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ECO Funding Workshop
22nd January 2013
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Climate Energy Group

Low Carbon Retrofit	Green Deal Provider & Installer Hub	Renewable Technologies	Funded Schemes
Low Carbon New Build	Consulting	SESPCO Shared Energy Saving Programme	Funding Green Deal CESP/CERT/ECO RHI/FIT Consumer

Knowledge – Delivery – Compliance – Partnerships

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Energy Company Obligation - ECO

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Outputs from today

- Understand ECO
- Recognise potential ECO projects within your stock
- Understand the compliance and supplier guidance requirements for ECO
- Get a view on what funding is available
- Identify a way forward to make your projects a reality

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Agenda



- ECO overview
- ECO legislative framework
- ECO eligibility
- ECO processes
- ECO funding
- ECO next steps



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ECO Overview




- A new Obligation replacing CERT & CESP
- Introduced under the Energy Act 2011
- Intended to work alongside the Green Deal
- Particular focus on vulnerable consumer groups and Hard to Treat (HTT) homes
- Designed to reduce carbon emissions, maintain security of energy supply, and reduce the drivers of fuel poverty
- Will be administered by Ofgem

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Legislative Framework




- Legislation**
 - The Energy Act 2011
 - http://www.legislation.gov.uk/ukpga/2011/16/pdfs/ukpga_20110016_en.pdf
 - The Electricity and Gas (Energy Companies Obligation) Order 2012
 - http://www.legislation.gov.uk/ukdsi/2012/9780111530276/pdfs/ukdsi_9780111530276_en.pdf
- Interim Positions**
 - Open Letters / List of eligible measures and additional information
 - <http://www.ofgem.gov.uk/Sustainability/Environment/ECO/guidance/Pages/index.aspx>
- Documents relevant to standards**
 - PAS 2030:2012 Improving the energy efficiency of existing buildings. Specification for installation process, process management and service provision: this is available for purchase from the BSI website
 - <http://shop.bsigroup.com/en/ProductDetail/?pid=00000000030248249>
 - Building Regulations 2010
 - http://www.legislation.gov.uk/uksi/2010/2214/pdfs/uksi_20102214_en.pdf
 - Reduced Data Standard Assessment Procedure for Energy Rating of Dwellings (2009 Edition, incorporating SAP 2009)
 - http://www.bre.co.uk/filelibrary/SAP/2009/SAP-2009_9-90.pdf
 - Standard Assessment Procedure for Energy Rating of Dwellings (2009 Edition)
 - http://www.bre.co.uk/filelibrary/SAP/2009/SAP-2009_9-90.pdf

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Legislative Framework



- Documents relevant to CSCO**
 - Energy Companies Obligation, Carbon Savings Community Obligation: Rural and Low Income Areas
 - <http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/5536-carbon-saving-community-obligation-rural-and-low-.pdf>
 - Energy Company Obligation: Carbon Saving Community Obligation – Guidance
 - <http://www.decc.gov.uk/assets/decc/11/tackling-climate-change/green-deal/6968-energy-company-obligation-carbon-saving-community.pdf>
 - Mid-2010 Population Estimates for Lower Layer Super Output Areas in England and Wales by Broad Age and Sex (release date 28 September 2011)
 - <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-230902>
 - SMID Datazone Lookup (version 3 published on 6 March 2012)
 - <http://www.scotland.gov.uk/Topics/Statistics/SIMD/SIMDQuickLookup>
- Documents relevant to previous obligations**
 - Carbon Emissions Reduction Target (CERT) Supplier Guidance – Version 3
 - <http://www.ofgem.gov.uk/SUSTAINABILITY/ENVIRONMENT/ENERGYEFF/INFPROJMNNGRS/Pages/InfProMngs.aspx>
 - Community Energy Saving Programme (CESP) Generator and Supplier Guidance
 - <http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/cesp/Pages/cesp.aspx>

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Legislative Framework



The ECO Order

- Places obligations on licensed gas and electricity suppliers that:
 - Have 250,000 Domestic Customers or more
 - Supply more than 400 GWh of electricity or 2,000 GWh of gas to domestic customers in any relevant year
- Obligation split according to market share
- Must be achieved by 31st March 2015

