

Energy Companies Obligation (ECO) Compliance Update

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Issue 19

This compliance update shows energy companies' progress towards the current ECO obligation period (which covers the period 1 January 2013 to 31 March 2015). It presents energy efficiency measures notified by energy companies to Ofgem by the end of December 2014 and approved by Ofgem by the end of January 2015.

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 December including those which have not yet been processed by Ofgem.

ECO Headlines

- **Excess measures:** This report now includes excess measures carried forward from the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP). These measures have been used as the baseline for each of the compliance charts (figs. 2, 3, 5 and 6).
- **Interim measures**:** The deadline for notifying interim measures was 31 January 2015. This report presents those interim measures formally notified to Ofgem by 31 December 2014. Those which had been installed under the amending legislation but not yet formally notified at 31 December 2014 are called 'Outstanding interim' measures in this report.
- **ECO2:** DECC have also added a new obligation period from 1 April 2015 to 31 March 2017. We refer to this as 'ECO2'. See the Further Information section in this report for details on the ECO2 targets.
- **Energy company breakdown:** Due to the inclusion of excess measures and the formal notification of interim measures this report includes a breakdown of individual energy company progress towards ECO targets.

Approved measures

Fig. 1) Approved measures by category

The table below shows cumulative measures approved by Ofgem under the current obligation period. It does not include excess measures from CERT and CESP. Please note that these figures may decrease if Ofgem revokes the approval of a measure***.

Measure Category	CERO	CSCO	HHCRO	Cumulative Total
Solid Wall Insulation	58,356	7,014	10	65,380
Park Home Insulation	204	-	-	204
Cavity Wall Insulation	75,587	100,676	10,191	186,454
HTTC Wall Insulation¹	212,893	6,249	49	219,191
Loft Insulation	76,327	147,337	35,289	258,953
Other Insulation²	2,220	7,770	91	10,081
Boiler – Replacement	N/A ⁴	N/A	273,319	273,319
Boiler – Repair	N/A	N/A	563	563
Other Heating³	N/A	N/A	66,233	66,233
District Heating System	1,295	3,195	-	4,490
Micro-generation	N/A	N/A	-	-
Total	426,882	272,241	385,745	1,084,868

¹ Hard-to-treat cavities (HTTCs) include narrow cavities, cavity walls in tall buildings, and in certain non-standard construction types, and 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.

*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').

**For the definition of interim measures see the Further Information section of this report.

***Ofgem may revoke the decision to approve any measure if, in the future, Ofgem establishes that the measure should not have been approved. For example, information may subsequently come to light which shows that information provided at the time of assessment was incorrect or which indicates that the measure is a duplicate.

Progress towards obligations

The scheme is 85%* of the way through the current obligation period (1 January 2013 to 31 March 2015).

Fig. 2) Cumulative monthly progress towards ECO obligations (approved measures only)

The chart below shows energy companies' cumulative monthly progress towards the current obligations based on approved measures only. It takes into account the reduced CERO obligation as well as excess measures carried over from CERT and CESP.

