

# Energy Companies Obligation (ECO) Compliance Update

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Issue 20

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 January 2015 and approved by Ofgem by the end of February 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 January including those which have not yet been processed by Ofgem.

## ECO Headlines

- **Excess measures:** This report 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\*\*:** These measures have now all been formally notified to Ofgem.
- **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.
- **ECO2 Obligations:** The obligations for phase 1 of ECO2 have been set. Information on ECO2 compliance will not be included in these reports but will be published separately during the ECO2 period.

## 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
<b>Solid Wall Insulation</b>	61,475	8,964	9	<b>70,448</b>
<b>Park Home Insulation</b>	204	-	-	<b>204</b>
<b>Cavity Wall Insulation</b>	95,826	116,085	10,222	<b>222,133</b>
<b>HTTC Wall Insulation<sup>1</sup></b>	230,023	6,943	52	<b>237,018</b>
<b>Loft Insulation</b>	105,001	172,401	35,851	<b>313,253</b>
<b>Other Insulation<sup>2</sup></b>	2,339	8,964	91	<b>11,394</b>
<b>Boiler – Replacement</b>	N/A <sup>4</sup>	N/A	279,601	<b>279,601</b>
<b>Boiler – Repair</b>	N/A	N/A	565	<b>565</b>
<b>Other Heating<sup>3</sup></b>	N/A	N/A	71,436	<b>71,436</b>
<b>District Heating System</b>	1,002	2,570	-	<b>3,572</b>
<b>Micro-generation</b>	N/A	N/A	-	<b>-</b>
<b>Total</b>	<b>495,870</b>	<b>315,927</b>	<b>397,827</b>	<b>1,209,624</b>

<sup>1</sup> 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.

<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').

\*\*Interim measures are those completed in anticipation of the legislative changes and installed between 1 April and 5 December when the amendment order came into force.

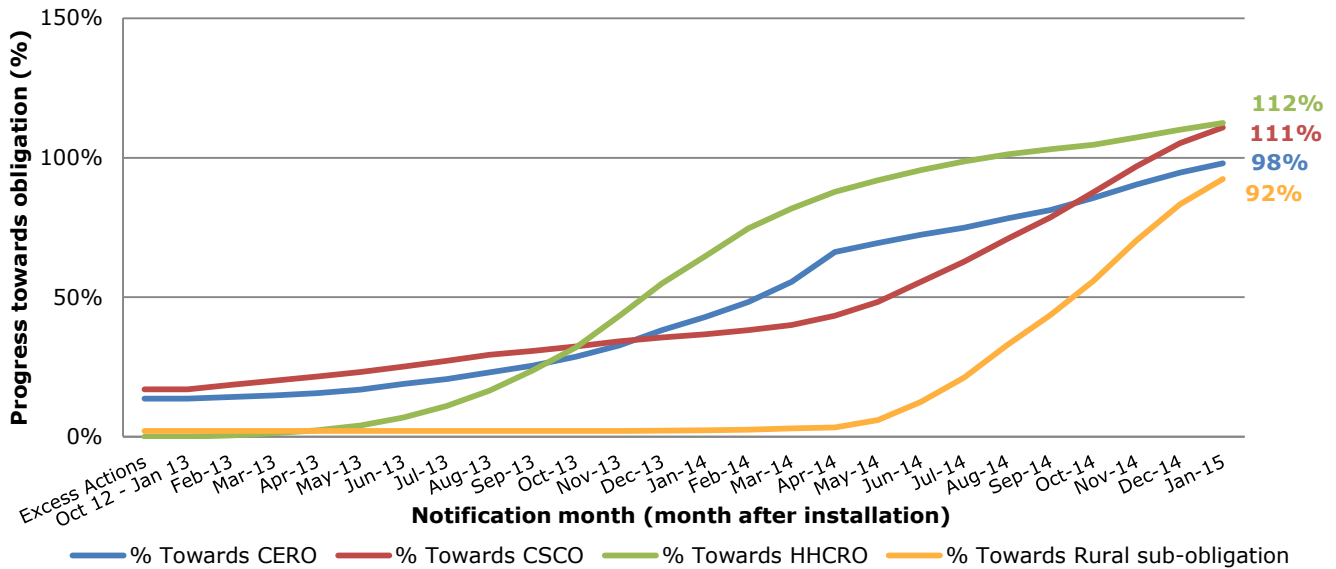
\*\*\*Ofgem may revoke the decision to approve any measure if, in the future, Ofgem establishes that the measure should not have been approved. For example, information may subsequently come to light which shows that information provided at the time of assessment was incorrect or which indicates that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

