



## Energy Companies Obligation (ECO): changes to the Guidance for Suppliers

### Consultation

**Publication date:** 11 August 2014

**Response deadline:** 22 September 2014

**Team:** ECO

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#### Overview:

The government is making a number of changes to ECO. The first set of changes relate to the current obligation period ending March 2015 (termed 'ECO 1.2'). These were laid in parliament on 22 July 2014 and are expected to come into force in the autumn. A second set of changes will apply from April 2015 to March 2017 (termed 'ECO 2').

We need to update our guidance document to take account of the ECO 1.2 changes. As such this consultation asks specific questions on areas where the law has changed and we will be exercising some degree of discretion in our administration of those changes. We are also seeking comments about whether the changes made to the draft guidance could be clearer or more helpful and how this could be achieved.

## Summary

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This consultation document outlines the legislative changes being made for ECO 1.2 and highlights where we will be exercising some degree of discretion in our administration of those changes. We welcome your views on our proposals and whether you agree with them or not, particularly on the specific questions outlined in this consultation document. Appendix 1 provides information on responding to this consultation.

For ease of reference, Appendix 2 contains a table which summarises the legislative changes and where we have updated our guidance to take account of these changes.

Our draft updated guidance document is included as a separate document ([Annex 1](#)), with all substantive changes to text marked in red.

The final appendix (Appendix 3) explains how respondents may comment on our process of consultation.

### ECO 1.2 legislative changes

The amending ECO Order was laid before parliament on 22 July 2014. It sets out the changes for ECO 1.2. For full details you can find the draft amending Order at [legislation.gov.uk](http://legislation.gov.uk).

The major changes include:

- A reduction in the Carbon Emissions Reduction Obligation (CERO) target from 20.9 MtCO<sub>2</sub> to 14.0 MtCO<sub>2</sub>.
- An increase in the number of areas that are eligible as areas of low income under Carbon Saving Community Obligation (CSCO) and a simplification of the eligibility criteria for the rural sub-obligation.
- The introduction of a 'levelisation process', which recognises early achievement towards suppliers' phase one and two CERO obligations.
- The introduction of group excess actions, allowing a group of companies to optimise their CERT excess actions<sup>1</sup> by reallocating measures across their CERT licences before carrying forward into ECO.
- The introduction of new primary measures under CERO.

Some of the legislative changes require us to exercise some degree of discretion in our administration of those changes. These are the only legislative changes that we are consulting on.

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<sup>1</sup> Overachievement by suppliers against their obligations under the Carbon Emissions Reduction Target (CERT), the previous energy efficiency scheme which closed on 31 December 2012.

The proposals set out in this consultation document have been incorporated into the DRAFT ECO Guidance for Suppliers (version 1.2), in Annex 1.

We will finalise our guidance taking into account responses to this consultation. We will publish final guidance [if and] when the amending legislation comes into force.

## Our consultation

Our consultation consists of four sets of questions:

1. New CERO primary measures: minimum insulation level to support a secondary measure
2. Connections to a district heating system: pre-conditions under CERO and CSCO
3. Compliance with building regulations: installation of a measure
4. General comments on our guidance (version 1.2)

The first two sets of questions relate to legislative changes. The third set covers our proposal to introduce new requirements for evidencing that installations comply with building regulations. The final set is broader and relates generally to the draft guidance attached to this consultation.

We have outlined the areas we are consulting on in the four sections below. We are asking specific questions on each area. These consultation questions are highlighted in text boxes at the end of each section and are also summarised in Appendix 1.

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Annex 1 is a separate document containing our draft guidance (version 1.2).

# 1. New CERO primary measures:

## Minimum insulation level to support a secondary measure

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See Chapter 5 of the draft guidance [here](#).

