Action for Warm Homes

CONSULTATION RESPONSE

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National Energy Action (NEA) response to BEIS ECO 4 Consultation

About National Energy Action (NEA)

NEA[1] works across England, Wales and Northern Ireland to ensure that everyone in the United Kingdom can afford to live in a warm, safe home[2]. To achieve this vital mission, NEA provides access to energy and debt advice, delivers training, supports local and national energy efficiency policies and co-ordinates wider services which can help change lives. Our key partners across the UK nations include local and national governments, regulators, industry and the third sector to deliver practical support to improve the quality of life for those in or at risk of fuel poverty.

While NEA itself does not currently deliver the Energy Company Obligation (ECO) our membership consists of businesses with an active interest in the domestic energy efficiency market. These key players include energy supply companies, scheme managers, consultants, boiler manufacturers, insulation and central heating installers and component suppliers, land developers and manufacturers of renewable technology products. Whilst the views expressed our NEA's, our response tries to combine our own in-house expert knowledge of fuel poverty with practical insights gained from our membership from their direct delivery of the ECO scheme. During the consultation period, NEA held a workshop with our supporters and has also engaged wider stakeholders such as Community Energy England and our sister organisation, Energy Action Scotland (EAS), to align our views where possible.

Background to this response

Too many vulnerable people across the UK are still at risk of needless death due to a cold home.

Over the last five winters, we estimate the number of excess winter deaths in the UK due to a cold home is approximately 10,000 per year[3]. In 2017/18, the number of excess winter deaths (EWDs) across England and Wales exceeded 50,000, the highest recorded for over 40 years[4]. While the causes of EWDs vary each year[5], we estimate one of the largest contributors to these needless deaths is vulnerable people, often struggling with existing ill-health, being unable to heat their homes adequately, if at all[6].

As well as an unacceptably high number of preventable winter deaths, over the course of the last two years, there has been a clear overlap between the impact of cold homes and Covid-19,

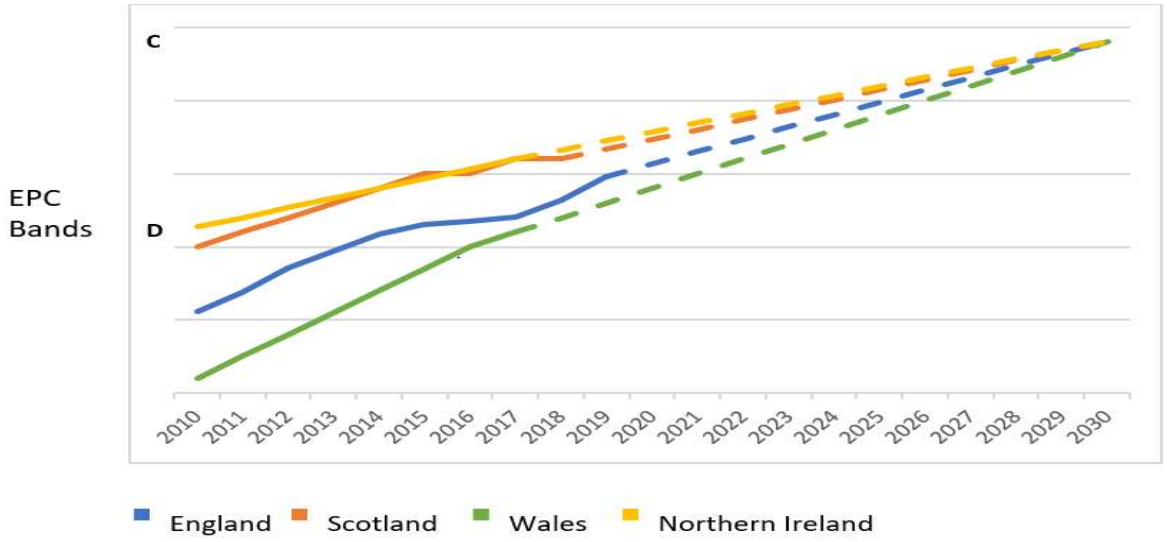
exacerbating the trend of millions of people struggling to afford to adequately heat and power their homes[7]. In addition, following the recent announcement by Ofgem of the biggest ever increase to the energy price cap, over 15 million domestic customers across Great Britain will shortly see a surge in energy prices. This is at the same time as millions of people will see a reduction in their incomes, as the uplifts to Universal Credit are likely to be withdrawn[8]. As well as badly damaging physical and mental health, NEA has warned this 'toxic' combination of higher prices and reduced incomes could lead to a surge in utility debt[9] which is already badly exacerbated by energy inefficient homes[10].

