



## **About this consultation**

The Department for Business, Energy, and Industrial Strategy (BEIS) has proposed an extension to

## Introduction

access for particular consumers are identified. This is particularly important given the sweeping reforms proposed to the scoring methodology and the scope for gaming this new system.

The Government must set out the legislation necessary for the delivery of ECO4 as soon as possible. We  
BEIS risks creating substantial disruption to scheme delivery.

Overall, we welcome the extension and reform of ECO4 through to 2026. The proposed reforms should serve to support the goals of the Energy White Paper and improve energy efficiency in older homes. Our responses to the consultation questions reflect our concern that certain aspects of the proposals need to better account for the issues faced by older consumers. Our proposed alterations are intended to improve accessibility and ultimately the level of support provided for vulnerable and fuel poor older people, and we hope that BEIS will consider our recommendations carefully.

We are concerned that passing costs onto gas could create an additional financial burden for fuel poor or low-

affecting the distribution of the buy-out money, who will administer it and whether this will result in the same or better efficiency of rollout for ECO measures.

**Question 8: Do you agree that all suppliers should be able to use the buy-out mechanism using a sliding scale approach?**

Without seeing full details of the proposals it is not possible to answer this question. BEIS should publish these as soon as possible. However, should the buy-out policy address our concerns around implementation, then a sliding scale would seem a sensible approach in cases where it has not been possible for a supplier to fully utilise their ECO spend on energy efficiency measures. If this approach is implemented, we recommend that BEIS and Ofgem monitor the level of access to the buy-out option by suppliers and produce regular reports on its use. This will make it easier to ensure compliance with the proposed thresholds and for external organisations to assess the impact of the policy on the implementation of efficiency measures.

**Question 9: If a sliding scale was used, do you agree that the proposed potential buy-out caps above are set at the right level?**

We agree with this approach subject to satisfactory proposals within the buy-out consultation which address our concerns with implementation, as outlined above.

**Question 10: Do you think that very small suppliers with; (a) 1,000 customer accounts or below, regardless of their supply volumes, should not be obligated (option 1 in table 4); OR (b) do you think suppliers with less than 5,000 customer accounts, with supply volumes of 66GWh gas and 18 GWh electricity should not be obligated (Option 2 in table 4)?**

We support option 1 in table 4 (option a) as it will make the scheme simpler, standardise its customer thresholds with the new thresholds proposed for the WHD, and is likely to marginally increase the number of customers who are supported by ECO. However, to address the issues of low supply volume for some suppliers, we would also support a compromise solution whereby option 1 has a proportionate supply volume component.

**Question 11: Do you agree that (a) an approach using published prices reported by suppliers on ECO delivery and administration costs would be appropriate to set the buy-out price on an annual basis ahead of the buy-out approaches.**

We agree with the approach outlined in option a.

**Question 12: Do you agree that suppliers should decide on whether to buy-out or not during**

We agree with this approach.









There is a difficult balance between ensuring that the resources of ECO4 are well targeted to low-income households whilst ensuring that enough flexibility is provided in the scheme to make it adaptable to local needs. Local authorities and suppliers are often in a better place to assess the circumstances of those who would benefit most from ECO support. For a supplier this may be identifying pre-payment meter (PPM) customers who are regularly self-disconnecting. We support the inclusion of greater funding for the LA and Supplier Flex as well as the proposed due diligence checks.

However, we reinforce the need for the LA and Supplier Flex audits conducted by Ofgem to be transparent, accessible, and published soon after the end of a scheme year to ensure appropriate evaluation of ECO referrals. G

statistics it is very difficult for Age UK to scrutinise the effective implementation and impact of LA and Supplier Flex measures for older people living in fuel poor households. At present, the  
at local authority level. This

**Referral route two:** This referral route is a welcome addition but if a household is in a Lower Layer Super Output Area (LSOA) 1-3 and has been identified as having someone who is vulnerable to living in a cold home then these criteria should be sufficient to qualify for route two. Householders should not also have to qualify through a third eligibility criteria.

