

Welcome to Your ECO4 Partner Update

The government's ECO4 consultation response explained

The government has published its long-anticipated response to the Energy Company Obligation; ECO4 2022-2026 consultation, along with a Final Impact Assessment.

Together, they detail what the latest stage of the ECO scheme - ECO4 - will look like in practice, the key changes that are being introduced and what will happen in the interim period before ECO4 gets underway. Both documents are available to view by [clicking here](#).

While we think it is important that all ECO installers take the time to read through these documents, we have pulled together an overview of the main points here.

The Anesco ECO team will also be running a series of free webinars for installers and sharing further updates, for example around scoring and other Ofgem documents, as and when more information is available.

What happens in the interim period?

ECO4 will officially get underway from 1st July 2022 and during the interim period, ECO3T will be in place.

ECO3T is based on ECO3 rules, with some heating measures excluded. Interim measures will use ECO3 scores that will convert into annual bill saving and count for up to 10% of the ECO4 obligation.

Due to the data match services being updated as of the 1st April, installers will not be able to provide new data matches to prove eligibility. ECO3 data matches (done before 31st March) can still be accepted along with benefit letters.

Join our
approved
network

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](#).**

PRS

Under ECO4, only properties with an EPC rating of E, F or G will be eligible and only if they require one of the mandatory measures, which includes solid wall insulation, first-time central heating, a renewable heating system or district heating.

Social Housing

Band E, F and G rated properties will be eligible for insulation, first-time central heating, renewables and district heating. Band D properties will only qualify if an innovation measure is included.

First-time central heating will be subject to the heating hierarchy and all properties must meet the minimum requirements.

LA Flex

Under ECO4, this will be 50% of the scheme. The criteria will change to make sure Flex is targeting low income homes. New statements of intent will have to be written up to make sure they align with the new requirements and suppliers will need to verify them. A process to verify LA declarations has also been agreed.

"Suppliers will need to verify that declarations they have accepted are genuine. To improve assurance and facilitate validation, Ofgem will introduce and create a new mechanism enabling LAs and the devolved administrations to notify Ofgem with the declaration number, household address and the route the household has been matched under, for each household referred. This will enable Ofgem to match the LA or DAs issued declarations with the notified declarations they receive from suppliers."

ECO4 early delivery

The utility companies can go early with ECO4 but due to a delay in Ofgem publishing the ECO4 deemed scores, it is unlikely this will happen in April.

ECO4 early delivery will be submitted to the utilities as usual but the Ofgem notification deadline is the month after the official ECO4 order comes into force. ECO4 measures can only be lodged with Trustmark from 1 July but they would still be recorded against month of measure completion.

Eligibility criteria changes

Those receiving none means tested benefits, such as disability benefits, will no longer be eligible. However, Housing Benefit and Pension Credit Savings Credit will be added to match with Universal Credits. Child Benefit income caps have also been increased.

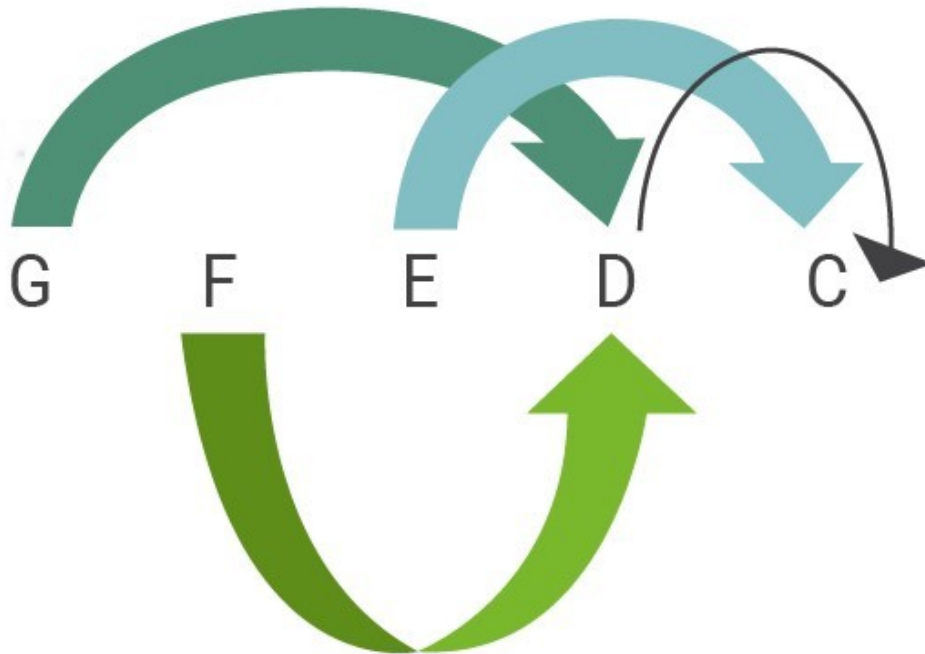
Minimum Requirements (MR) is well established but we have to also note: All D rated properties receiving heating measures (other than first-time central heating) must first have primary insulation measures (loft insulation not included).

