

I am writing on behalf of FHS Commercial Ltd and our partners in light of the attached consultation document released by Ofgem. FHS Commercial operate as energy consultants within the Care sector with our prime objective being to obtain more sustainable running costs, introduce greener technologies and ultimately reduce the carbon footprint of the provider and their residents.

I was massively disheartened to find that under the new Eco proposal **Residential Care homes** would be exempt from being able to access Eco funding towards improvement measures. This scheme is something that is currently being supported by the utility companies, Care England and other key groups who feel that many of their customers/members have benefited directly from projects of this nature previously and are happy to share the many success stories.

section 9.19 of the new Eco Proposal for Eco3 states: -

9.19. For ECO3 we are proposing to update our domestic premises guidance. Properties that are predominately commercial will no longer be eligible under the scheme.

This will specifically exclude properties such as:

- Hostels
- **Care homes**
- Guest houses (including 'bed and breakfast' properties) Hotels
- Student halls of residence

During previous Eco Periods we have worked with the utility companies and have been able to help our clients access Eco funding in order to install green technologies such as Biomass district heating/Hot Water systems that have massively reduced the homes running costs and saved thousands of tonnes of carbon emissions. A lot of the properties we target are off gas or run on **Electric heating** which is predominantly what the 2020 strategy is targeting. Additional to this the new obligation also states that RHI will not be available alongside Eco Funding under Eco3, however this will not apply for heat pumps. This raises the question of why one technology should be favoured over the other and why incentives are still being promoted to replace oil boilers like for like when these district schemes are being de incentivised.

Care homes are currently caught in a vicious vice and being squeezed by ever increasing costs while feeling the full effects of shrinking government support. This is compelling care home owners, managers and operators to find ways to cut costs in ways that deliver business benefits over many years and take action to help maintain commercial margins. The main challenge remains finding ways to do this without affecting quality of service and delivery. There is one area where it will clearly pay to take swift action:

Energy and water efficiency is an often overlooked element of business strategy in the care home sector. Yet it is the simplest, most effective way to make an impact on costs that is both immediate and long-term.

Rising utility prices

It is certain, and confirmed by government, that we no longer have access to cheap energy. That time is past and all the forecasts point to utility prices rising over the next decade, in the same way that they have doubled in the past 10 years. Add to this the pressure on energy prices from the Government's green levies to support renewable sources like Biomass and solar power. The

spending target has been breached, with the National Audit Office issuing a reprimand but the effect is that bills will rise even further by 2020.

More pain is being added through the need to spend heavily to ensure gas and coal power stations are prepared for adequate standby power during winter, which will add to overall energy costs.

Eco Funding

FHS have successfully delivered numerous schemes incorporating new energy saving technologies. Eco funding is the energy company obligation fund which is predominantly aimed at the most vulnerable in the community to help tackle fuel poverty and reduce carbon emissions in residential properties. It is my belief that care home residents are tenants within a *residential care home* and very much view their individual living area as their home/permanent place of residence. They are arguably also the most vulnerable in the community and rely solely on the care home to access these funds on their behalf.

It is also unfortunate that these are now being classified as *commercial properties* as care homes do not pay commercial rates. Further to this I think key points to consider are: -

1. The tenants hold a permanent tenancy agreement
2. All correspondence are registered to their individual address
3. Their address is logged as their own place of residence on the electoral register.
4. The individual residents pay utility rates on their rent that contribute to the levies inserted by the utilities companies which form the Eco funding pot.

I therefore find it inconceivable that these residents are being ring fenced and their homes/communities are being panelised from the right to access the fund on the same basis as someone who for example may live in a block of flats.

There are many benefits to the care home and its residents but to name a few:

- Secure lower and more sustainable fuel costs
- Protect against the need to increase care rates as inflation raises energy prices
- Long term fixed fuel rates up to 15 years
- Reduce carbon emissions
- Improve comfort levels for the residence
- Improved health benefits for the residents
- Promote greener energy – Many care homes operated on electric heating
- Free up valuable capital to reinvest in care and resources

In light of the information provided above I strongly urge Ofgem to reconsider their stance with regards to care homes under the current proposal for Eco3. Should this be open to a discussion I am happy to be contacted on 07557904365.

Kind regards,



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