The resulting impact on health services is acute; costing the NHS in England alone between £1.4bn and £2bn every year with the total costs to society at £18.6 billion, even before Covid-19 is considered[11]. As well as acute financial pressures, cold related morbidity places unwelcome strain on our stretched health and social care staff. Conversely, Public Health Wales (PHW) have recently noted[12] that for every £1 spent on improving warmth in vulnerable households, this results in £4 of health benefits, and there could be close to 40% fewer hospital admissions for some cold related illnesses in those with upgraded homes. They also note for every £1 spent on housing adaptations prior to hospital discharge results in £7.50 of cost savings for health and social care services.

In England, since 2010, the proportion of households in fuel poverty and living the least efficient homes has reduced, as has the aggregate fuel poverty gap. The key reason for the reduction in fuel poor households has been improvements in domestic energy efficiency levels. This progress is to be warmly welcomed but for too many households, a low level of energy efficiency is still making a big impact on whether they can afford to live in a warm, safe home.

680,000 fuel poor homes in England lived in the least efficient homes in 2019 and over 3 million fuel poor households need to be prioritised for retrofits if the goal to meet net zero is to be met at the same time as statutory fuel poverty targets[13]. In Wales and Scotland, the number of fuel poor households living in the least efficient homes is even greater; more than 80% of fuel poor households in Wales live in inefficient homes and over 70% in Scotland.

The good news is that average annual saving for bringing a home up to a reasonable level of energy efficiency is potentially life-changing, cutting bills by over £300 every year and over a £1,000 for the poorest households in the least efficient homes. By focusing early efforts on the 'worst first' these significant savings also accrue over a longer-time period, at the same time as taking early action to significantly reduce carbon emissions, generate jobs, and economic growth. A recent study found for every £1 invested in energy efficiency by government could return £3.20 in increased GDP and £1.25 in tax revenues[14]. Cambridge Econometrics also concluded that a national retrofit programme would result in a 26% reduction in imports of natural gas in 2030, worth £2.7bn a year.



Graph showing progress that needs to be made to reach an average EPC Band C (74 SAP rating) across UK nations by 2030.

Summary of our Response

Alongside other key programmes[15], the GB wide Energy Company Obligation (ECO) has a significantly positive impact on making energy more affordable for households that are struggling to pay their bills. Since ECO began in January 2013 it has contributed to the installation of more than 1.5 million measures, saving low-income households more than £16bn, over the lifetime of the measures on their energy bills. NEA has therefore called for and welcomed the extension and expansion of the ECO scheme until at least April 2026. In addition, NEA fully supports and welcomes the consultations continued, critical focus on low income and vulnerable households and greater support for deeper retrofits for the least energy efficient homes. As noted above, by focusing efforts on the 'worst first', significant savings accrue over a longer-time period for the poorest households, at the same time as reducing carbon emissions, improving air quality, generating jobs and creating economic growth. There are however some vital areas where NEA have positive proposals to improve the scheme further. NEA hopes that BEIS will consider our proposals in the following key areas:

1. Prohibit household contributions
2. Set an adequate solid wall minimum
3. Ensure homes off the gas grid receive appropriate support
4. Reduce a gap in provision for advice
5. Reduce the risk of a downturn in energy efficiency delivery

These key issues are explored below and are also referenced in our response to the relevant questions.

1. Prohibiting household contributions

NEA - alongside other key advice agencies such as Centre for Sustainable Energy (CSE) and Citizen Advice and others - believe that household contributions exclude the poorest households from a scheme they are already paying for through their energy bills. As noted with our previous ECO3 response, the unsuitability of household contributions was also a key observation of the

National Audit Office (NAO)'s 2016 investigation into the Green Deal and ECO[16]. The people that are eligible for ECO are some of the poorest households in GB. Households that qualify for the scheme are generally in receipt of means tested benefits, or are judged to be living in fuel poverty, or at risk of fuel poverty, by a local authority. Fuel poor households have an income below 60% of the median, which is approximately £17,940[17], putting them in the third decile of income or below the 25th percentile of all earners whilst 50% of households in the lowest decile live in fuel poverty[18]. During the pandemic, household savings have also declined for the poorest households. According the ONS, 51.4% of households earning less than £10,000 cannot afford to pay an unexpected expense of £850 (as illustrated in the diagram below[19]).

