



Department for
Business, Energy
& Industrial Strategy

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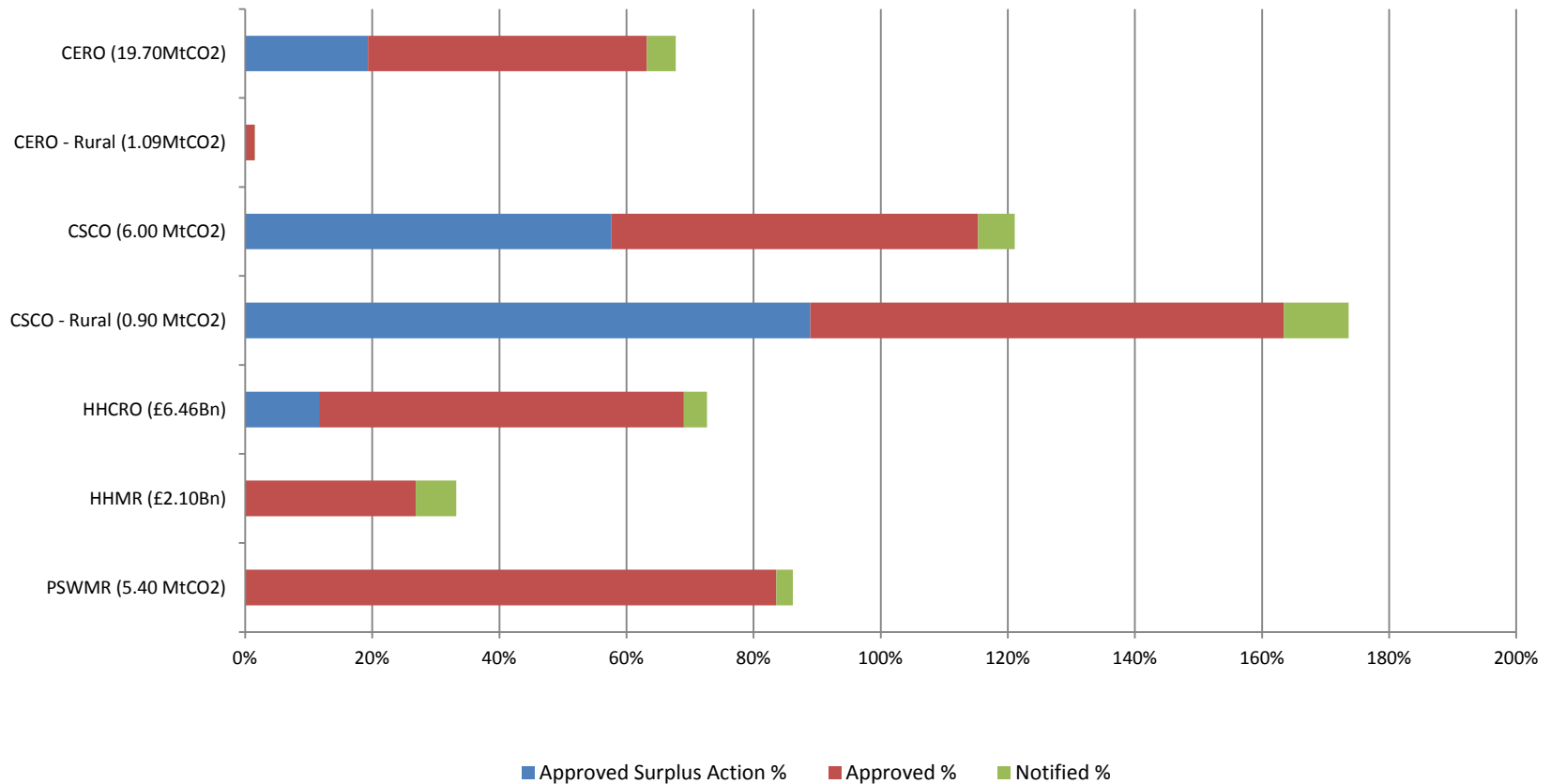
ECO DELIVERY GROUP