### New CERO primary measures:

- 1.1. The proposed amending Order<sup>2</sup> introduces new primary measures under CERO, with effect from 1 April 2014. The new CERO primary measures will be:
  - a. Insulation of a cavity wall
  - b. Flat-roof insulation
  - c. Loft insulation
  - d. Rafter insulation
  - e. Room-in-roof insulation
  - f. Connection to a district heating system (DHS)

*Note: We use the term 'roof-space insulation' to collectively refer to flat-roof, loft, rafter and room-in-roof insulation throughout this document.*

- 1.2. These new measures will be eligible under CERO in addition to the existing primary measures – solid wall insulation (SWI) and insulation of a hard-to-treat cavity (HTTC).<sup>3</sup>

### Wall or roof-space insulation as a primary measure to support a secondary measure

- 1.3. In this section we explain our proposal for the conditions that the primary measure must meet in order to support the 'secondary measure' status of a measure at that premises. These conditions only apply to primary measures which support a secondary measure.
- 1.4. Under CERO, a secondary measure can only be installed if a primary measure is installed at the same premises. We are proposing a requirement that new primary insulation measures must be installed to a minimum level in order to support a secondary measure. Without this, a secondary measure could be installed at a premises where only a nominal level of the primary measure had been installed. This would not meet the intent of the legislation.

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<sup>2</sup> See: <http://www.legislation.gov.uk/ukdsi/2014/9780111118962/contents>.

<sup>3</sup> From 1 April 2014 HTTCs will not be a separate primary measure but will be included within 'insulation of a cavity wall'.

Proposed minimum insulation level to support a secondary measure:

- 1.5. The existing CERO primary measures (SWI and HTTCs) already have minimum insulation levels for supporting secondary measures. These measures must be installed to at least 50% of the total exterior-facing wall area in order to support a secondary measure at the same premises. For SWI a minimum level of 50% is specified in the ECO Order and, following our consultation at the start of ECO, we included the same 50% minimum level requirement for HTTCs in our guidance.
- 1.6. We are proposing to require the same minimum level for cavity wall and roof-space insulation measures once these become eligible CERO primary measures.
- 1.7. For **insulation of a cavity wall** this means that at least 50% of the total exterior-facing wall area of the premises<sup>4</sup> must be insulated.
- 1.8. For **roof-space insulation** this means that at least 50% of the total roof-space area of the premises must be insulated in order to support a secondary measure. 'Roof-space area' means:
  - for loft insulation, the area of the floor of the loft
  - for rafter insulation, the area of the rafters
  - for flat roof insulation, the area of the roof
  - for room-in-roof, the area of the room-in-roof including the common walls, gable walls and ceiling
  - for properties with more than one roof type, and/or more than one type of roof-space insulation installed, the sum of the areas as explained above.
- 1.9. In addition, for loft insulation to support a secondary measure, the insulation must be installed to lofts with no more than 150mm of insulation in place before installation and be installed to a depth of at least 250mm after insulation. Note: these levels are specified in legislation and are therefore not part of this consultation.

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<sup>4</sup> This includes any external wall areas not suitable for insulation.

**Question 1**

**Insulation of a cavity wall**

- 1a) Do you agree that insulation of a cavity wall must be installed to at least 50% of the total exterior-facing wall area of the premises in order to support a secondary measure?
- 1b) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum level).

**Roof-space insulation**

- 1c) Do you agree that roof-space insulation must be installed to at least 50% of the total roof space area of the premises in order to support a secondary measure?
- 1d) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum level).

## 2. Connections to a district heating system: Pre-conditions under CERO and CSCO

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See Chapter 4 of the draft guidance [here](#).

- 2.1. For a connection to a district heating system (DHS) to be claimed as a measure under CERO or CSCO, the premises being connected must meet certain insulation requirements. The amending Order will introduce pre-conditions for premises which are being connected to a DHS.
- 2.2. The pre-conditions are that:
  1. Where a connection to a DHS is to be installed at a domestic premises, under either CERO or CSCO, there is a general pre-condition that the premises must have either 'roof-space insulation' or 'wall insulation' in place.
  2. For premises in a multi-storey building, which are not located on the top floor of the building, there is no requirement for roof-space insulation to be installed, as this is not possible. As such, the pre-condition for these premises is that the walls must be insulated unless they *cannot be insulated*. Where the walls cannot be insulated, the premises can still be connected to a DHS with no wall insulation in place.