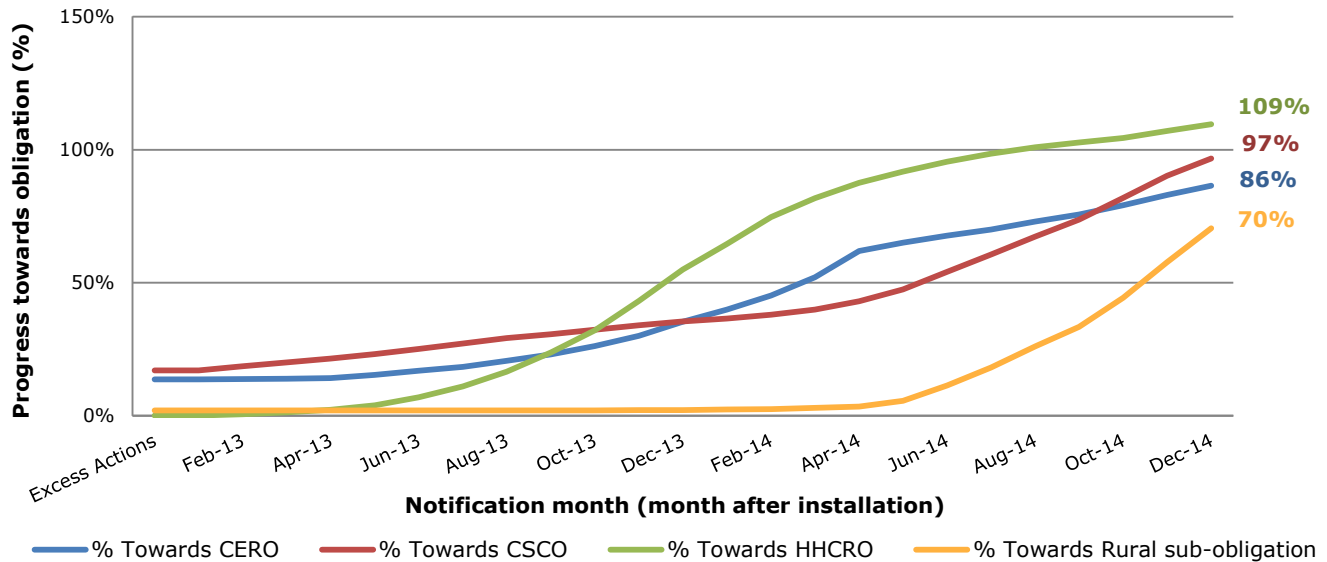
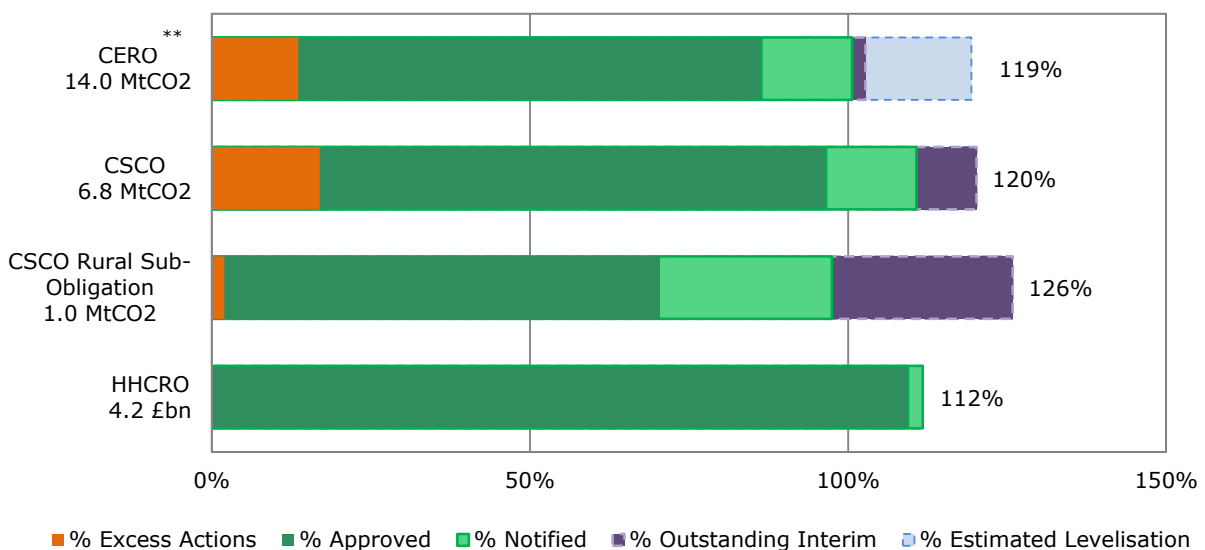


Fig. 3) Total progress towards ECO obligations (approved, notified and interim measures)

The chart below shows measures notified to the end of December 2014 and approved by the end of January 2015 as a percentage of the current obligations. It takes into account the reduced CERO obligation and the CERO levelisation uplift. In addition the chart shows excess measures carried over from CERT and CESP. Outstanding interim measures are those which had been installed under the amending legislation but not yet formally notified at 31 December 2014.