ECO Delivery Group,
17 July 2017

Ofgem Delivery Update

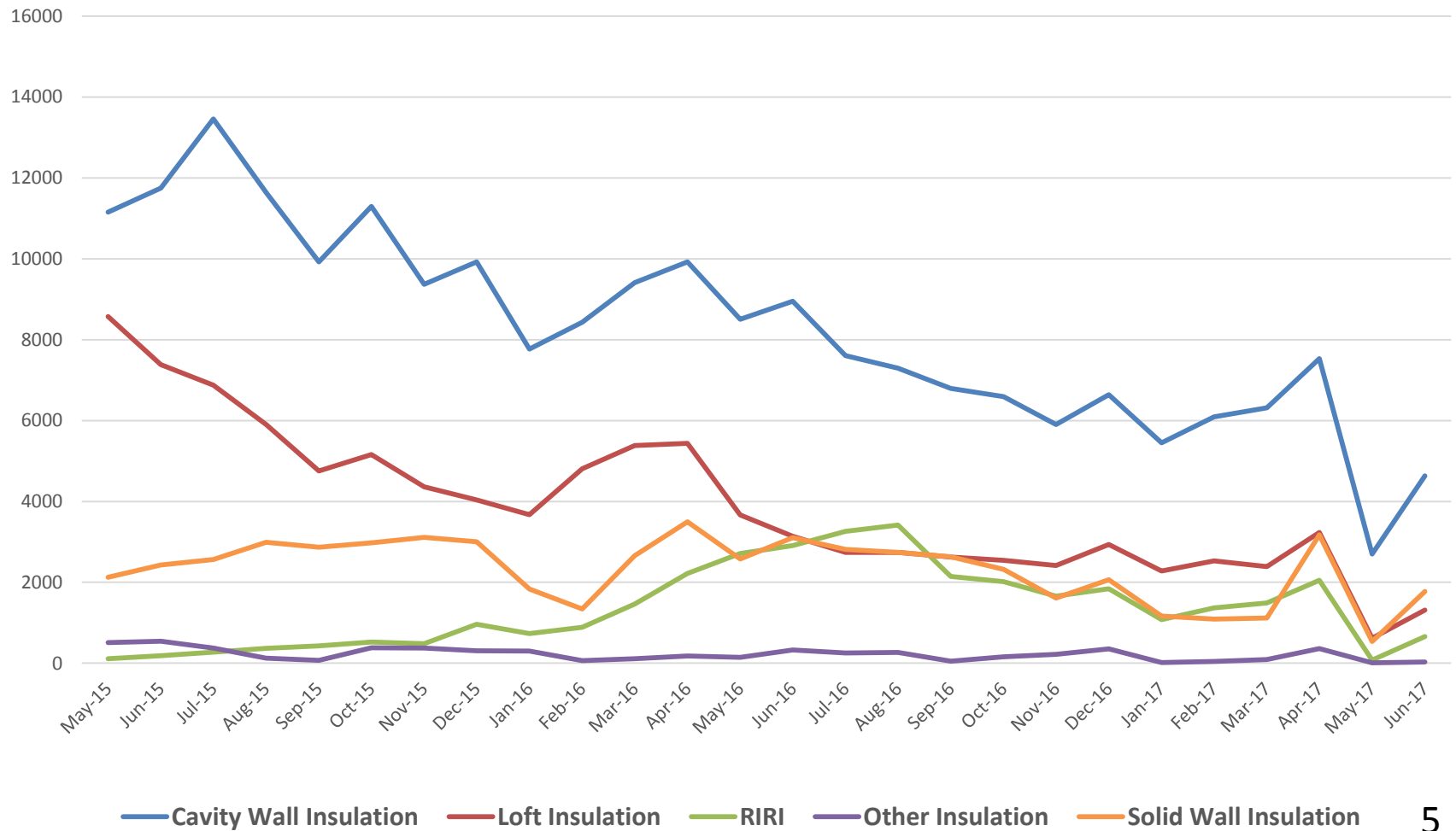
Overall Compliance Against ECO2 Obligations*