*Note 1: We use the term 'roof-space insulation' to refer to flat-roof, loft, rafter and room-in-roof insulation and 'wall insulation' to refer to internal wall insulation, external wall insulation or cavity wall insulation.*

*Note 2: The pre-conditions apply on a premises-by-premises basis. That is to say, if it is judged that the exterior-facing wall area in one premises in a multi-storey building 'cannot be insulated', this does not necessarily mean that the entire building 'cannot be insulated'.*

### Meeting the pre-conditions:

- 2.3. We will consider that **pre-condition 1** is met if:
  - the total roof-space area<sup>5</sup> or exterior-facing wall area of the premises is insulated
  - OR
  - if part of the total roof-space area or exterior-facing wall area (not exceeding 50%) *cannot be insulated* then the remaining part is insulated.

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<sup>5</sup> 'Roof-space area' is as defined in Chapter 1 of this document.



2.4. We will consider that **pre-condition 2** is met if:

- the total exterior-facing wall area of the premises is insulated

OR

- if part of the exterior-facing wall *cannot be insulated* then the remaining part is insulated

OR

- all of the exterior-facing wall *cannot be insulated*.

Proposed reasons for judging that any of the roof-space or exterior-facing wall area *cannot be insulated*:

2.5. We will judge that a **roof-space area** *cannot be insulated* where no type of insulation can be installed because:

- a. it is not possible to access an area of the roof space in order to install the insulation. For example, there are separate areas within the roof space and one of these areas does not have a loft hatch
- b. the occupier (or landlord, as applicable) of the premises refuses to consent to installing the insulation on reasonable grounds other than cost. For example, the loft is used as a living space therefore loft insulation cannot be installed and there are physical obstructions to insulating the rafters.

2.6. We will judge that an **exterior-facing wall area** *cannot be insulated* where internal, external or cavity wall insulation cannot be installed because:

- a. it is not possible to access the wall in order to install the insulation. For example, the space between the wall and another building is so small as to prevent access
- b. it would be unlawful to install the insulation. For example, planning laws prohibit the installation of external wall installation
- c. the occupier (or landlord, as applicable) of the premises refuses to consent to installing the insulation on reasonable grounds other than cost. For example, the occupier refuses to consent to internal wall insulation because it would require permanent relocation of key household goods (eg the washing machine/boiler)

2.7. At least one of the above reasons must apply to **all types** of insulation measures (eg for premises with a solid wall, at least one of the reasons must apply to both internal and

external wall insulation) for it to be judged that the exterior-facing wall area or the roof-space area *cannot be insulated*.

2.8. Table 1 shows when a connection to a DHS is eligible under CERO or CSCO, based on the pre-conditions for the premises (explained above).

**Table 1: Pre-conditions for connections to DHS under CERO and CSCO**

Type of premises	Roof-space insulation (% of area insulated)	Wall insulation (% of area insulated)	DHS eligible under CERO or CSCO?
Most premises (including premises located on the top floor of a multi-storey building)	100%	100%	Yes
	0-49%	100%	Yes
	100%	0-49%	Yes
	50-99%	0-49%	Yes, if we judge the uninsulated roof-space area <i>cannot be insulated</i>
	0-49%	50-99%	Yes, if we judge the uninsulated wall area <i>cannot be insulated</i>
Premises within a multi-storey building which is not located on the top floor	n/a	100%	Yes
	n/a	0-99%	Yes, if we judge the uninsulated wall area <i>cannot be insulated</i>

Reasons for our proposals:

2.9. The amending Order requires that premises which are being connected to a DHS are insulated. We are proposing that there must be a minimum level of insulation in order for the DHS measure to be installed. Without this, DHS connections could be installed at a property where only a nominal amount of insulation had been installed. This would not meet the intent of the legislation.

2.10. This is also consistent with our current pre-conditions for a premises being connected to a DHS under CSCO which we consulted on at the start of ECO.

2.11. In line with our current policy for installing 100% of a measure, we propose that the cost of insulating the premises is not a reason on its own for judging the walls or roof-space cannot be insulated.

