

# Energy Company Obligation (ECO)

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## ECO2t Guidance Note

### Determining whether premises are *domestic premises*

#### Background

This guidance note explains the test that we use to determine whether premises are domestic premises. This information supplements the section in Chapter 2 of the [ECO2t Guidance: Delivery](#) about domestic premises.

A supplier achieves its CERO and HHCRO by promoting the installation of qualifying actions at domestic premises, including mobile homes.

Under HHCRO, measures delivered to premises either occupied by a member of the help to heat group, or listed in a local authority declaration must also meet the *private* domestic premises requirement. For more information on this see page 37 of [the ECO2t Guidance: Delivery](#).

#### The test for domestic premises

The ECO2t Guidance: Delivery explains that, for premises other than a mobile home, domestic premises must be 'separate and self-contained premises' and 'be used wholly or mainly for domestic purposes'.

We use a two part test to determine whether premises are *domestic premises*:

1. are the premises self-contained in the sense of containing kitchen facilities for occupants to prepare food?
2. are the premises used by the occupants wholly or mainly for domestic purposes (ie as a home)?

If the answer to each question is yes, then we consider the premises to be domestic premises. We provide further information below about each part of this test.

Structures that meet the statutory definition of a mobile home in the ECO2 Order<sup>1</sup> are domestic premises. In this case we do not apply the test for domestic premises. For information about determining whether a structure is a mobile home see pages 10-12 of the ECO2t Guidance: Delivery.

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<sup>1</sup> Electricity and Gas (Energy Company Obligation) Order 2014 as amended.

## 1. Are the premises self-contained?

This part of the test is about the physical layout of the building.

Premises may be part of a building (for example, an apartment in a tower block) or may be the whole building (for example, a detached bungalow).

Premises are self-contained for the purpose of the test if the premises contain both:

1. one or more bedrooms, and
2. private kitchen facilities for occupants to prepare food.

### *Bedrooms:*

A space can function as both a bedroom and a living area – for example, a studio or a bedsit.

### *Kitchen facilities:*

Kitchen facilities include a kitchen sink and a stove. Where one of these items is not present in premises, then we do not consider the premises to contain kitchen facilities.

Kitchen facilities may be located in the same space that functions as a bedroom – for example, a studio or bedsit.

Kitchen facilities are private when they are accessible only to the occupants of the bedroom or bedrooms within the part of the building that forms the premises.

### *Bathrooms:*

Our test does not take account of bathroom facilities.

### *Examples of premises that are self-contained:*

- a studio (containing private kitchen and bathroom facilities)
- a bedsit (containing private kitchen facilities, with access to shared bathroom facilities)
- an apartment, including a shared apartment where the occupant of each bedroom has a separate occupancy agreement with the landlord and the occupants share a communal kitchen
- a house, including a shared house where the occupant of each bedroom has a separate occupancy agreement with the landlord and the occupants share a communal kitchen, and
- a hostel or hall of residence, containing several bedrooms and a communal kitchen for the exclusive use of the occupants of those bedrooms.

### *The following are not self-contained premises:*

- a bedroom which does not contain private kitchen facilities
- a bedroom which contains some kitchen facilities, for example a refrigerator and a microwave oven, but does not contain a kitchen sink
- two or more bedrooms with a kitchen that is not for the exclusive use of the occupants of those bedrooms, and

- any facility, such as a care home or student hall, where the occupants do not have access to kitchen facilities to cook for themselves.

### *Determining the boundary of premises*

The boundaries of premises are the outermost walls of the space used exclusively by the occupants of the premises. For example:

- in a shared apartment or house or student halls, the total space includes all bedrooms, and the common areas (kitchen, bathroom(s), living area(s), halls and corridors), or
- for a bedsit containing a kitchen, the boundaries of premises are the walls of that bedsit, or

for mixed use premises, such as a Bed & Breakfast with both commercial and domestic parts, the premises boundaries of the domestic part would be the outermost walls of the area that is self-contained and used for domestic purposes (ie, it contains its own kitchen and has one or more bedrooms).

## 2. Are the premises used as a home?

This part of the test is about the way in which the building is generally used. In most cases it should be clear that premises are being used as a home, ie the premises are used by the occupants for living in on more than a short term basis. Suppliers are normally expected to check the length of a lease or licence to occupy in scenarios where you would expect the lease or licence to be short term, eg hostels.

The use of premises as a home can be evidenced in the following ways:

**Owner-occupied premises:** the receipt by the occupant of utility bills or mortgage statements relating to the premises may indicate that the premises are used as a home. There may be other indicators such as mortgage deeds naming the occupant.

**Premises occupied under a lease or licence to occupy:** the receipt by the occupant of 3 months of utility bills relating to the premises, or the existence of a lease or licence of longer than 3 months in the name of the occupant (such as a tenancy agreement) may indicate that the premises are used as a home. There may be other indicators.

*Examples of premises that are not generally used as a home:*

- a hotel, where guests do not usually stay for periods of longer than a couple of weeks,
- a short-stay apartment, where occupants usually stay for periods of less than 3 months, and
- a short-stay hostel, where occupants usually stay for periods of less than 3 months.

### **Commercial activities**

Occupants may carry out some commercial activities at the premises from a room also used for domestic purposes, provided that the primary use of the premises is as a home. Examples of commercial activities include working or running a business from home. Areas used solely for commercial purposes should not be included in any calculation of savings for that premises.

## Calculating savings of measures installed under ECO

ECO requires a supplier to calculate savings for each measure using deemed scores, SAP or RdSAP. However, SAP/RdSAP is not designed to score houses of multiple occupation (HMOs). Therefore, some HMOs do not have a deemed score and cannot be scored using SAP/RdSAP.

Table 1 below lists what we deem to be suitable scoring methodologies for each dwelling type, including HMOs. This is a non-exhaustive list and we welcome further discussions.

**Table 1**

<b>Type of Dwelling</b>	<b>ECO scoring Methodology</b>
<b>Studio</b>	Deemed scores (SAP/RdSAP for DHS)
<b>Park home</b>	Deemed scores (SAP/RdSAP for DHS)
<b>Apartment, including shared apartment</b>	Deemed scores (SAP/RdSAP for DHS)
<b>House, including shared house</b>	Deemed scores (SAP/RdSAP for DHS)
<b>Bedsits containing private kitchen and shared bathroom</b>	Alternative methodology <sup>2</sup> approved by us prior to the installation of the measure(s).  For DHS measures, an appropriate methodology <sup>3</sup> approved by us prior to the installation of the measure(s).
<b>Student hostels, hall of residence, and other HMOs</b>	Alternative methodology approved by us prior to the installation of the measure(s).  For DHS measures, an appropriate methodology approved by us prior to the installation of the measure(s).

<sup>2</sup> See Chapter 6 of our ECO2 Guidance: Delivery for more information on alternative scoring methodologies.

<sup>3</sup> See Chapter 6 of our ECO2 Guidance: Delivery for more information on appropriate scoring methodologies.