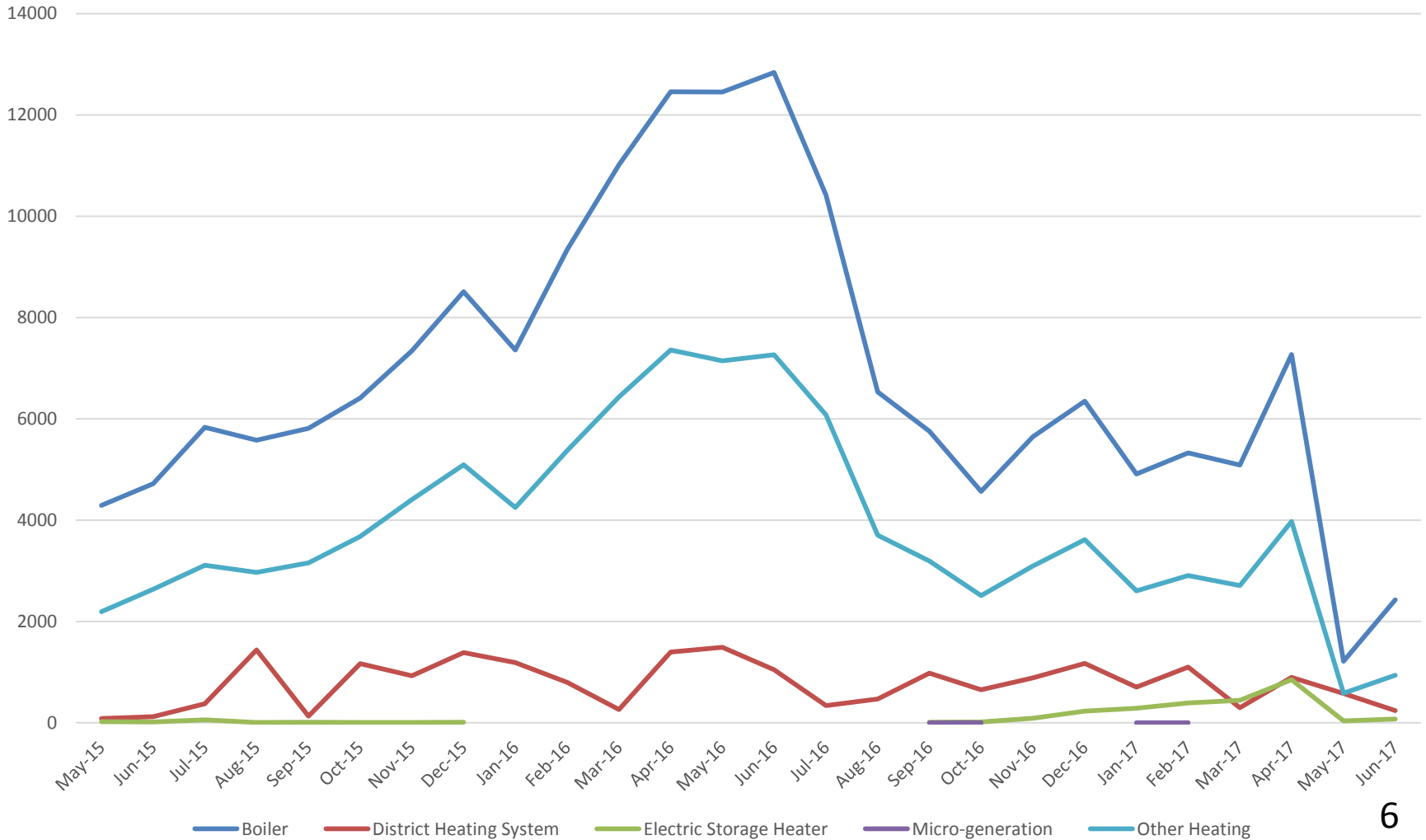
ECO2t Delivery

- Delivery of measures is increasing
- Suppliers appear to have adapted to the revised IT requirements and set-up
- Processes have continued alongside CSCO closedown, normal activity across all areas will resume by August
- Score verification closedown in progress and on track for September deadline