**Referral route three:** Age UK welcomes the addition of referral route three but proposes several changes. The limitations of the NHS referral route are that it requires someone to present to the NHS and have an NHS member of staff recognise their need and make the referral. Whilst this may be sufficient in many cases, we would encourage training, support and resources be provided to NHS staff to assist in identification of those who are eligible. We also encourage a degree of flexibility and clinician discretion in this referral route. Whilst we agree with and welcome the broad range of health conditions included within the proposed eligibility criteria, we support

request a more detailed consultation on this proposed referral route which would outline who would be eligible to refer people in.

**Question 30: Do you agree that obligated energy suppliers should (a) be able to use their own data on households in fuel debt, or PPM self-disconnections to target low income and vulnerable householders; and (b) households would be eligible if they meet the 2-proxy requirements, using suppliers own customer debt or PPM self-disconnections data under LA & Supplier Flex route 2?**

We agree with this approach.

**Question 33: Do you agree if a measure is funded under ECO, then other grant funded schemes should be prohibited from blending with the same measure under ECO?**

We argue that when a specific measure is significantly expensive and cannot be covered by a single scheme alone (either because the totality of measures have reached the single scheme cap or the single measure is more than the cap) funding from multiple schemes should be permitted. Given the renewed push for supporting the installation of heat pumps, and the high cost of installation, it would be better to be able to combine funding sources such as ECO, Clean Heat Grant (CHG) and Home Upgrade Grant (HUG) to fund measures that could not be fully funded by one scheme alone. This should be reserved for those on the lowest income for whom expensive energy saving measures, such as heat pumps, would not be an option unless the full cost, or the majority, is covered by government schemes.

We therefore recommend a slightly more flexible approach when it comes to significantly expensive measures such as heat pumps. This is particularly important given the changing nature

Building Strategy are yet to be released.

**Question 34: Do you agree homes could benefit from multiple funding if (a) it is not for the same measure; and (b) if other grant funded measures are installed either before ECO4 or after all the ECO4 measures?**

We agree with this approach in general, except we would like to add the exception outlined in our answer to question 33 (i.e. when a specific measure is significantly expensive and cannot be covered by a single scheme alone



poverty and energy efficiency targets by 2025 and 2030. 420,000 fuel poor households live in solid wall properties rated EPC E, F and G. All of these properties will need to get support in order to meet the existing target of all fuel poor homes reaching EPC band D by 2025. Whilst ECO will not be the only support scheme available, it is likely to be the largest. Without setting a higher ambition for solid wall insulation this energy efficiency target is unlikely to be met, negatively impacting upon the more ambitious 2030 band C target for fuel poor households. Age UK therefore supports an increase in the Solid Wall Minimum Requirement to at least 70,000 per year.

**Question 42: Do you agree with our proposal to introduce the proposed minimum insulation preconditions for all homes receiving heating measures?**

We agree with this proposal.

**Question 43: Do you agree with our proposal to exclude the repair and replacement of oil and LPG heating?**

This is only an acceptable approach if ECO4 can guarantee replacement of these oil and LPG systems with a suitable alternative. If no alternative can be provided or the consumer refuses replacement measures, then priority should be given to maintaining the consumers access to heating above all other concerns. To minimise the risk of consumers being left without heating, in cases where a heat pump or other alternative is not viable then a gas network connection should be provided to allow access to a gas system.

**Question 44: Do you agree with our proposal to only allow the repair of efficient heating up to a cap of 5,000 homes per year?**

If consumers have alternative support in place via ECO4 (such as heating replacements) then we can support this approach as an initial measure, as it will allow BEIS to monitor gaming risks. However, we would ask BEIS to make an assessment after the first scheme year as to the efficacy of the cap and commit to lifting the cap if gaming risks are minimal.