**Question 2**

- 2a) Do you agree with the reasons we are proposing for judging why any of the roof-space or exterior-facing wall area cannot be insulated?
- 2b) Are there any other scenarios where the exterior-facing wall area of a premises being connected to a DHS cannot be insulated?
- 2c) How can suppliers demonstrate for compliance purposes that the exterior-facing wall area cannot be insulated?
- 2d) Are there any other scenarios where the roof-space area of a premises being connected to a DHS cannot be insulated?
- 2e) How can suppliers demonstrate for compliance purposes that the roof space area cannot be insulated?
- 2f) Are there any additional factors that can affect the decision on whether or not to insulate a premises?

For premises, not including those within a multi-storey building which is not located on the top floor

- 2g) Do you agree that, where the roof-space area or total exterior-facing wall area of the premises are insulated to less than 100% but more than a specified minimum level, a DHS connection should be eligible where the remaining area *cannot be insulated*?
- 2h) Do you agree that this minimum level should be set at 50%?

## 3. Compliance with building regulations: Installation of a measure

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See Chapter 4 of the draft guidance [here](#).

### Current requirements:

- 3.1. Currently we ask that suppliers demonstrate that the product or system used in the installation of a measure complies with building regulations<sup>6</sup>. As outlined in our current guidance (version 1.1a), to demonstrate this we request one of the following:
  - a. UKAS accredited body product approval
  - b. European Technical Approval (with additional documentation)
  - c. Sign-off by a building control body
- 3.2. a. and b. do not cover compliance of the installation with building regulations; they are limited to the product or system.

### Proposed additional requirements:

- 3.3. We are proposing that suppliers provide evidence that the installation (not just the product or system used in the installation) complies with building regulations, where required. Where the installation of a measure, such as draught proofing, does not have any building regulation requirements, evidence of the product compliance is sufficient, using the evidence as listed above.
- 3.4. In recent months we have received anecdotal evidence of poor quality measure installations under ECO. In response to this, we would like to strengthen our approach to ensuring that a completed measure complies with building regulations.
- 3.5. The current forms of evidence accepted, with the exception of sign-off by a building control body, only cover the product and systems used in the installation. Sign-off by a building control body also covers the installation. Therefore, this sign-off satisfies our current and proposed requirements. In addition, we are suggesting some alternative forms of evidence to demonstrate that the installation itself complies with building regulations, as listed below.
- 3.6. Proposed forms of evidence to demonstrate that the product/system and the installation comply with building regulations:

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<sup>6</sup> See: <http://www.planningportal.gov.uk/buildingregulations/howtogetapproval/wheretogetaapproval/>.

- a. an approval certificate by a building control body
- b. an approval certificate by Approved Inspectors
- c. a building regulations compliance certificate issued by a competent person scheme

- 3.7. Where the installation of the measure is required to comply with building regulations, one of the three proposed forms of evidence listed above will be acceptable to demonstrate compliance of both the installation and product or system used.
- 3.8. While we wish to ensure that the installation of a measure complies with building regulations, we understand that it may be difficult for installers to obtain copies of the certificates listed above. An installer may be able to produce evidence that a certificate has been applied for, however we are not satisfied that this would be sufficient to evidence compliance and, therefore, installation standards. With this in mind we are inviting views from stakeholders about whether such a requirement should be put in place and, if so, how suppliers could demonstrate compliance with the requirement.

Introduction of additional requirements:

- 3.9. We appreciate that by the time the amending Order (ECO1.2) comes into force there will be less than six months remaining in the current obligation period. We recognise that introducing additional requirements at this stage of the scheme may present suppliers or the supply chain with difficulties.
- 3.10. Having said that, we understand that many parties already collect evidence which covers the installation of a measure. Therefore, this new requirement would not necessitate significant change but would instead increase the forms of acceptable evidence. If stakeholders believe these additional requirements would improve standards, then there may be a case to introduce them as soon as possible.
- 3.11. With this in mind, we are also interested in views on when we should introduce this new requirement. The draft guidance document (Annex 1) contains existing requirements rather than the proposed changes. Based on feedback from stakeholders this section will be updated should our proposal be accepted.