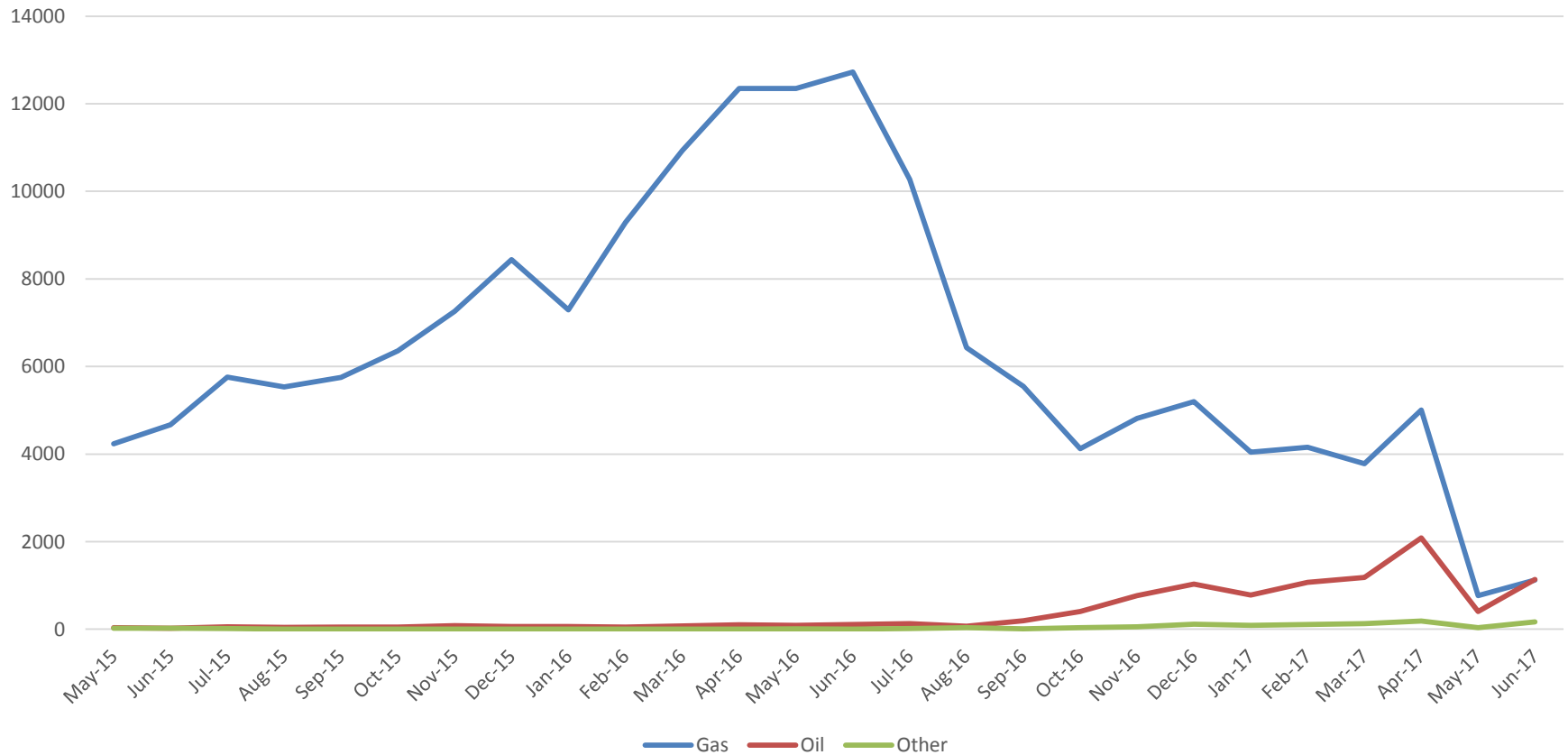
Insulation Measure Delivery



Heating Measure Delivery



Boiler Delivery



IT update

- ECO register release scheduled for 19th July; will include the following:
 - Automatic late measures (5%) functionality
 - Various bug fixes:
 - deemed scores rounding issue
 - boiler warranty field accepting 'N/A' as a valid entry
- No other releases currently scheduled

PAS 2030:2017

- Queries received from installers about how to demonstrate compliance to PAS 2030: 2017
- Certification bodies are transitioning installers' certification but there seem to be some differences in approach
- Some CBs are saying that the only way demonstrate compliance with PAS 2030:2017 is to be certified to it
- Installers should ensure that they speak to their certification bodies to confirm their requirements

Other updates

- **Evidencing non-gas**
Evidencing non-gas was previously done using an lodged EPC. We've recently issued clarification that we will accept the DOCC for this purpose.
- **Capturing DOB on the PRIV**
Working group published a standardised privacy notices and consent statement. We've recently issues clarification that the Date of Birth field is only necessary for HHCRO measures.
- **Updates to the DOCC/DSSY**
These will be published soon and include improvements to the DSSY and a refocus of the DOCC to make it more consumer friendly



Local Authority Flexible Eligibility



Local Authority Flexible Eligibility - Collecting Evidence

Data already being collected

- Progress against 10% target
- Delivered against FP or LIVC eligibility
- Measure types
- Local Authority
- Statement of Intent

In the long term we will be able to gather evidence from Annual Reports published by LAs.