## Progress towards obligations

The scheme is 89%\* of the way through the current obligation period (1 January 2013 to 31 March 2015).

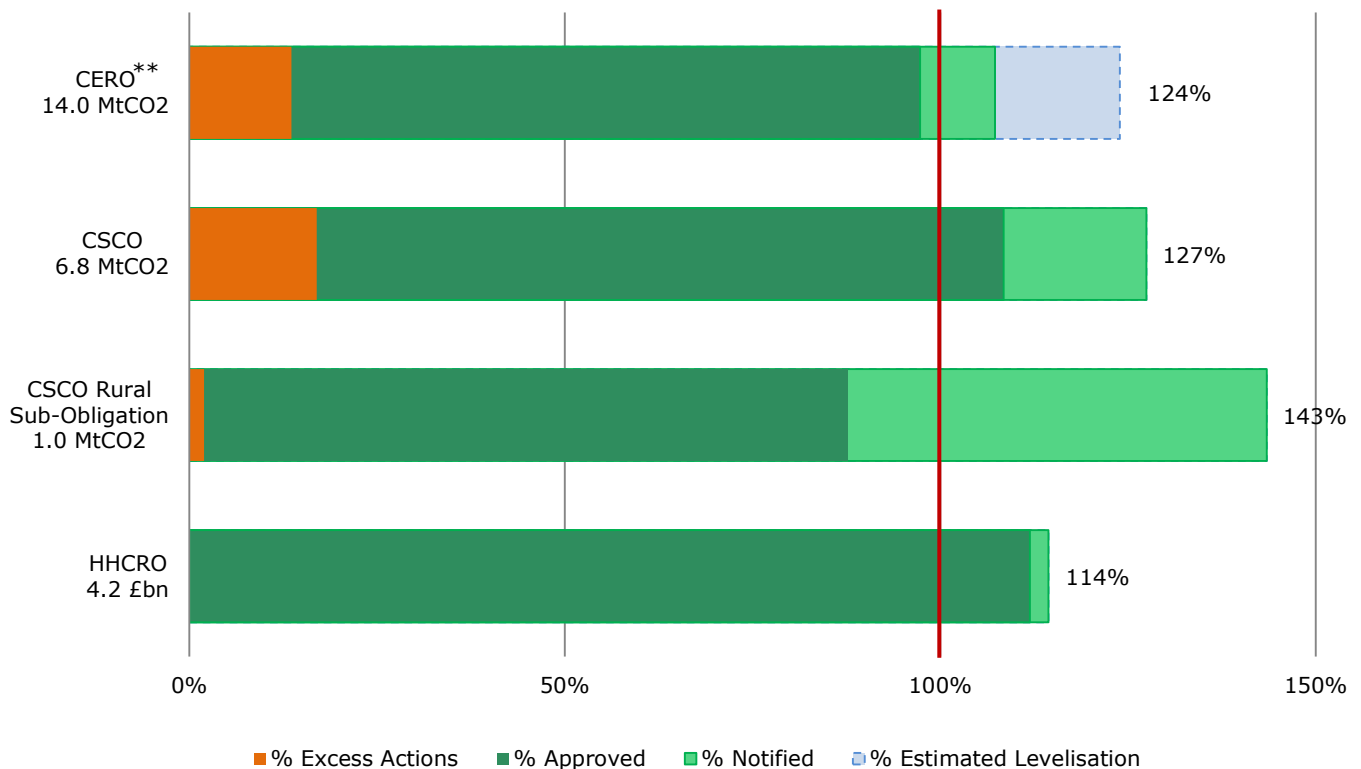
**Fig. 2) Cumulative monthly progress towards ECO obligations (approved measures only)**

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 and notified)**

The chart below shows measures notified to the end of January 2015 and approved by the end of February 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.