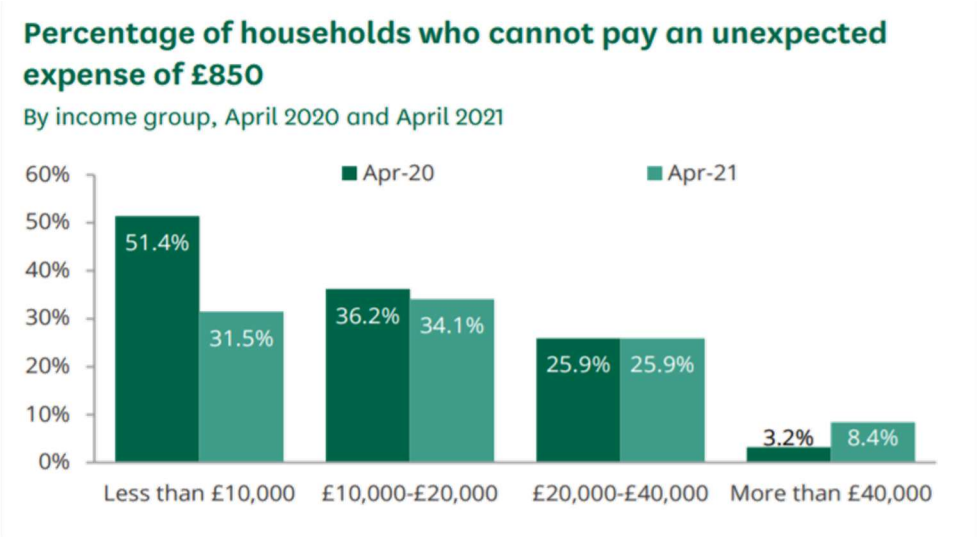


Table showing the impact of the pandemic on disposable income - House of Commons Library. 2021

As in ECO 3, the Impact Assessment[20] published alongside the ECO 4 consultation says that "The modelling assumes households, local authorities or devolved administrations do not need to contribute toward the installation of measures (although in some cases a contribution will be required – such as for landlords)". However, NEA continues to see evidence in the ECO 3 scheme that this is far from the case. In our view it is likely that household contributions will continue within ECO 4, unless BEIS explicitly prohibit contributions in the related ECO 4 regulations and Ofgem underline this in their updated guidance.

As with recent energy efficiency schemes such as Local Authority Delivery (LAD) and Home Upgrade Grant (HUG), NEA believes prohibiting contributions is proportionate and would vastly improve the accessibility and simplicity of the 'offer' for the people these policies are there to serve. As well as obligated suppliers policing their own activities and ensuring they and their delivery contractors (or sub-contractors) uphold this new regulatory requirement, a prohibition would be backed up by ensuring the sign off process captured whether a household was requested or provided any of their own funds to take part in the scheme. This household declaration would in turn be verified by Ofgem or the relevant PAS certification bodies by piggybacking any existing technical auditing regime to investigate the accuracy of the household contribution declaration.

If strong evidence is found that an obligated supplier, their delivery contractors or sub-contractors have sought or extracted a contribution (against the clear requirements set out in the new regulations and guidance), a suitable fine, delivery penalty and/or removal of PAS accreditation should follow for all culpable parties. If the Government fails to provide these key safeguards, as a

minimum, any requirement to make household contributions must be monitored rigorously within the first year of ECO4. If evidence is found that contributions are being sought or made, this should result in an inflight increase to the size of the ECO obligation.

2. Set an adequate solid wall minimum

NEA recommends that the solid wall minimum for ECO 4 should be significantly enhanced.

Across the UK, over 90% of homes with solid walls still need to be insulated to meet fuel poverty commitments at the same time as delivering net zero. Just in England, over a million fuel poor households live in solid wall properties with no insulation. This equates to more than 40% of all fuel poor households. More than two thirds of households that live in the deepest fuel poverty also live in a solid wall home. The average fuel poverty gap for households living in uninsulated solid wall homes is £291, meaning that they are currently spending, on average, hundreds of pounds more a year on energy than they can reasonably afford. Solid wall properties are often the worst performing properties. Of the 167,000 fuel poor households with an EPC of F or G, who need to spend more than a thousand pounds more than a non-fuel poor home to keep warm in winter, 109,000 live in a solid wall property. Despite this, within ECO 3, the solid wall minimum was set at just 17,000 per year[21]. Based on this rate, it would take over 40 years to meet fuel poverty commitments at the same time as delivering net zero.