**Question 3:**

- 3a) Do you agree with our proposal to require evidence that the installation of a measure complies with Building Regulations? Please give reasons for your answer.
- 3b) If this requirement was introduced, how could compliance be demonstrated?
- 3c) Are you aware of any other means of evidencing compliance with building regulations other than those listed (for either the installation or the product and system, or both)? If so, please provide details.
- 3d) Do you think we should introduce this requirement from the date version 1.2 of the guidance takes effect or for the next ECO obligation period (2015-2017)? Please give reasons for your answer.

## 4. General comments on our guidance: (version 1.2)

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- 4.1. We are seeking comments about whether the changes made to the draft guidance could be clearer or more helpful and how this could be achieved.

**Question 4:**

- 4a) Please provide any further comments on the changes to our DRAFT guidance document (version 1.2).

# Appendices

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## Appendix 1: Consultation response and questions

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- 1.1. We would like to hear the views of anyone interested in the issues in this document.
- 1.2. We especially welcome responses to the specific questions at the end of each section and which are also below.
- 1.3. Responses should be received by 22 September 2014 and should be sent (by post/email) to:

ECO Consultation  
Ofgem  
9 Millbank  
London  
SW1P 3GE

[eco.consultation@ofgem.gov.uk](mailto:eco.consultation@ofgem.gov.uk)

- 1.4. Unless marked confidential, all responses will be put in Ofgem's library and published on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). You can ask for your response to be kept confidential, which we will respect, subject to any obligations to disclose information, such as under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 1.5. If you want your response to remain confidential, please clearly mark this on the document/s and include the reasons for confidentiality. Put any confidential material in the appendices.
- 1.6. Next steps: Having considered the responses to this consultation, we will publish a summary of the responses received, and a final guidance document in October/November 2014.
- 1.7. Please send any questions on this document to:

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## **1. New CERO primary measures: Minimum insulation level to support a secondary measure**

### **Cavity wall insulation**

- 1a) Do you agree that insulation of a cavity wall must be installed to at least 50% of the total exterior facing wall area of the premises in order to support a secondary measure?
- 1b) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold).

### **Roof-space insulation**

- 1c) Do you agree that roof-space insulation must be installed to at least 50% of the total roof-space area of the premises in order to support a secondary measure?
- 1d) Please give reasons for your answer (including any alternative suggestions for an acceptable minimum threshold).

## **2. Connections to a district heating system: Pre-conditions for the premises under CERO and CSCO**

- 2a) Do you agree with the reasons we are proposing for judging why any of the roof-space or exterior-facing wall area cannot be insulated?
- 2b) Are there any other scenarios where the exterior-facing wall area of a premises being connected to a DHS cannot be insulated?
- 2c) How can suppliers demonstrate for compliance purposes that the exterior-facing wall area cannot be insulated?
- 2d) Are there any other scenarios where the roof-space area of a premises being connected to a DHS cannot be insulated?
- 2e) How can suppliers demonstrate for compliance purposes that the roof-space area cannot be insulated?
- 2f) Are there any additional factors that can affect the decision on whether or not to insulate a premises?

For premises, not including those within a multi-storey building which is not located on the top floor

- 2g) Do you agree that, where the roof-space area or total exterior-facing wall area of the premises are insulated to less than 100% but more than a specified minimum level, a DHS connection should be eligible where the remaining area *cannot be insulated*?
- 2h) Do you agree that this minimum level should be set at 50%?

### **3. Compliance with Building Regulations: Installation of a measure**

- 3a) Do you agree with our proposal to require evidence that the installation of a measure complies with Building Regulations? Please give reasons for your answer.
- 3b) If this requirement was introduced, how could compliance be demonstrated?
- 3c) Are you aware of any other means of evidencing compliance with building regulations other than those listed (for either the installation or the product and system, or both)? If so, please provide details.
- 3d) Do you think we should introduce this requirement from the date version 1.2 of the guidance takes effect or for the next ECO obligation period (2015-2017)? Please give reasons for your answer.

### **4. General comments on our guidance (version 1.2)**

- 4a) Please provide any further comments on the changes to our DRAFT guidance document (version 1.2).