\*In terms of installation months covered by this report i.e. measures installed to December 2014 (24 months of the scheme).

\*\*Previously 20.9 MtCO<sub>2</sub>

## Notified Measures

In addition to the approved measures (1,209,624), a number of measures have been notified to Ofgem but have not yet been approved (86,817). Together, these figures constitute the 1,296,441 measures published in DECC's February Statistical Release.

Of the 86,817 measures notified to Ofgem but not yet approved:

- Circa 31,000 are currently undergoing further checks to ensure that they are valid measures under ECO. The majority (74%) of these measures are undergoing scoring verification and checks on measures that have been submitted twice.
- Circa 25,000 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 29,000 measures are currently being processed and are expected to be approved shortly if the necessary information is in order.
- This figure also includes 2,000 measures that were refused approval or had their approval revoked in February. The majority of these were as a result of measures being notified twice (55%) and the HTTC review (31%). DECC will account for these rejections in their next statistical release.

To date a total of around 21,000 measures have had their approval refused or revoked by Ofgem, amounting to 1.6% of all notified measures. The largest single reason for these refusals/revocations (49%) is insufficient technical monitoring on around 10,000 HTTC measures. A further 36% of these measures had their approvals refused or revoked due to the HTTC review, being ineligible secondary measures and for being notified twice.

Please note that the approval may be reinstated should further relevant information come to light. We are working closely with energy companies to resolve any issues relating to the notification of measures going forward.

## 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](http://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 published [guidance](#) on how we administer the scheme under the amended legislation.

### **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. We have published [guidance](#) on how we will administer ECO2 on our website.

**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)	
<b>CERO (MtCO<sub>2</sub>)</b>	14.0	12.4	<b>26.4</b>
<b>CSCO (MtCO<sub>2</sub>)</b>	6.8	6.0	<b>12.8</b>
<b>CSCO Rural (MtCO<sub>2</sub>)</b>	1.0	0.9	<b>1.9</b>
<b>HHCRO (£bn)</b>	4.2	3.7	<b>7.9</b>

### **Contact:**

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.

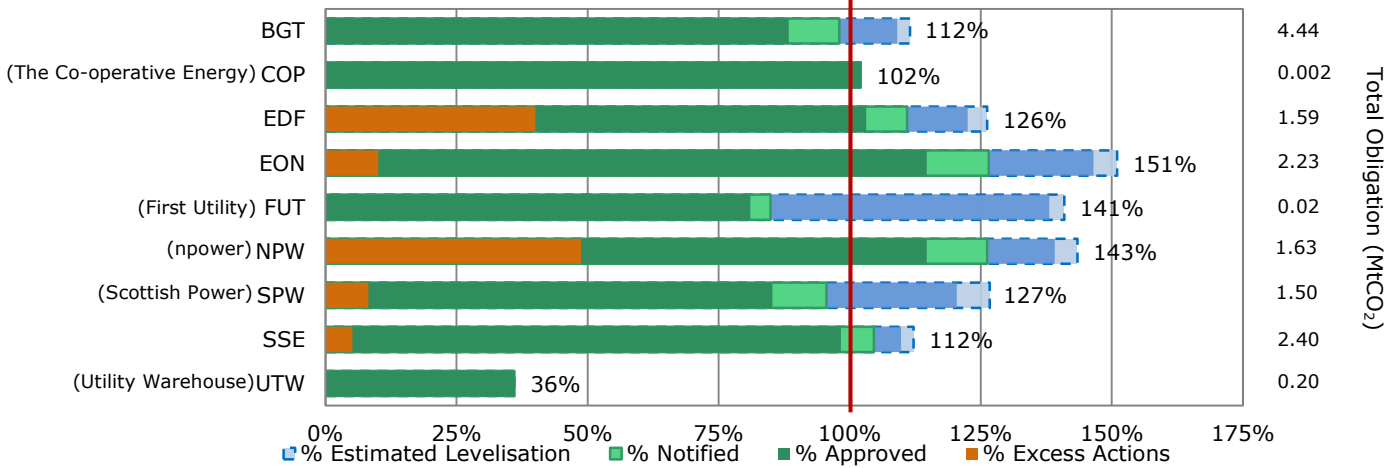
## Annex: Individual Energy Company Progress