The consultation currently proposes that the SWM for ECO 4 is increased to 22,000 per year. This increase of 5,000 equivalent measures per year when compared to ECO 3 is welcome (as is the removal of the related flexibility mechanism) but is still far too small. To meet the statutory fuel poverty target, all solid wall fuel poor households must reach EPC C by 2030. During the lifetime of ECO 4, there is also a key milestone for all fuel poor homes to reach EPC D by 2025. In terms of solid wall homes, this means that between 2022 and 2025, the 420,000 fuel poor households living in solid wall properties rated EPC E/F/G must receive support for the milestone to be met.

While NEA hopes that other funding streams for upgrading the energy efficiency of homes are likely to be maintained and expanded during that period, the new funding envelope for ECO 4 will likely make up most of the funding for energy efficiency measures over the obligation period. Based on the generous assumption that 50% of solid wall homes will need to be treated within ECO 4, this means that in the first 3 years of the scheme, 210,000 solid wall households will need to be treated within ECO to reach the fuel poverty milestone. There are also an additional 982,000 solid wall fuel poor homes currently at EPC D that will need to be upgraded to EPC C by 2030 just in England. NEA therefore recommends that the solid wall minimum be set at 70,000 per year[22].

3. Ensure that homes off the gas grid receive adequate support

Off gas households are more likely to be in severe fuel poverty because they often heat their homes with potentially more expensive and polluting fuels. Fuel poor households off the gas grid currently experience, on average, excess fuel costs of £480 per year, almost triple the average fuel poverty gap of the on-gas fuel poor (£162). Given the consultation proposes to remove the current ‘rural ring-fence’ within ECO3 and there is currently little certainty that the HUG grant will continue or be adequately resourced to meet the UK Government’s manifesto commitments, NEA hopes that BEIS’s final proposals will ensure that homes off the gas grid receive adequate support within ECO4.

In Great Britain, the Gas Distribution Networks (GDNs) have a Social Obligation to connect fuel poor households to their network at a subsidised cost. These connections are delivered by the GDNs in partnership with other organisations to help tackle fuel poverty by supporting off-grid, fuel poor households to connect to the gas network. Whilst there been speculation that some levies on electricity may be switched to gas in future, using gas to heat homes is currently often cheaper than using other fuel types, helping to alleviate the impacts of fuel poverty and making warmth more affordable for some of the poorest households.

NEA's own analysis suggests that to date, First Time Central Heating (FTCH) installed alongside an FPNES connection has delivered positive outcomes for some of the most vulnerable households, as well as for the environment. Since the FPNES scheme began, the following positive impacts have been generated:

- An equivalent carbon saving of more than 1 tonne of carbon dioxide per household receiving an FPNES connection per year. This equates to an average saving of 88,000 Tonnes CO2e/year saved throughout the scheme.
- More than 88,000 households saving an average of £600 a year in order to keep their properties at a reasonable temperature year-round. This equates to a total saving of more than £50m/year
- Approximately one third of households receiving an FPNES connection are solid wall properties. These homes are often the hardest to reach, and the hardest to treat. FPNES has given these homes an opportunity not just to receive a cheaper source of heating, but also access to advice and energy efficiency measures from support schemes such as ECO alongside the heating measure.
- Approximately 68% of households in receipt of an FPNES connection were in EPC E, F or G before the connection, and that additional measures have saved recipient households more than £14m in lifetime bill savings.
- Approximately 60% of households receiving a gas connection through the scheme had at least one health condition that is exacerbated by being cold at home, and the impacts of these conditions being improved significantly as a result of the scheme.

All GDN's have planned to continue connecting fuel poor households to their network throughout the current price control period, from 2021-2026. These plans have already been agreed with Ofgem, who have provided the necessary funding mechanisms for these connections to be paid for. As part of this agreement, GDNs must ensure that all households receiving a connection are eligible for a scheme that can help fund a central heating system (either ECO, or Nest in Wales, or the Home Energy Efficiency Programmes in Scotland). Additionally, GDNs must ensure that there is an intention on the part of the householder/landlord to install gas fuelled appliances, including first time central heating. GDNs have told us that they mostly rely on funding from ECO to ensure that a home that receives an FPNES connection can also receive a First Time Central Heating installation. The proposals in this consultation will however make it increasingly harder for GDNs to successfully deliver good FPNES outcomes to their most vulnerable customers. NEA also notes that the current planned approach may be inconsistent with public expectations regarding net zero. In recent polling conducted by YouGov, it was found that:

- 60% of households say that it is more important that home heating is made more affordable for the lowest income households, even if it isn't the most environmentally friendly option.