**Question 45: Do you agree with our proposal to reduce the Broken Heating Cap for broken efficient heating replacements up to 5,000 homes per year?**

It is positive to see that inefficient heating systems are excluded 5(ne)fJETQq0 0 0 1 56.66a6eW\*nBT/F4 st







**Question 57: Do you agree with our proposed approach for allowing exemptions to the minimum requirements? If you propose additional exemptions, please suggest how they could be evidenced.**

BEIS has proposed that where consumer preference would mean a minimum requirement (MR) is not met, the consumer can only reject or accept the whole package of measures. Whilst this makes sense in principle, in practice it produces a rigid approach to the ECO4 rollout which does not adapt to consumer needs. In limited circumstances consumers may have reservations regarding specific measures. This may be based on a concern regarding the lack of local installers or maintenance providers to service equipment (e.g. heat pumps) or because of the distress or anxiety the installation of some measures may cause (as seen in some cases during the smart meter rollout<sup>15</sup>). The proposed approach could result in some people not engaging with the scheme. At a minimum, contingency measures should be put in place so that consumers who refuse ECO efficiency installations can be supported through other schemes.

**Question 58: Do you agree with our proposal to use deflated partial project scores for**

**Question 64: Do you agree that we should continue to require measure lifetimes through**

Whilst we understand that a three-month window will give installers the time and scope to install a range of measures, we encourage BEIS to seek methods of further reducing this window wherever possible. We request that BEIS and Ofgem emphasise that 3 months is the maximum window and that installers should aim to complete projects more quickly than this wherever possible. This is particularly important in the winter months.

**Question 81: Do you agree with our proposal to allow an extension of three months to be permitted by Ofgem in certain circumstances?**

**Question 89: Should the guarantee durations for loft insulation and boilers be increased and to what duration?**

We strongly agree with increases in the length of guarantee provided for loft insulation and boilers as this will provide additional support for consumers. We support extensions to boiler guarantees -year standard. Whilst extensions may present technical issues, they will also provide much needed reassurance for older consumers and will increase confidence in the installation process. Recent consumer research has shown that certain brands can provide a far more reliable boiler with fewer faults six or more years after installation<sup>18</sup>. We

encourage a tailored approach to consumer advice based on household needs, particularly for vulnerable consumers.

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<sup>1</sup> DWP, 2020. *Income-related benefits: estimates of take-up: financial year 2018 to 2019*. Department for Work and Pensions. [Online]. Available at: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2018-to-2019> [Accessed 19/07/21].

<sup>2</sup> BEIS, 2021. *Warm Home Discount: Better targeted support from 2022*. Department for Business, Energy and Industrial Strategy. [Online]. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/997206/warm-home-discount-reform.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/997206/warm-home-discount-reform.pdf). Accessed 28/06/21.

<sup>3</sup> ONS, 2019. *Excess winter mortality in England and Wales: 2018 to 2019 (provisional) and 2017 to 2018 (final)*. Office for National Statistics. [Online]. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excesswintermortalityinenglandandwales/2018to2019provisionaland2017to2018final#excess-winter-mortality-by-sex-and-age>. [Accessed 29/07/21].

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<sup>4</sup> Burgess, G. and Muir, K., 2018. The Increase in Multigenerational Households in the UK: The Motivations for and Experiences of Multigenerational Living. *Housing, Theory and Society*. 37(3). pp322-338.

<sup>5</sup> BEIS, 2021. Annual Fuel Poverty Statistics in England, 2021 (2019 data). Department for Business, Energy and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2021>. [Accessed 05/08/21].

<sup>6</sup> BEIS, 2021. Annual Fuel Poverty Statistics in England, 2021 (2019 data). Department for Business, Energy and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2021>. [Accessed 05/08/21].

<sup>7</sup> BEIS, 2021. *Household Energy Efficiency Statistics, headline release July 2021*. Department for Business, Energy and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/household-energy-efficiency-statistics-headline-release-july->