This is an annex to the **March Energy Companies Obligation (ECO) Compliance Update (Issue 20)** and is based on the same data.

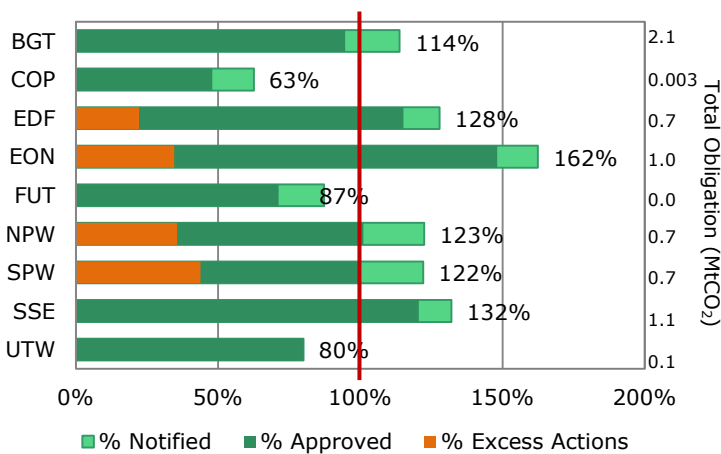
### Fig 5) Energy company progress towards ECO obligations

The charts below show energy company progress for all measures notified to the end of January 2015 and those which were approved by the end of February 2015, as a percentage of their current obligations. They take into account the reduced CERO obligation and the CERO levelisation uplift. In addition the charts show excess measures carried over from CERT and CESP.