*In terms of installation months covered by this report i.e. measures installed to November 2014 (23 months of the scheme).

**Previously 20.9 MtCO₂

Notified Measures

In addition to the approved measures (1,084,868), a number of measures have been notified to Ofgem but have not yet been approved (132,799). Together, these figures constitute the 1,217,667 measures published in DECC's January Statistical Release.

Of the 132,799 measures notified to Ofgem but not yet approved:

- Circa 39,000 are currently undergoing further checks to ensure that they are valid measures under ECO. The measures undergoing further checks has significantly reduced due to the completion of the HTTC investigation.
- Circa 36,000 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.
- Circa 54,000 measures are currently being processed and are expected to be approved shortly if the necessary information is in order.
- This figure also includes 4,000 measures that were refused approval or had their approval revoked in January. The majority of these were as a result of failure to conduct technical monitoring on HTTC measures (49%) and in relation to the HTTC investigation (30%). DECC will account for these rejections in their next statistical release.

To date a total of around 18,000 measures have had their approval refused or revoked by Ofgem, amounting to 1.5% of all notified measures. We are working closely with energy companies to resolve any issues relating to the notification of measures.

Further information

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. For further information about the current ECO scheme, please visit www.ofgem.gov.uk/eco.

ECO Amendment Order:

DECC has made legislative changes to the current ECO obligations (the 'amendment Order'). Changes include the reduced CERO target, CERO levelisation uplift and changes to eligible measures under CERO and CSCO. We have published [guidance](#) on how we will administer the scheme under the amended legislation. Measures completed in anticipation of the legislative changes and installed between 1 April and 5 December 2014 when the amendment order came into force are referred to as 'interim' measures in this report.

ECO2:

DECC have added a new obligation period from 1 April 2015 to 31 March 2017. We refer to this as 'ECO2'. The legislation ([ECO Order 2014](#)) came into force on 5 December 2014. Ofgem aims to publish the ECO2 guidance in early March.

Fig. 4) ECO targets per obligation period

Obligation Category	Obligation Period		Total
	1 January 2013 – 31 March 2015 (ECO)	1 April 2015 – 31 March 2017 (ECO 2)	
CERO (MtCO₂)	14.0	12.4	26.4
CSCO (MtCO₂)	6.8	6.0	12.8
CSCO Rural (MtCO₂)	1.0	0.9	1.9
HHCRO (£bn)	4.2	3.7	7.9

Contact:

For enquiries regarding ECO (with the exception of the media), please contact the ECO team via email at ECO@ofgem.gov.uk. For all media enquiries, please contact the press office on 0207 901 7246.

Annex: Individual Energy Company Progress

This is an annex to the **February Energy Companies Obligation (ECO) Compliance Update (Issue 19)** and is based on the same data.

Fig 5) Energy company progress towards ECO obligations

The charts below show energy company progress for all measures notified to the end of December 2014 and those which were approved by the end of January 2015, as a percentage of their current obligations. They take into account the reduced CERO obligation and the CERO levelisation uplift. In addition the chart shows excess measures carried over from CERT and CESP. Outstanding interim measures are those which had been installed under the amending legislation but not yet formally notified at 31 December 2014.