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ECO Obligation Breakdown



The ECO has 3 distinct breakdowns

- Carbon Emissions Reduction Obligation (CERO)
20.9 MtCO₂ (Private & Social)
- Carbon Saving Community Obligation (CSCO)
6.8 MtCO₂ (Private & Social)
- Home Heating Cost Reduction Obligation (HHCRO) £4.2bn (Private)

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ECO CERO & CSCO



For a measure to be a qualifying action under CERO & CSCO it must be a 'recommended measure' either by a Green Deal Assessor (GDA) or a Chartered Surveyor

- GDA's produce a 'Green Deal Report'
- Chartered Surveyors reports must:
 - Identify the premises
 - Specify the measures that are recommended
 - Contain the name and qualifications of the CS
 - Be signed by the CS
- Usually it will be necessary to visit all the premises in a project
- 100% of the recommended measure must be installed

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HHCRO, CERO & CSCO

HTT Cavities



A Hard to Treat Cavity is:

- More than 3 storey's
- In an exposure zone
- Certified as 'not suitable' for standard insulation by a Chartered Surveyor
- Unsuitable construction type
- Partially filled (inner leaf of vertical plane)
- Substantial remedial works required
- Less than 50 mm wide
- Pre-fabricated concrete or steel frame
- Uneven cavity

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CERO



The CERO focuses on **solid** and **hard to treat** (HTT) cavity walls. Other insulation measures and connections to a district heating system are also eligible if they are promoted as part of a package that includes solid wall insulation or hard to treat cavity wall insulation

- *Primary* measures are SWI and HTT CWI
- *Secondary* measures are connections to district heating systems and recommended measures to improve the insulation properties of the premises
- *Secondary* measures must be installed within 6 months of the primary measure and by the same supplier

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CERO

(also applies to HHCRO & CSCO)



Solid Wall Insulation

- Internal or External wall insulation that lowers the U-Value to 0.30 W/m²K or less
- Has a lifetime of 36 years where it is accompanied by a SWIGA or equivalent guarantee
- The supplier must record the age and construction type
- If the building is too tall for a SWIGA guarantee it must be signed off by a clerk of works and Building Control

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CSCO

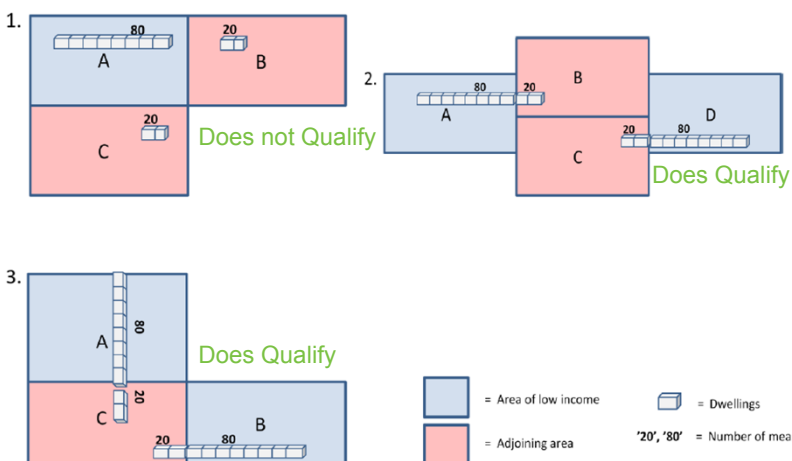


CSCO focuses on the provision of carbon saving measures to domestic energy users that live within an **Area of Low Income** or **Rural Area**

- An Area of Low Income is defined as a 'Lower Layer Super Output Area' in the lowest 15% of the Indices of Multiple Deprivation (income)
- An additional 25% of measures can be installed in adjoining LSOA's
- A Rural Area is defined as a 'settlement of fewer than 10,000 inhabitants (recipients must be in the AWG)

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Adjoining Areas CSCO



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HHCRO



HHCRO focuses on the provision of cost saving measures and improving the ability of a householder to affordably heat their home. HHCRO focuses on **Low Income & Vulnerable** householders in **receipt of specific benefits**