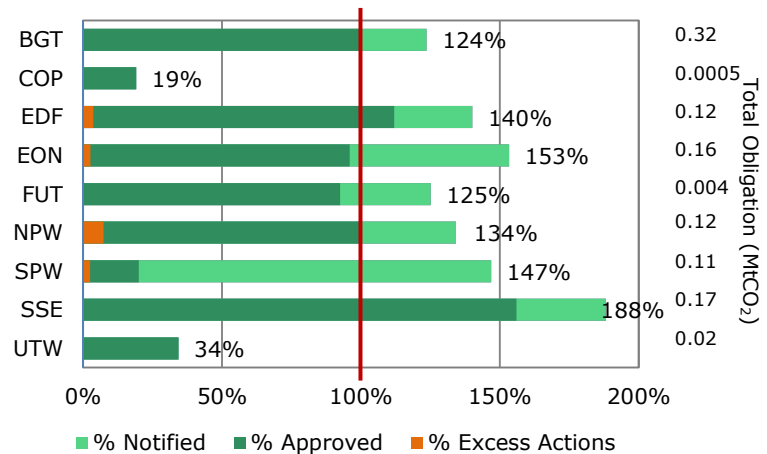
**Fig 5.1 CERO**



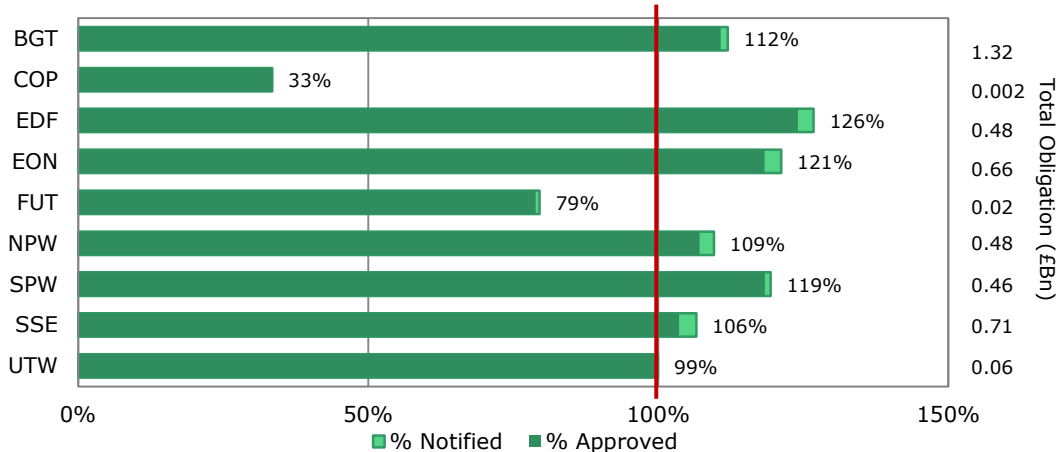
**Fig 5.2 CSCO**



**Fig 5.3 CSCO Rural Sub-obligation**



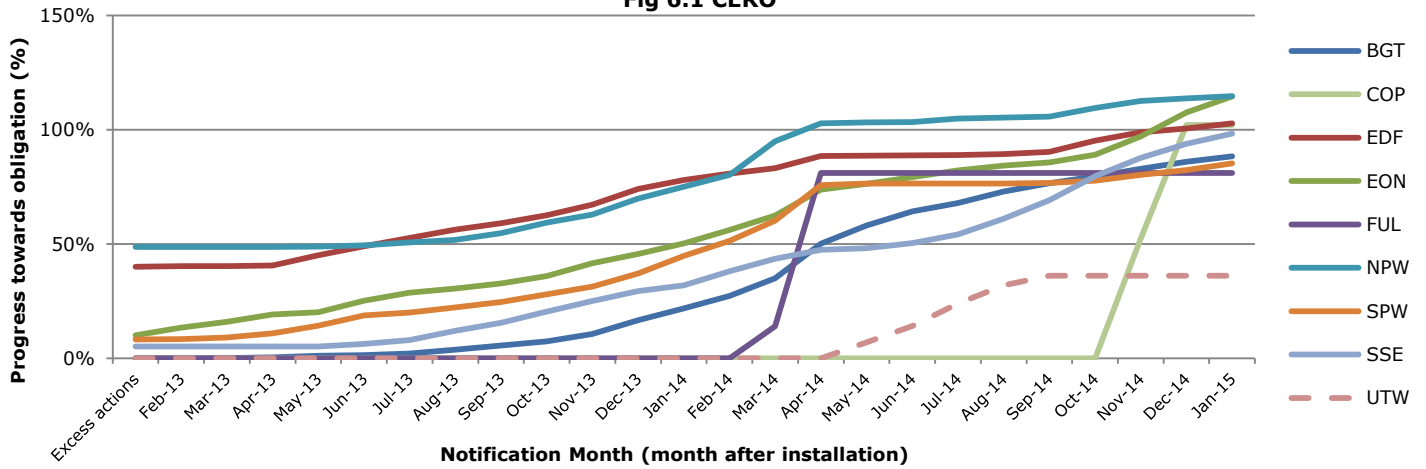
**Fig 5.4 HHCRO**



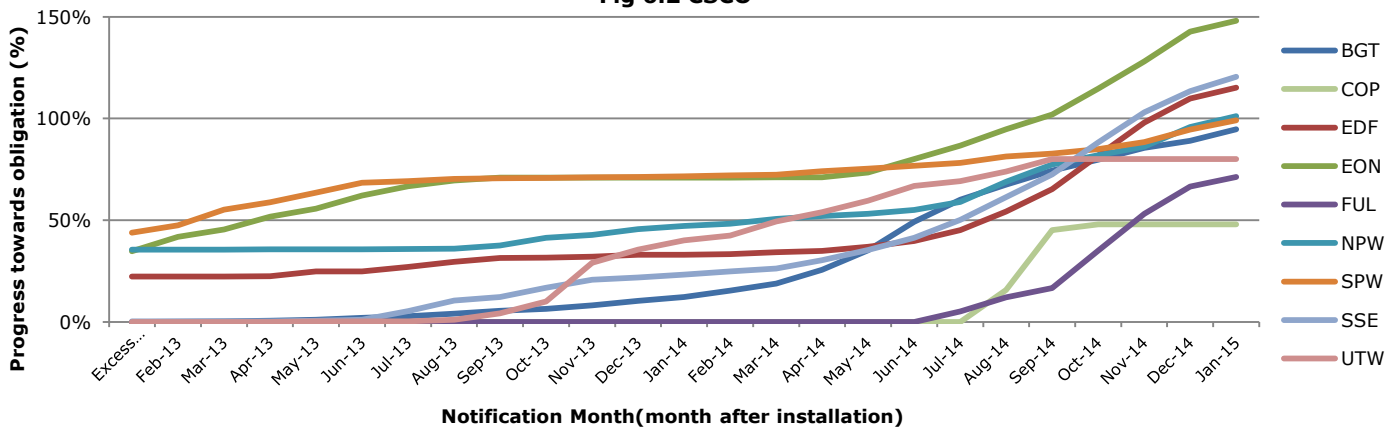
