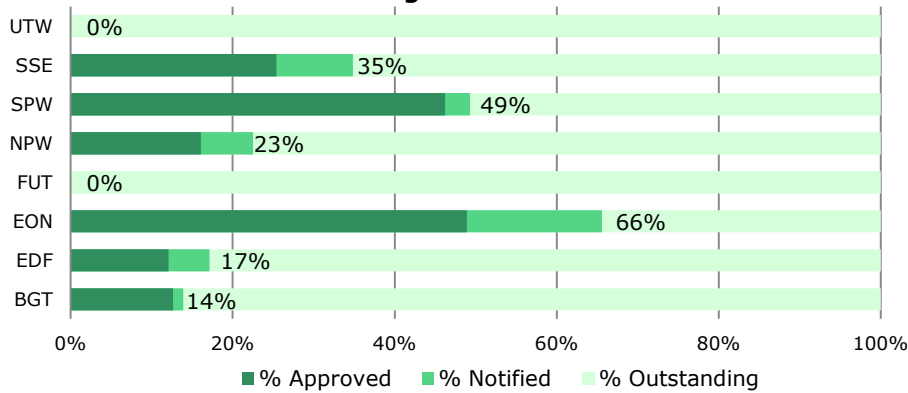
The charts below show energy company progress for all measures notified to the end of November and those which were approved by the end of December as a percentage of their phase 1 & 2 obligations. Phases 1 & 2 cover 1 January 2013 to 31 March 2014 and the scheme is 67% of the way through this period.

Please note the legislative requirement on suppliers is 100% compliance against each of the obligations over the whole period to March 2015. The figures do not include excess actions from CERT and CESP, which are likely to be material for some suppliers.

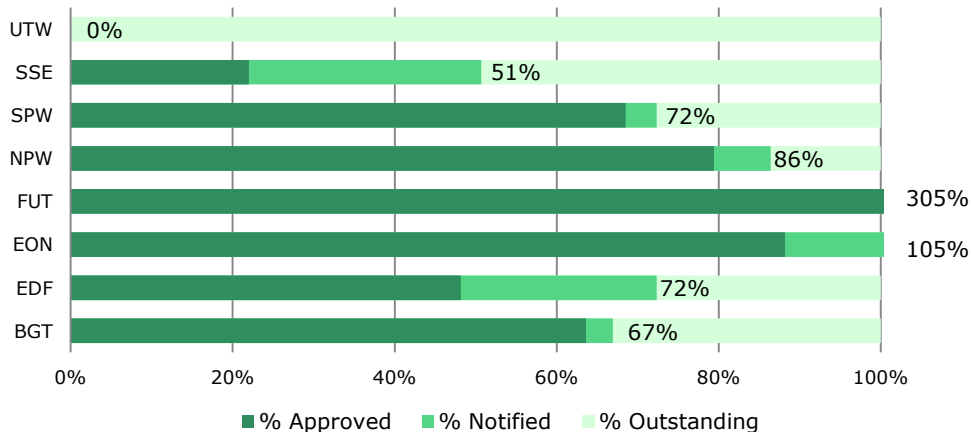
**Fig 3.1 CERO**



**Fig 3.2 CSCO**



**Fig 3.3 HHCRO**

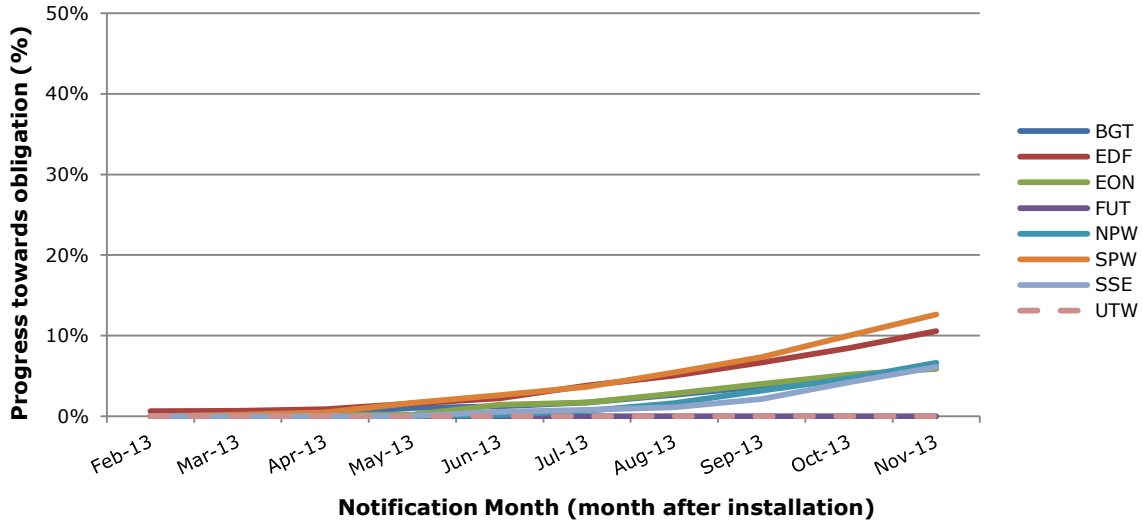


<sup>5</sup> Utility Warehouse is new to ECO following the purchase of two obligated licence holders from npower in December 2013. The existing ECO obligations stay with these licence holders and therefore Utility Warehouse take on this responsibility. There has not yet been any ECO activity notified against these licences.

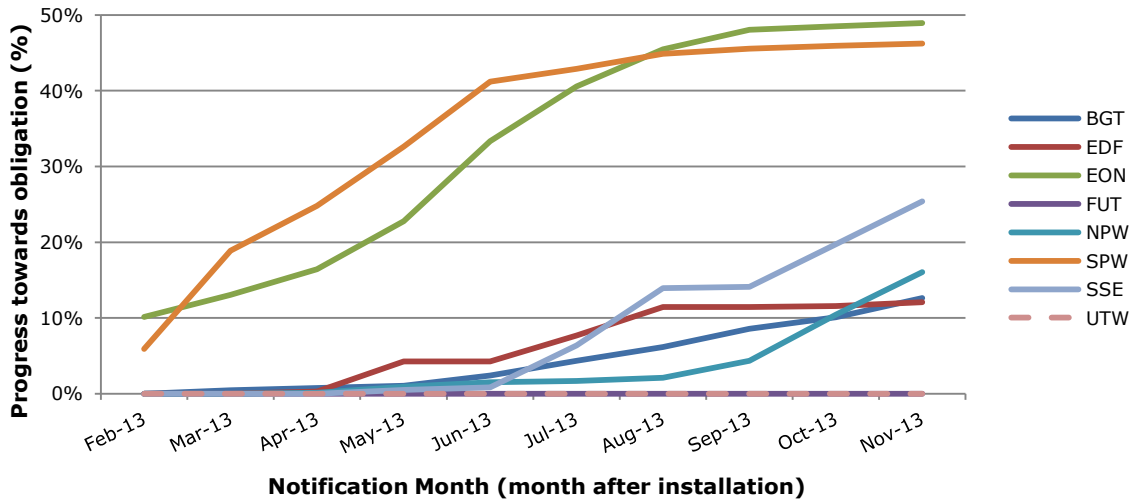
**Fig 4) Monthly progress by energy company towards phase 1 & 2 obligations (approved measures)**

The charts below show the cumulative monthly progress of energy companies towards their ECO obligations for phases 1 & 2. They are based on approved measures only and do not include excess actions from CERT and CESP. Please note the differing axis scales.

**Fig 4.1 CERO**



**Fig 4.2 CSCO**



**Fig 4.3 HHCRO**