- Members of the Affordable Warmth Group (AWG)
- Live in the same household as a member of the AWG, provided that the action is carried out in that home

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HHCRO



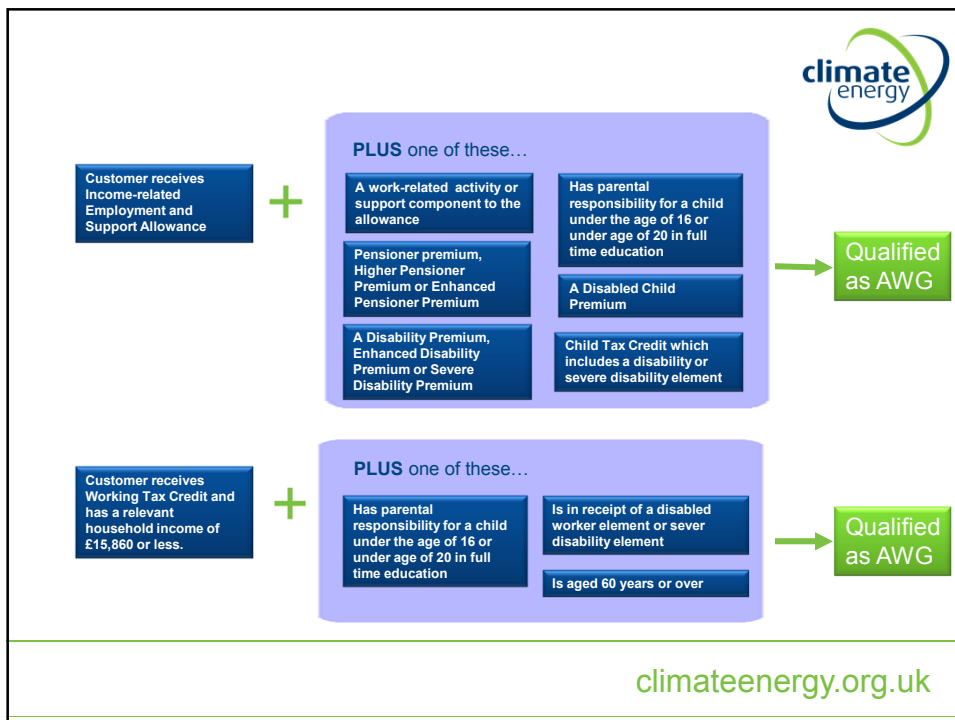
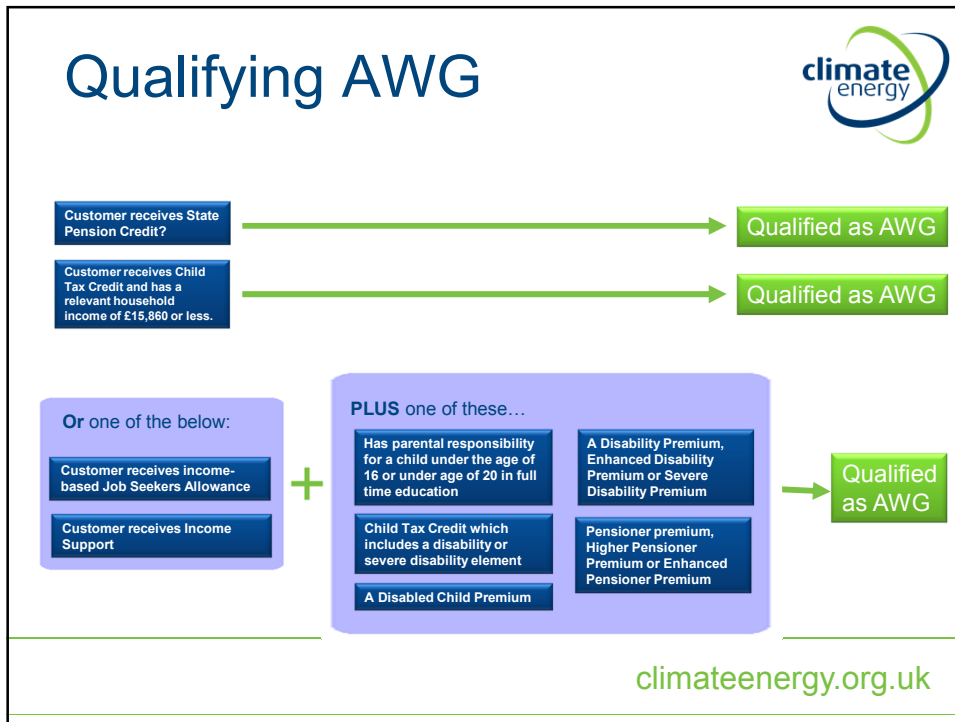
A Householder is defined as