## Appendix 2: Summary of changes to our guidance and the ECO Order

Ch.	Main changes to our guidance <sup>7</sup>	Article	Related amendments to the Order <sup>8</sup>
1	Only minor changes.		
2	Only minor changes.		
3	Includes the reduction in the overall CERO target.	2 3(1) 8A	The overall carbon emissions reduction target is reduced from 20.9 MtCO <sub>2</sub> to 14 MtCO <sub>2</sub> .
	Explains how we will determine each supplier's reduced phase three CERO obligation. <sup>9</sup>		This reduction is applied to the CERO obligation for phase three, reducing it from 8.36 to 1.46 MtCO <sub>2</sub> .
	Details when we will notify suppliers of their reduced phase three obligation.		The Administrator must calculate each supplier's reduced phase three CERO and notify each supplier of this within 20 days of the amending Order coming into force.
4	Minor change on holding and retaining information for audit.		
	Refers to the new version of PAS. <sup>10</sup>	2	The installation of qualifying actions is carried out in accordance with PAS 2030:2014, Edition 1(d).
	Explains the pre-conditions for domestic premises for connections to a district heating system (DHS) under CERO and CSCO and how these can be met.	12(5A) 13(5)	For a connection to a DHS to be eligible under CSCO or CERO the connection is made to premises that have flat roof, loft, rafter, room-in-roof or wall insulation; or, if the premises is not located on the top floor of a building, wall insulation, unless the walls cannot be insulated.
	Sets out when we will judge the wall or roof-space area cannot be insulated.		
	Specifies the required standards for pre-existing wall insulation.		
	Includes information on insulation of a cavity wall.		
	Existing sections of guidance moved: <i>Information on solid wall insulation</i> (moved from Chapter 5).		

<sup>7</sup> These changes do not include formatting, grammatical, phrasing and punctuation changes.

<sup>8</sup> See: <http://www.legislation.gov.uk/ukdsi/2014/9780111118962/contents>.

<sup>9</sup> For suppliers with a phase three CERO obligation greater than zero.

<sup>10</sup> Publicly Available Specification 2030:2014 Edition 1

	Minor change on holding and retaining information for audit.		
5	Provides information on the new primary measures introduced from 1 April 2014: insulation of a cavity wall (which will include hard-to-treat cavities (HTTCs)), flat roof insulation, loft insulation, rafter insulation, room-in-roof insulation and connection to a DHS.	12 16(9)	Insulation of a cavity wall, flat roof insulation, loft insulation, rafter insulation, room-in-roof insulation and connections to a DHS installed on and after 1 April 2014 can be claimed as primary measures under CERO. These primary measures (with the exception of connections to DHS) must be recommended and in accordance with PAS.
	Removal of section on HTTCs. From 1 April 2014 HTTCs will not be a separate primary measure but will be included under 'insulation of a cavity wall'.		In relation to the new primary measures, secondary measures can become qualifying actions under CERO if installed at the same premises as the primary measure, by the same supplier who installed the primary measure and within six months of the installation date of the primary measure (the six month condition does not apply to connections to a DHS). They must also improve the insulating properties of the premises, be in accordance with PAS, be recommended and be installed on or after 1 April 2014.
	Sets out the de minimis levels for all primary measures, including the new primary measures (with the exception of a connection to a DHS), to support a secondary measure.		In addition to the above, loft insulation, as the primary measure, must also be installed in lofts with no more than 150mm of insulation before the installation takes place and results in the loft being insulated to a depth of no less than 250mm.
	Explains how a connection to a DHS can still be eligible as a secondary measure.		Insulation of a hard-to-treat cavity (HTTC) is a primary measure if installed before 1 April 2014. <sup>11</sup>  Connections to a DHS continue to be an eligible secondary measure if installed at the same premises as solid wall insulation or insulation of a HTTC.
	Existing sections of guidance moved: <i>Information on solid wall insulation</i> (moved to Chapter 4).		

<sup>11</sup> HTTCs will fall under the category of 'insulation of a cavity wall' after this date.