In the short term we need to gather further evidence during the current scheme.



Collecting Evidence

Data we need

Delivery cost

- LA contribution

Administrative cost

- Set up, maintenance etc.

Other evidence / lessons

- Drivers for non delivery, after eligible leads provided
- Experience of meeting SOIs
- Barriers/opportunities
- Experience of working with intermediaries (managing agents, charities, health profession etc.)
- Case studies, households being supported under Flex. Wider impacts.

How will we collect evidence? Workshop(s) from September and templates.

Deemed Scores - POPT

Percentage of Property Treated (POPT) Review

- POPT is the method of adjusting a deemed score to account for the actual installation
- Some stakeholders have highlighted concerns over POPT. We've engaged to understand these concerns and have agreed to undertake a review of POPT in Autumn 2017
- The review is planned to include the following:
 - an analysis of score monitoring data
 - a published call for evidence
 - analysis of internal queries
- We'll publicise the call for evidence and would like to receive your input



ECO Cost Information



Additional ECO Cost Information



**Non-supplier cost
contributions**

**Supply chain
administrative costs**



- **Increased understanding of the overall costs of delivering ECO measures and associated cost implications for energy suppliers, the supply chain and consumers**
- **Contribute to policy evaluation and development**
- **More accurate modelling of costs for the future scheme**



Data collection

Supply chain cost reports

- Templates issued to a sample of supply chain organisations to obtain data on their admin costs and on non-supplier cost contributions to ECO measures.
- Issued to managing agents, installers, local authorities/social housing providers.

Consumer contribution survey via Technical Monitoring

- Two questions added to TM inspections to establish how much the consumer has contributed to the ECO measure.



Supply Chain Cost Templates

X2	Reporting period	Total
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Apr - Sep 2017	Oct - Mar 2018
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Table B: Administrative costs **Administrative cost**
(£)

BTD	Total direct ECO admin costs:		
B1	Internal process changes/set up costs		
B2	Lead generation for ECO delivery		
B3	Marketing for ECO delivery		
B4	Processing, reporting, compliance and technical monitoring		
B5	Other direct admin costs (please specify)		

ECO Obligation
Carbon Emmissions Reduction Obligation (CERO) of which:
Carbon Emissions Reduction Obligation – Non-Solid Wall
Carbon Emissions Reduction Obligation – Solid Wall

Total delivery costs (£) (Sum of E7:J7)	Total consumer cost cotributions (£)	Total local authority/ housing association cost contributions (£)	Devolved Administration cost contributions (please specify)	Remaining delivery costs (£)

Affordable Warmth (HHCRO) of which:
Mains-Gas Qualifying Boiler Replacements
Affordable Warmth Minimum- Qualifying Oil Boiler Replacements
Affordable Warmth Minimum - Solid Wall
Remaining Affordable Warmth Measures (Non-Solid Wall or Oil and Gas Boiler Replacements)

Total delivery costs (£) (Sum of E12:J12)	Total consumer cost cotributions (£)	Total local authority/ housing association cost contributions (£)	Devolved Administration cost contributions (please specify)	Remaining delivery costs (£)

Affordable Warmth (HHCRO) Flexible Eligibility, of which:
Flexible Mains-Gas Qualifying Boiler Replacements
Flexible Affordable Warmth Minimum - Qualifying Oil Boiler Replacements
Flexible Affordable Warmth Minimum - Solid Wall
Remaining Flexible Affordable Warmth Measures (Non -Solid Wall or Oil and Gas Boiler Replacements)