- A Freeholder
- A Leaseholder with 21 years or more of an unexpired leave
- A Tenant (but not an excluded tenant)
- A holder of a license to occupy in an Almshouse that is maintained by a Charity
- A holder of an 'assured agricultural occupancy'
- A Protected Tenant (section 1, part 1 of the Rent Act 1977)

An Excluded Tenant is defined as

- A tenant of 'low cost rental accommodation (section 69 of the Housing & Regeneration Act 2008

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AWG Evidence



Benefit	Document(s) to be produced on audit ⁵⁶
Child Tax Credit	<ul style="list-style-type: none"> Tax Credit Award Notice
Income-related employment and support allowance	Any of the following: <ul style="list-style-type: none"> (i) Where the relevant person has responsibility for a qualifying child or is in receipt of a qualifying component: <ul style="list-style-type: none"> Tax Credit Award Notice; or Benefit entitlement letter where it contains information evidencing parental responsibility for a qualifying child, or receipt of a qualifying component; or (ii) Where the relevant person does not have responsibility for a qualifying child or is not receipt of a qualifying component: <ul style="list-style-type: none"> Benefit entitlement letter containing evidence of receipt of a work-related activity or support component
Income based job-seekers allowance	Any of the following: <ul style="list-style-type: none"> Tax Credit Award Notice; or Benefit entitlement letter where it contains evidence of parental responsibility for a qualifying child, or receipt of a qualifying component
Income support	Any of the following: <ul style="list-style-type: none"> Tax Credit Award Notice; or Benefit entitlement letter where it contains evidence of parental responsibility for a qualifying child, or receipt of a qualifying component;
State pension credit	Any of the following: <ul style="list-style-type: none"> WHD 'Core Group' notice; or Benefit entitlement letter
Working tax credit	<ul style="list-style-type: none"> Tax Credit Award Notice

Must be collected at time of home visit

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ECO Summary - Eligibility




	HHCRO	CSCO	CERO
Value	£350 p/a	£190m p/a	£760m p/a
Target	£1.4bn cost savings	2.2 MtCO ₂	6.97 MtCO ₂
Qualifying Households	Low income and vulnerable households (on benefits)	Homes in low income areas (bottom 15% of LSOAs). 25% can be in adjoining areas. 15% of total to be spent on rural communities (population of <10,000)	All households
Tenure	Private	Private and Social	Private and Social
Link to Green Deal	No GD Assessment or Plan required	GD Assessment required (can be fully financed through ECO without GD Plan)	GD Assessment required

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ECO Summary - Measures



	HHCRO	CSCO	CERO
Cavity Wall – Hard to Treat*	Eligible for ECO 100% funded	Eligible for ECO 100% funded	Eligible for ECO where delivered as part of a package with SWI or HTT CWI
External Wall Insulation*			
Internal Wall Insulation*			
Cavity Wall Insulation*			
Draught Proofing*			
Loft Insulation*			
High Performance External Doors			
Replacement Glazing			
Secondary Glazing			
Flat Roof Insulation			
Under-floor Insulation	Eligible for ECO	Eligible with LI or CWI	
District Heating			
Cylinder Thermostats*	Eligible for ECO 100% funded	Not eligible	
Heating Controls*			
Hot Water Controls*			
Gas-fired Condensing Boilers*			
Hot Water Showers			
Hot Water Taps			
Storage Heaters (Fan Assisted)			
Ground Source Heat Pumps			
Biomass Boilers			
HVAC Controls			
HW Cylinder Insulation	Always eligible for ECO	Not eligible	
Micro CHP			
Micro Wind			
Air Source Heat Pumps			
Oil-fired Condensing Boilers			
Solar Water Heating			
Under-floor Heating			
Water Source Heat Pumps			