6	Minor change on holding and retaining information for audit.		
	Removal of reference to online tools for identifying areas of low income.		
	Removal of section on connection to a DHS (information now provided in Chapter 4), refers to pre-conditions as set out in Chapter 4.	13(5)	As above (for Chapter 4).
	Provides information on new areas of low income (as of 1 April 2014).	2	An area of low income is defined as an area in GB which is described as an area of low income in the <i>2014 low income and rural document</i> , in relation to carbon saving qualifying actions carried out on or after 1 April 2014.
	Explains the 25% determination in relation to adjoining areas, including adjoining areas that changed status from 1 April 2014.	14	The 25% determination is the determination of whether or not the total carbon savings of the adjoining installations exceed 25% of the total carbon savings of the relevant area of low income. For the purpose of the 25% determination, if the installation of the measure was carried out before 1 April 2014, it was carried out in an area of low income if it is described as such in the <i>2012 low income and rural document</i> ; or it was carried out in an adjoining area if it adjoins an area of low income described as such in the <i>2012 low income and rural document</i> .
Outlines the new criteria for measures being credited towards the rural sub-obligation (as of 1 April 2014).	2 13(4) 13(8)	15% of a supplier's CSCO must be met by promoting carbon saving qualifying actions to members of the affordable warmth group (AWG) living in a rural area (as described in the <i>2012 low income and rural document</i> ), or by installing carbon saving qualifying actions on or after 1 April 2014 in a deprived rural area (as described in the <i>2012 low income and rural document</i> ).	
7	Minor change on holding and retaining information for audit.		
	Refers to change in AWG requirement in relation to the CSCO rural sub-obligation.	2 13(4) 13(8)	As above (for Chapter 6).
	Provides information on audit requirements in		

	relation to ESAS/HES reference numbers.		
8	Removal of paragraph on when we can attribute savings to adjoining installations.	13	The Administrator no longer needs to carry out the 25% determination (and wait until 31 March 2015 to do so) before an adjoining installation is considered a qualifying action. Savings can be attributed to qualifying action, including adjoining installations.
9	Explains when suppliers can notify CERO and CSCO measures installed during the interim period (the period from 1 April 2014 to the end of the calendar month in which the amending Order comes into force).	16(2A)	A supplier must, by the end of the calendar month after the month in which the amending Order comes into force, notify any CERO or CSCO qualifying actions installed in the period from 1 April 2014 to the end of the calendar month in which the amending Order comes into force.
10	<b>Change to chapter ordering (previously Chapter 11).</b>		
	Refers to group excess actions, as distinct from excess actions.		
	Explains that a supplier's (A's) excess action application will not be approved if a group excess action application is submitted by any supplier in the same group of companies as A.	21(9A)	The Administrator must not approve an application for excess actions, that were approved and installed under CERT, if it receives an application for group excess actions from that supplier (A) or any supplier in the same group of companies as A.
	Explains how an excess action may be credited against the rural sub-obligation.	21(9B)	An approved excess action credited against a supplier's CSCO can be credited against a supplier's rural requirement (the 'rural sub-obligation') if the Administrator is satisfied it was promoted to a member of the SPG living in a rural area.
11	<b>New chapter.</b>	2 21ZA	Suppliers who were members of the same group of companies on 31 December 2012 can make an application (one per group of companies) to credit the savings achieved by group excess action against one of their ECO obligations.  A group excess action must be a relevant CERT action achieved by a relevant company and its reallocation must still allow all relevant companies to have met their CERT obligations.
	Explains what group excess actions are and how CERT actions can be reallocated and carried forward as group excess actions. Sets out what criteria a group excess action application will need to meet in order to be approved by us and the process by which we will approve group excess actions.		