Fig 5.1 CERO

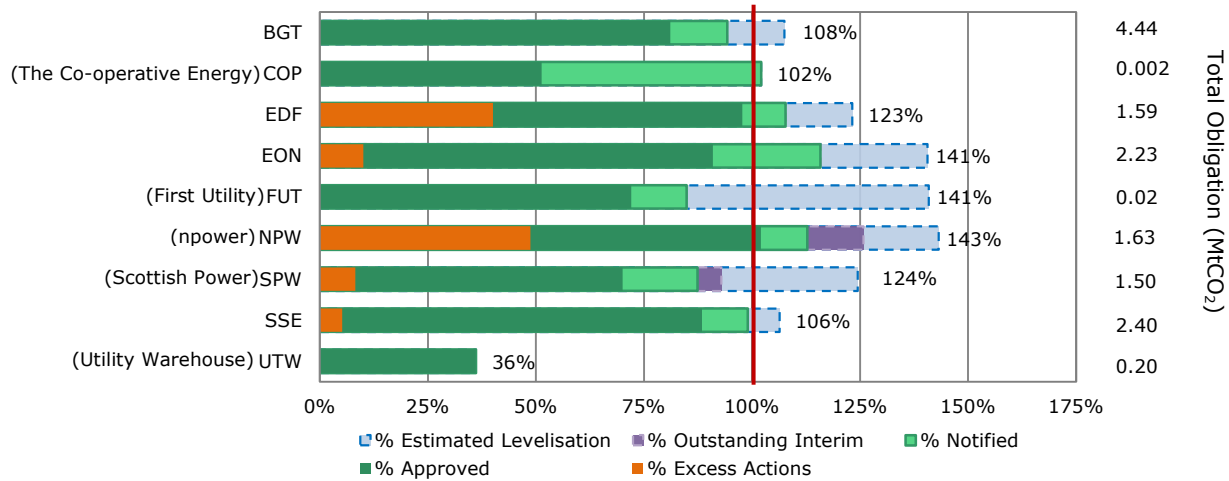


Fig 5.2 CSCO

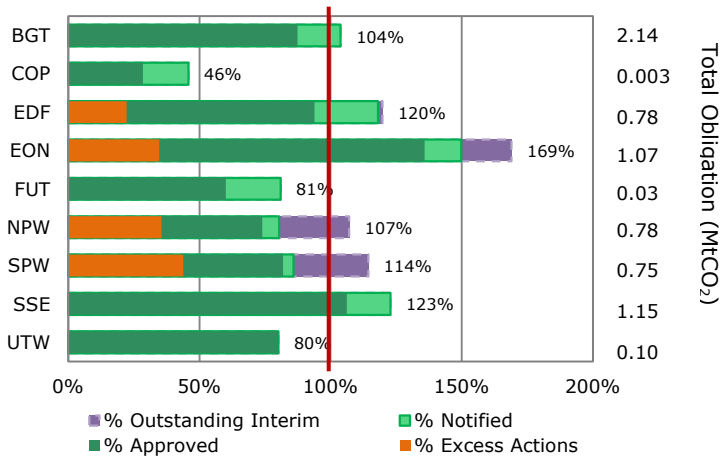


Fig 5.3 CSCO Rural sub-obligation

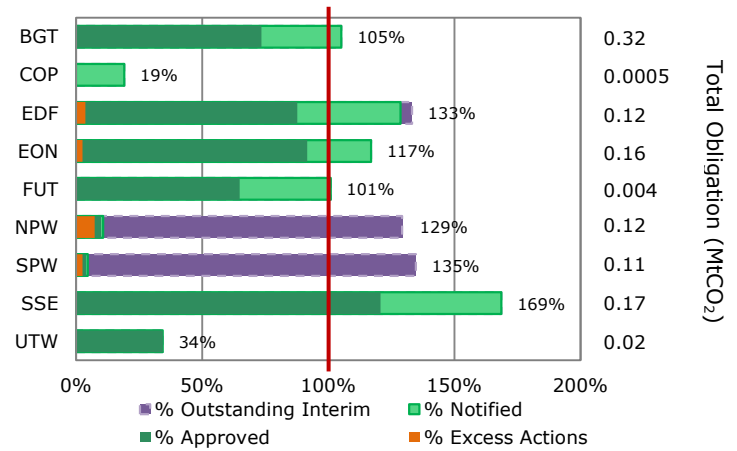
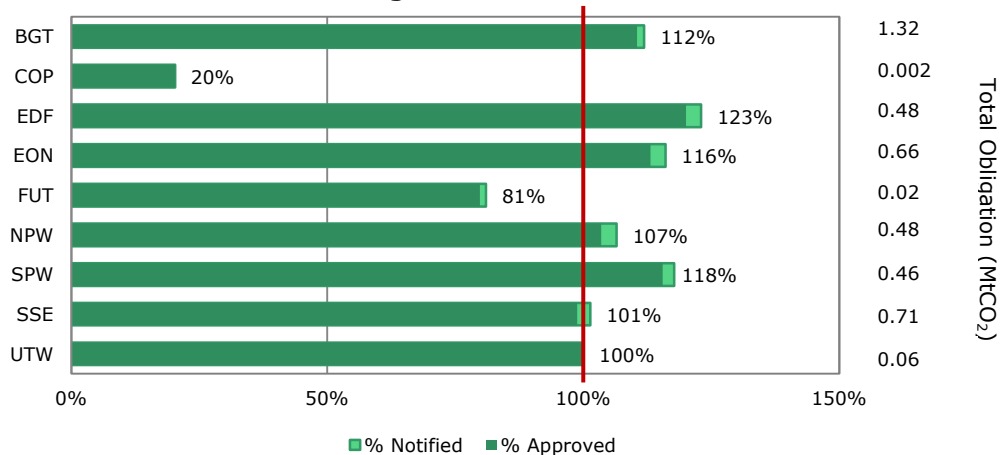


Fig 5.4 HHCRO



¹The Co-operative Energy was first obligated under Phase 3 of ECO.

Fig 6) Monthly progress by energy company towards ECO obligations (approved measures)

The charts below show the cumulative monthly progress of energy companies towards the current ECO obligations. They are based on approved measures only and include excess measures from CERT and CESP.

