

# Energy Companies Obligation (ECO) Compliance Update

www.ofgem.gov.uk

Issued March 2014

Issue 8

This compliance update presents energy efficiency measures notified by energy companies to Ofgem by the end of January and **approved** by Ofgem by the end of February 2014. 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 January, 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 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; 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) 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	18,889	869	8	19,766
Cavity Wall Insulation	152	21,895	7,015	29,062
Hard-To-Treat Cavity Wall Insulation <sup>1</sup>	36,838	680	1	37,519
Loft Insulation	7,689	55,160	26,528	89,377
Other Insulation <sup>2</sup>	837	580	44	1,461
Boiler – Replacement	N/A <sup>4</sup>	N/A	145,177	145,177
Boiler – Repair	N/A	N/A	406	406
Other Heating <sup>3</sup>	N/A	N/A	24,628	24,628
District Heating System	337	356	-	693
Micro-generation	N/A	N/A	-	-
<b>Total</b>	<b>64,742</b>	<b>79,540</b>	<b>203,807</b>	<b>348,089</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.

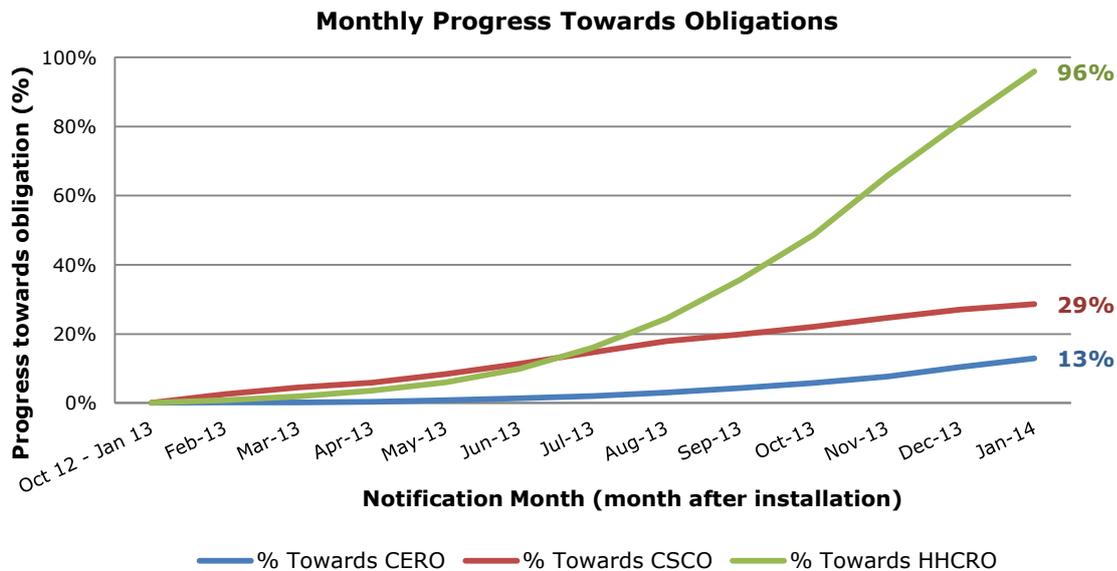
<sup>4</sup> N/A - this measure category is not eligible to be claimed under this obligation.

## Progress towards obligations

The scheme is currently 80%\* 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 348,089 approved measures presented in Figure 1, a further 180,797 measures were notified to Ofgem by the end of January. Together, these figures constitute the 528,886 measures published in DECC's February Statistical Release.

Of the 180,797 measures which were notified to Ofgem but not yet approved, circa 33,000 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.116,000 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.32,000 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.

\*In terms of the installation months covered by this report.