			<p>CERO, CSCO and HHCRO criteria are consistent with Article 21 (unchanged).</p> <p>An application for group excess actions must be made no later than 10 working days after the amending Order comes into force and must: describe the reallocation of CERT actions; identify the relevant CERT actions which are to be considered group excess actions; and state to which supplier and to which obligation the saving of that action (specified) is to be credited against.</p> <p>An approved group excess action credited against a supplier's CSCO can be credited against a supplier's rural requirement if the Administrator is satisfied it was promoted to a member of the SPG living in a rural area.</p> <p>If the application is made as required; meets the relevant criteria for CERO, CSCO or HHCRO; contains group excess actions; and has the consent of each relevant company, the Administrator must approve the credit of the group excess actions as set out in the application.</p> <p><i>See Article 21ZA for full information.</i></p>
12	<p><b>Change to chapter ordering (previously Chapter 10).</b></p> <p>Includes group excess actions in this chapter.</p>	21A(1) 21A(3)	<p>A supplier (A) may apply to transfer a group excess action to another supplier if: A has achieved the action; it has been approved by the Administrator under 21ZA; and all other conditions for transfers are met.</p>
	<p>Explains why suppliers can also now apply to transfer adjoining installations.</p>	13	<p>The Administrator no longer needs to carry out the 25% determination (and wait until 31 March 2015 to do so) before an adjoining installation is considered a qualifying action. Suppliers can apply to transfer qualifying actions, including adjoining installations.</p>
	<p>Includes the new transfer deadline for qualifying actions of 30 April 2015 (this was already the</p>	20(2)	<p>If supplier A wishes to transfer a measure to supplier B, they both must apply for approval to the Administrator by 30 April 2015.</p>



	deadline for excess actions).		
13	<b>New chapter.</b>	19C 19D	<p>Suppliers that are member of a group of companies (G) on 30 April 2015 will be notified by the Administrator (after 30 April 2015) of their group qualifying CERO achievement ('achievement'). G's achievement is equal to the total relevant carbon savings of the eligible group CERO actions ('actions') that exceed 35% of the total Phase 1 and 2 CERO obligations of all suppliers in G.</p> <p>One or more suppliers that are members of G must nominate the actions they wish to be attributed with an uplift within fifteen days of being notified of their achievement. The total carbon savings of the nominated actions must not exceed G's achievement. Only one nomination can be made for G. If no nomination is made, the Administrator will select the actions to be attributed with an uplift, selecting the most recently installed actions.</p> <p>The Administrator will attribute an uplift (of 0.75 of the relevant carbon saving of each action) to each selected or nominated action. The Administrator must notify each supplier in G by no later than 30 September 2015 of the actions which have been attributed with an uplift and the contribution each action (with uplift) has made towards a supplier's total CERO.</p> <p><i>See articles 19A, B, C, D for information on suppliers which are not group companies and further information on the summary above.</i></p>
	Explains the levelisation process – including the CERO threshold, how the qualifying CERO achievement is calculated and how eligible CERO measures can qualify for a carbon saving uplift.		
	Details how measures are selected to receive the uplift and how the uplift is attributed.		
	Focuses predominantly on the process for group companies.		
14	Provides further information on some of the processes and compliance checks we will put in place ahead of our final determination.		
	Sets out when we will notify suppliers of our final determination and submit a report to the Secretary of State on this determination (30 September 2014).	22(6)	<p>The Administrator must notify a supplier of its determination on whether a supplier has achieved its total CERO, CSCO and HHCRO by no later than 30 September 2015.</p> <p>The Administrator must submit a report to the Secretary of State by no later than</p>

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			30 September 2015 setting out whether suppliers achieved the total targets for CERO, CSCO and HHCRO.
	Explains that we will not take enforcement action if a supplier does not achieve its total CERO obligation.	24	The requirement placed on a supplier to achieve its total CERO by 31 March 2015 is not a requirement for the purpose of:  - Part I of the Electricity Act 1989, and - Part I of the Gas Act 1986.
	Includes group excess actions in the re-election section.	22(2) 22(3)	A supplier may apply to the Administrator, by 30 April 2015, for a qualifying action, excess action or group excess action to be credited against a different obligation to the one it is credited against at the time the application is made.
	Includes the new re-election deadline of 30 April 2015.	22(2)	
	Explains that suppliers can apply to credit measures against a different obligation (including the obligation identified in the original notification or application).	22(2)	
15	Only minor changes.		

## Appendix 3: Feedback questionnaire

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1.1. We believe that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. We are also keen to hear your answers to these questions:

1. Do you have any comments about the overall process adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, or could it have been better written?
4. Please add any further comments.

1.2. Please send your comments to:

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