Fig 6.1 CERO

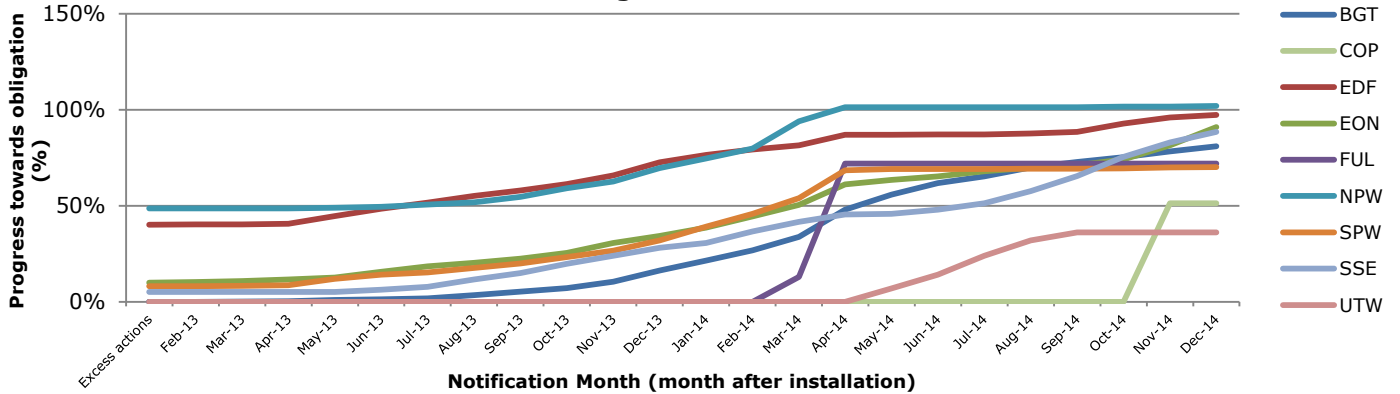


Fig 6.2 CSCO

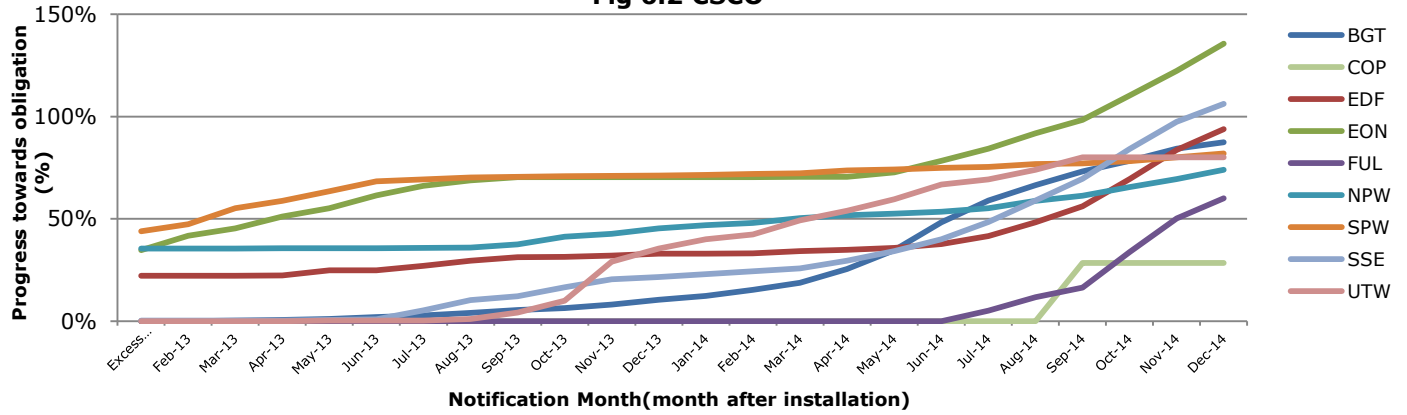


Fig 6.3 CSCO Rural sub-obligation

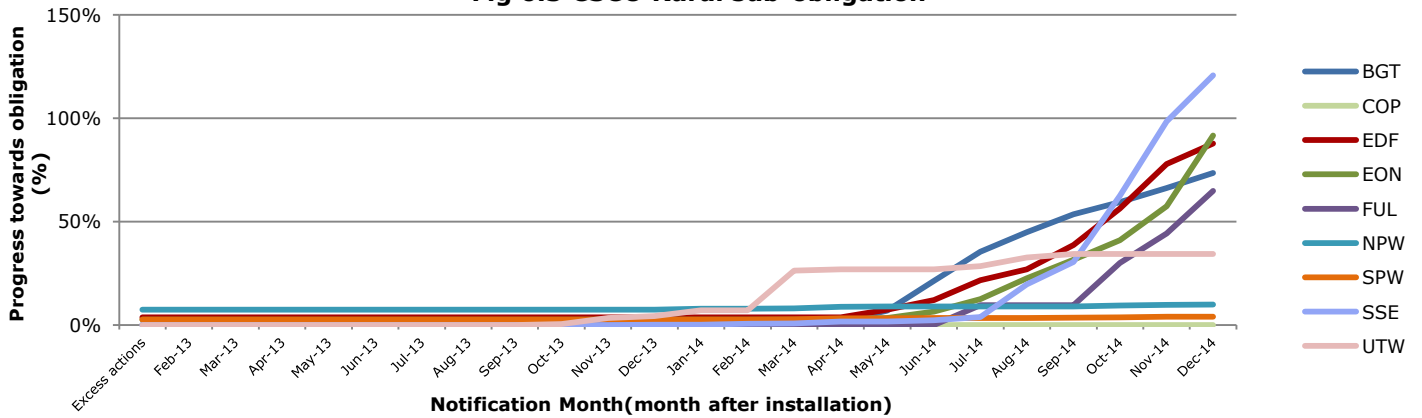


Fig 6.4 HHCRO