Total delivery costs (£) (Sum of E19:J19)	Total consumer cost cotributions (£)	Total local authority/ housing association cost contributions (£)	Devolved Administration cost contributions (please specify)	Remaining delivery costs (£)



Timelines

Templates issued to the supply chain in August 2017

Reporting schedule:

Submission one:

April – September 2017 cost data to be submitted to BEIS by the end of **October 2017**

Submission two:

April 2017 – December 2017 cost data to be submitted to BEIS by the end of **January 2018**

Submission three:

April 2017 – September 2018 costs data to be submitted by the end of **October 2018**

Consumer contributions research - process

- Using monitoring as the mechanism for collecting cost data
- No linkage with the monitoring process
 - No pass/fail answers
 - No remediation required
 - No impact on pathways
- 2 questions will be added as a separate tab on the questionnaire
 - Answering the question is voluntary
 - Consumer consent will be asked for explicitly
 - Ofgem currently working on the best way to safeguard consumer consent
 - Ofgem will provide separate reporting template

Consumer contributions research - implementation

- Aim is to start collection in August
- Ofgem plans to publish additional questions in next couple of weeks
- Now discussing necessary systems changes with suppliers
 - If 1 August start date is not feasible, we will deploy during the quarter
- We are willing to consider manual reporting mechanisms until a systems solution is in place, if suppliers so desire

Consumer contribution research - questions

1. Have you or anyone else in the household contributed towards the cost of the measure?

Yes/No/Don't know

2. If Yes to question 1: how much has been contributed?

[amount contributed]/Don't know

- Both questions will have a 'No response' option in case the consumer does not want to answer the survey



BREAK



EACH HOME COUNTS

Review Implementation

ECO Delivery Group

Alison Oliver



17th July 2017



Introduction

- Independent Review of Consumer Protection, Advice, Standards and Enforcement for Energy Efficiency and Renewable Energy installations for existing UK Housing
- Report published 16 December 2016
- Howard Porter, BEAMA took as over Chair of Review Implementation in February 2017
- Launch Event – **2 February** – over 120 stakeholders
- Review website launched www.eachhomecounts.com



Principles for implementation: 80%
industry, 20% Government

80:20

20%

Implementation:

- **February onwards**
 - Confirmed new workstream structure and leads
 - Shape the quality mark framework, draft delivery proposals and implementation plans for all workstreams
- **12 July implementation event** – over 100 stakeholders
 - Updated stakeholders on progress to date

80%



Principles for implementation: 80%
industry, 20% Government

80:20

20%

- **Market driver requirements - Private investors, social housing, ECO**

Implementation progress:

80%

- **Quality mark:** Developed a model that has been shared with wider stakeholders and further refined. Options for delivery are being explored.
- **Code of Conduct:** A draft Code of Conduct is ready to be shared with wider industry stakeholders
- **Code of Practice:** Gap analysis on standards across the sector
- **Info Hub/Data Warehouse:** initial Hub interface developed
- **Home Energy Technologies:** Compatibility report completed
- **Pilots:** working with Cornwall CC and E.On on projects



Next Steps

- All workstreams to develop detailed implementation plans
- Continue engaging with stakeholders on implementation plans - email us at EachHomeCounts@beis.gov.uk or register interest on the website www.eachhomecounts.com
- Establish Implementation Board sub-groups on:
 - Quality mark delivery options
 - Financing
- Accelerate work on the Data Warehouse
- Continue to explore how future ECO and Each Home Counts can be aligned



Digital Economy Act – Data sharing for fuel poverty targeting



Digital Economy Act and fuel poverty targeting

- Royal Assent received on 2 May 2017.
- The Act introduces powers which enable the disclosure of personal information for the purposes of alleviating fuel poverty.
- The objective of alleviating fuel poverty needs to be specified in Regs.
- The powers enable to share data for fuel poverty alleviation:
 - between public authorities, including LAs (bodies to be specified in Regs);
 - with energy suppliers for the purposes of fuel poverty schemes, such as WHD and DAs grant schemes (bodies and schemes can be added/removed by Regs)
- This could include data to target low income and high cost households (eg using social security data and VOA data on property characteristics).
- There are limitations and safeguards.