**Fig 6) Monthly progress by energy company towards ECO obligations (approved measures)**

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.

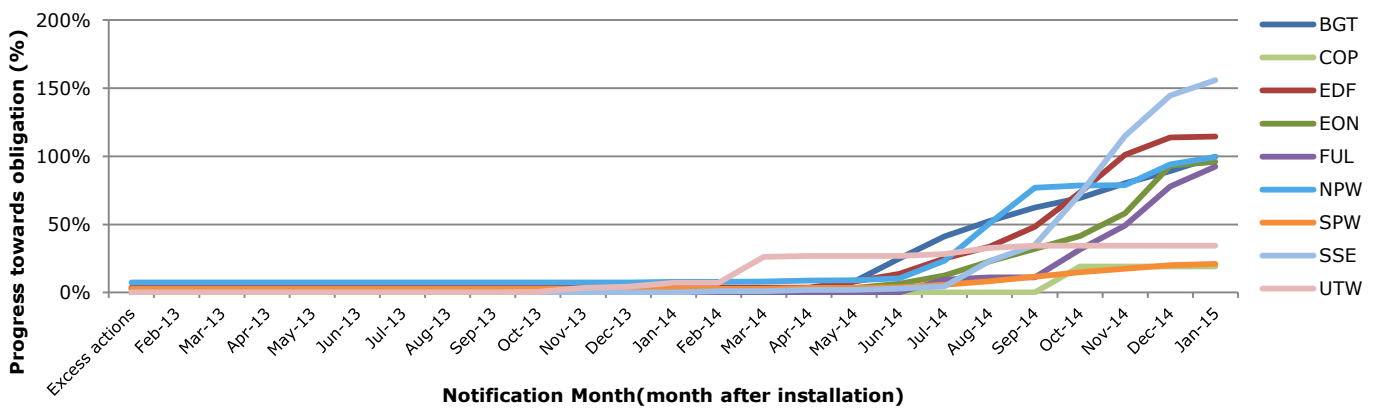
**Fig 6.1 CERO**



**Fig 6.2 CSCO**



**Fig 6.3 CSCO Rural sub-obligation**



**Fig 6.4 HHCRO**

