

Welcome to Your ECO4 Partner Update

ECO consultation response and Impact Assessment

On April 1st, the government published its response to the Energy Company Obligation (ECO) consultation and the proposed scope and delivery of the latest iteration of the scheme, ECO4. Below we have compiled a summary of the key points for you from the Impact Assessment. Our notes on the full consultation response will follow shortly.

You can also read the response document and accompanying impact assessment in full by visiting:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1065823/eco4-government-response.pdf



ECO4 impact

The government estimates that over four years, ECO4 will see upgrades made to around 450,000 homes. The scheme will also support around 18,000 jobs across Great Britain.

Summary

- ECO4 will focus on properties rated D-G
- Minimum requirements have been confirmed - to improve EPC D and E homes to at least EPC C and EPC F and G homes to at least EPC D
- The proportion of Flex will increase to 50% of the obligation Band E, F and G have a sub obligation of £155.9 million annual bill savings (equivalent to 150,000 homes) to be delivered before March 2026
- Repairs and replacement to broken efficient heating systems limited to 5,000 a year
- 90,000 solid walls to be insulated before March 2026

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We are always keen to hear from professional, PAS 2030 accredited installers who would like to submit work via the ECO scheme. We have funding available and offer highly attractive payment terms, along with a host of other benefits, for installers accepted to our approved installer network. **To find out more, [click here](#).**

Eligibility and scoring

Eligibility

- Social Housing properties rated E-G will be eligible for insulation, FTCH, district heating and renewables. Social housing properties rated D will only be eligible if innovation measures are installed
- Private Rented Properties rated E-G will be eligible if the measure mix includes SWI, FTCH, renewable heating system or district heating. D rated rented properties will not qualify for eco funding.
- Eligibility changes have been confirmed. They will remove none-means tested benefits (Disability Living Allowance and Personal Independence Payment27).
- Households in receipt of means tested benefits will be eligible. Up to 50% of the obligation target can be met under the reformed ECO4 Flex, which is designed to target households on low incomes, but not in receipt of benefits. ECO4 Flex will be voluntary for local authorities, the Scottish and Welsh governments, and obligated suppliers.
- Only energy efficiency band D-G homes will be eligible for ECO4. For social housing and private rented accommodation, ECO4 will support the least efficient homes in bands E-G only.

Scoring

- The final project score will be based on a deemed score not a post EPC, with the government implementing the overarching final project scoring approach as consulted on.
- It will be based on the difference in average annual bill expenditure between the starting SAP rating and finishing SAP rating of a property, with separate scores depending on floor area using four floor area groups.
- Final project scores have been updated to account for the latest eligible pool figures, with the eligible pool used to calculate the average floor area within each floor area group.”
- Scores are split into floor areas. The smallest properties will have a 20% uplift and second smallest will have a 10% uplift applied.
- Score uplifts of 35% in off-gas rural areas in Scotland and Wales to incentivise delivery in areas that may be harder to reach.

What happens next?

These plans will now be put before parliament for final approval. New guidance is also to be issued on innovation and the ‘new fuel poverty targeting methods’ approach, as set out under ECO4 Flex, route 4.

Separate ECO Flex guidance will no longer be published. Referrals under ECO4 will need to meet the requirements in legislation and Ofgem will be publishing separate guidance for suppliers on this.

ECO4 measures

For the full details, please [click here](#).

- EFG minimum target increased to 150,000 private tenure homes, pushing greater delivery to homes needing the most improvements and attracting higher scores.
- Solid wall minimum target of 90,000 solid wall measures over the four year scheme.
- A broken boiler and electric storage heating (ESH) replacement cap for efficient heating to 5,000 per year. Inefficient heating systems upgraded with efficient heating will not be subject to a cap. Repairs will be capped at 5,000 homes per year, subject to certain conditions.
- There will be 2 uplifts for innovation so that improvements can be rewarded and differentiated between relative and substantial improvements against standard counterparts available in the market. Demonstration actions will be removed.

Transition to ECO4

- ECO3T will run from 1 April - 30 June 2022 but suppliers can also deliver ECO4 early
- During ECO3T, measures may be installed to ECO3 rules, subject to certain exclusions
- 10% of ECO3 delivery may be carried over into ECO4 subject to certain exclusions
- Carry-under will not be implemented
- Early delivery of ECO4 measures during any gap between ECO regulations will be allowed

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