FTCH will still be subject to wall and roof requirements. Any property receiving a heating measure must have, or have previously had, the walls and loft insulated as required to meet building regulations.

Join our
approved
network

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](#).**

Minimum requirements



Minimum Requirements will be enforced on all properties. There are some exceptions, for example, if the property is listed or certain insulation measures cannot practically be installed. A table demonstrating the acceptable reasons and evidence required can be found on page 70 of the consultation response.

Heating

- The cap of 5000 efficient boiler replacements and 5000 repairs will be enforced.
- An efficient heating system (broken or not) may be replaced with a renewable heating system, which must of course meet the efficiency of the current system.
- Only ESH with a responsiveness rating of 0.8 or above may be installed.
- Scores will be set at £140 annual bill savings for all broken efficient boiler replacements and £40 annual bill savings for all broken ESH replacements. The same scores apply for repairs, with £140 annual bill savings for all broken efficient boiler repairs and £40 annual bill savings for all broken ESH repairs.
- Boiler Plus standards must be met in line with the country the property is located in. All boilers, regardless of location, must have hydraulic balancing completed. The standards will be updated during ECO4.
- FTCH gas systems can only be fitted to properties that could access the gas network prior to the start of ECO4.

Join our
approved
network

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](#).**

Off gas heating hierarchy

This is the order of consideration for off gas heating.

1. A hydronic heat pump or DHC fuelled by a heat pump;
2. Where it is not reasonably practicable to install one of the above, a solid biomass heating system³⁷ (in rural areas only³⁸) or DHC fuelled by a source other than a heat pump (other than gas, coal, oil and LPG which are excluded fuels);
3. Where it is not reasonably practicable to install any of the above heating measures, broken oil or LPG heating systems may be repaired (subject to the Broken Heating Repair Cap or replacement electric heating may be installed in homes that are already electrically heated. Note, the repair of broken renewable and DHCs and efficient electric heating systems may take place outside the off-gas heating hierarchy rules (subject to the Broken Heating Repair cap
4. Where none of the above heating systems can be installed or repaired, that home would remain eligible for insulation. Following this, where there are too few ECO eligible measures recommended in the PAS improvement option evaluation (IOE)³⁹ and, where applicable, pre-insulation EPC, these homes would be exempt from the MRs where appropriately evidenced.

Scores

The scores are due to be released soon. These will be set out as 'Partial Scores' that will be awarded to single measures and 'Full Payment Scores' that will be awarded on completion of the full project for that property when the MR has been achieved.

Partial scores will be used for infill measures. If a measure fails technical monitoring a time limit will be set to rectify but failure to do so may result in scores reverting to PPS for all measures installed on that property. All scores will be in annual bill saving rather than lifetime bill savings.

Scores for repairing broken efficient boilers will be the same as the score for repairs - £140 Scores for repairing broken efficient ESH will be the same as the score for repairs - £40. If the replacement heating system is better than the previous system and achieves a SAP score then that would be used instead.

Uplifts

- Rural off gas in Scotland and Wales will receive a 35% uplift.
- There will be a 20% uplift for the smallest property size and 10% uplift for the second smallest. These will most likely be automatically included in the scores.
- The infill process is being simplified and expanded to include CWI for flats and properties on the same street for SWI. The infill properties will only receive Partial Scores and are not subject to the minimum EPC requirements. Flats will have a ratio of 1:1 for SWI, district heating and CWI. Houses will have a ratio of 1:3 for SWI and district heating.
- Repair to broken heating systems will receive an uplift included in the score but repairs are still capped at 5000 per year.
- Innovation measures (IM) will receive an uplift for the PPS of the IM and it will be added to the full property score. More details to follow when scoring is released.
- Building fabric repair (BFR) funds will be available to E, F and G rated owner occupier homes, awarded in 4 categories ranging from £50 to £1500. The recommendation for BFR will be linked to the PAS requirements and details of how to claim and evidence required will follow in further guidance. The BFR is likely to include extraction of defective CWI but more details will follow.

Join our
approved
network

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](#).**