Digital Economy Act and fuel poverty targeting (continued)

- The new powers work alongside the Data Protection Act and the Information Commissioner's data sharing code of practice.
- New criminal sanctions for unlawful disclosure.
- The powers are permissive, which means public authorities have the discretion whether to share data or not.
- Data sharing subject to business cases, privacy impact assessment and data sharing agreement.

Next steps

- Consultation on Regulations (to specify the fuel poverty objective and persons) and Code of Practice due shortly.
- Regs and Code of Practice needed before powers can be used.
- Regs in force – expected Winter 2017.



Private Rented Sector Minimum Standards



Private Rented Sector (domestic)

Regulation in place

- 1 April 2018 – EPC E or above for new tenancy agreements
- 1 April 2020 – EPC E or above for continuing with existing tenancy agreements

Exemption

Landlords with F & G properties can be eligible for a ‘no cost’ exemption under the Regulations. These must be lodged under the exemptions register.

The register is currently under development but will be available on the BEIS website in October 2017.

Guidance has been circulated to stakeholders for comments including landlord associations, tenants’ groups, Government departments, Welsh Government and LAs. Publication is currently planned for this summer 2017.



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FUTURE ENERGY COMPANY OBLIGATION 2018 TO 2022



ECO Delivery Group,
17 July 2017



Conservative manifesto commitment and current legislation

The 2017 Conservative Manifesto stated:

“An energy efficient home is a more affordable and healthy home. We will improve the energy efficiency of existing homes, especially for the least well off, by committing to upgrading all fuel poor homes to EPC Band C by 2030.”

Existing legislation sets out a similar target to improve as many fuel poor homes as is reasonably practicable to **Band C by 2030**, with interim milestones to improve homes to at least a **Band E by 2020** and **Band D by 2025**.



Future Energy Company Obligation timeline

We are currently discussing the high level design of a future ECO Scheme with Ministers.

An indicative timeline for development and implementation of a future scheme is:

- **Summer 2017** – Ministerial agreement on ECO scheme
- **Autumn 2017** – detailed development of the scheme; we will continue to discuss ongoing policy design with you
- **January to February 2018** – ECO3 consultation published (potential eight week consultation period: to be confirmed)
- **March 2018** – analysis of consultation responses
- **May 2018** – consultation response published with final Impact Assessment
- **July 2018** – Parliament debates regulations
- **October 2018** – scheme begins



Table Discussions on ECO2t and the future ECO scheme



Early lessons from ECO2t scheme

We are interested to know about your experiences of delivering ECO2t:

- is the scheme more simple to deliver than ECO2?
- have there been any issues with:
 - deemed scores?
 - fuel poverty targeting?
 - Flexible Eligibility?





Potential approaches for the future ECO scheme

We are interested to hear your views on a cost effective “measure mix” for the future scheme that includes a combination of insulation and heating. For example:

- If Government continues to restrict the delivery of **heating measures** under ECO in order to ensure sufficient delivery of **insulation measures**, how can this best be achieved (e.g. a boiler cap and/or delivery restrictions (owner occupiers only, least efficient boilers (SEEBUK rating EFG)))?
- How can Government assist suppliers with a multiple measures approach under ECO, specifically trying to ensure **heating measures** (e.g. new or replacement boilers) are installed alongside **insulation measures** in order to improve the energy efficiency of houses to a greater extent than occurs at present (e.g. pushing more homes into EPC band C and D)?
- Should there continue to be a minimum for **solid wall insulation**? Should the minimum be decreased if the future ECO scheme is 100% Affordable Warmth?
- Do **deemed scores** currently disadvantage the delivery of key measures (e.g. LI, CWI, SWI) to certain property types? If so how do you believe this can be addressed?





Potential approaches for the future ECO scheme

We are interested to hear your views on whether a small proportion of ECO spend could be spent on **innovation** to support the sector and to drive down the cost of measures (over the longer term)?

- what proportion of measures (e.g. 5%? 10%?) should be allowed for innovative approaches?
- should the number of innovative measures be capped until there is sufficient evidence of performance under ECO?
- should innovative measures (i) be given an upfront deemed score based upon evidence provided by the manufacturer and (ii) monitored over different heating periods to demonstrate performance? Should a new deemed score then be determined based upon this performance for future measures installed?
- how do we ensure that the necessary guarantees are in place to protect householders if there is an issue with the measure at a later date?