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How to put a project together



You will need to know:

- Address with postcode
- Archetype
- Number of bedrooms
- Heating fuel
- Year of construction
- Type of build (traditional, non traditional - Cornish, Wimpey No Fines etc)
- Any planned capital works and approximate costs
- **Make your scheme attractive and viable, ensure that the full project costs are identified – demonstrate efficiency**

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How to put a project together



Cover off the tough stuff

- Planning – speak to your planners early
- Building Control – negotiate ‘type’ approval
- Consultations – Leaseholder if recharge required
- Supply chain – approved products, approved installers
- Mitigate risk

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GDAS



Green Deal Assessments Required for:

- All CERO
- All CSCO

RD SAP Surveys Required for:

- All HHCRO



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Processes



Project Within Scope

- Standard Dwellings
- Standard Measures
- Approved Product
- Delivery within Timeframe
- Funding within Framework
- Agree project delivery plan
- Notify Funder
- Commence Project
- Deliver Project
- Monitor & Evaluate
- Report



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Processes



Project Outside of Scope

- Non - Standard Dwellings
- Non - Standard Measures
- Approved Product
- Delivery within Timeframe
- Funding outside of Framework
- Negotiate with Funder & Gain Approval

- Commence Project
- Deliver Project
- Monitor & Evaluate
- Report



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Processes



- All CERO & CSCO must have GD EPC
- Installers must be PAS 2030 Compliant
- Installers must be Green Deal Installers (Registered with the ORB)
- Technical & QA monitoring
- Warrantees
- Products must be compliant
- Completion Certificates
- Evidence of householder eligibility



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Funding




- Tendered under OJEU
- Framework Contract until 2015
- Funding at measure level, not Carbon points – you know what you are getting
- Most 'standard' measures can be fully funded - Excludes
 - Building Control
 - Planning
 - Some Project costs & prelims
- Non Standard projects can be submitted for consideration



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Funding




- CERO or CSCO Project
- EWI & Loft
 - 50 2 bed Mid Terrace
 - 50 3 bed Mid Terrace
 - 15 2 bed End Terrace
 - 15 3 bed End Terrace
 - 50 2 bed Semi
 - 20 3 bed Semi
- Depending on supply costs should achieve 90% + of cost

**Funding Available
£1,086,800**

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Funding



- CERO
 - All Homes (Private & Social)
 - Mainly SWI & HTT Cavities
 - Must have Green Deal Assessment
- Our funding should cover installation cost of EWI & Loft
 - 2 Bed MTH = £4,731
 - 3 Bed SH = £7,096
 - 2 Bed SB = £4,482
 - All funding is subject to efficiency

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Funding



- HHCRO Project
 - EWI (3 Bed Semi = £6,840)
 - Heating (Replacement Heating £2,055)

- Householder Engagement & GDA
- Home Visits
- Surveys
- Compliance & Management
- Supply Chain & Warrantees

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Funding



- CERO HTT Project
 - HTT Polybead (3 Bed Semi = £748)
 - HTT Foam (3 Bed Semi = £2,950)

- High Rise – priced on a project by project basis
- Householder Engagement & GDA
- Home Visit
- Survey
- Compliance & Management
- Supply Chain & Warrantees

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Next Steps



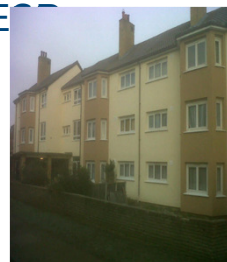
- We are looking for Early Adopter projects
- 200+ dwellings CERO/CSCO
 - No project Management or CDM fees – limited period
- Targeted HHCRO projects
 - Landlords
 - Community Groups
 - Benefits Data
- We can price your scheme now
- We can start your scheme within six weeks

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What to look for in an ECO partner?



- Access to funding
- Learning from CERT, SHESP & CEPT
- Compliance
- Project Management
- Supply Chain
- Householder Engagement
- Bespoke programmes
- Externally Verified



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Thank You

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