23% say that It is more important that home heating is made environmentally friendly, even if this makes it more expensive for the lowest income households to stay warm at home.

- 37% of households say that support should be provided to low-income households to reduce their heating costs, regardless of the carbon emissions. 34% say support should be provided to low-income households to reduce their heating costs but only if it releases less carbon than their current means of heating.

Despite many members of the public highlighting the relative importance of affordable heating for the lowest income households, NEA recommends that the UK Government allows funding for first time central gas heating systems to be installed as part of ECO 4, only where carbon savings can be achieved. As a minimum, this could be achieved by allowing ECO funding for a hybrid system currently off the gas network. However, first time central heating should also be available for households currently using oil, coal, or LPG to heat their homes. Our analysis suggests an EPC F property that uses an oil boiler emits as much as 3840kg CO2e/year[23]. Converting to natural gas and increasing the energy efficiency of the property to EPC D would result in an estimated gas saving of 1680Kg CO2e/year[24]. That represents a saving of 43% in terms of carbon. It would also represent a saving of more than 87% in terms of NOx. This intervention would therefore have three positive impacts; reducing on-going space heating costs within a cohort where the fuel poverty gap is significant, reducing carbon emissions from some of the most polluting homes and improving air quality. In addition to the condition regarding displacing higher polluting fuels, ECO funding should be permissible if insulation is installed alongside the FTCH to a standard whereby the household's EPC rating increases by two bands[25]. Finally, NEA has investigated the positive impact the FPNES can have on fuel poor household's health and well-being[26]. As a result of our previous work, there have been recent welcome changes to FPNES targeting to include households with certain health conditions living in EPC D homes. ECO 4 should be designed to complement this targeting methodology so that FPNES and ECO 4 can be successfully combined to reach desirable outcomes for those households with a health condition that is impacted by living in a cold home.

4. Reduce a gap in provision for advice

Reaching fuel poverty targets at the same time as net zero will require a much more comprehensive network of advice provision. This is already highly evident within the proposed ECO4 framework given the aim to provide greater support and deeper retrofits for the least energy efficient homes. In this context, NEA welcomes the proposed defined roles of a Retrofit Adviser to help households understand the energy efficiency improvements that can be made to their home, a Retrofit Assessor who carries out technical assessment of property and pre-install SAP assessment and a Retrofit Co-ordinator produces a Medium-Term Improvement Plan (MTIP) based on the information from the assessment and an Improvement Option Evaluation (IOE) which outlines the order in which the measures should be installed. It is crucial that households that are eligible for ECO are made aware of this support and in general ECO assistance.

The advice provider should also be able to offer further advice and support (for example, other low-cost and no-cost measures that could be adopted, local and national grant and discount schemes, or who to contact for further advice or repairs). The advice/advice provider should also be able to offer follow-up visits/helpline for those customers who need further help after the installation process. Where advice of this nature is provided directly the practical results are hugely positive and can amplify the benefits of the technology and maximise the experience of the

initiative/programme. This in turn can have a positive impact on the take up of these schemes amongst friends, family and neighbours etc. NEA also fully supports the requirement to provide advice on the benefits of smart meters and how to request the installation of a smart meter alongside the energy advice requirements required by PAS 2035. This was a recommendation we made in our recent report on maximising the rollout of smart meters, particularly for legacy Pre-pay customers.

Despite these positive steps, NEA continues to be concerned about a lack of general advice provision for communicating the support that is available through ECO in consistent and assessable formats. Whilst there is some information provided on what support ECO provides by energy suppliers, a number of Government-sponsored websites, consumer organisations, statutory bodies and charities etc, NEA believes there is a need to ensure that material is clear and consistent, does not confuse those in need of advice and that support on more complex issues is readily available and suitable for eligible households. As a first step, BEIS should establish the extent to which current sources of information meet the criteria of comprehensive, impartial advice tailored to individual circumstances including the needs of low-income and vulnerable households, those who don't speak English as a first language, those with limited financial capability, limited internet access and where tenure and a landlord's stipulations require onward consent. Without adding costs to the ECO scheme, obligated parties and their suppliers and contractors should be able to provide this information as well as how households can access wider support such as register for priority services, get the best energy tariff, make a meter reading, where to go to maximise their income, contact their supplier to discuss energy debt, benefit from a carbon Monoxide alarm or free gas safety check etc.

5. Reduce the risk of a downturn in energy efficiency delivery

Whilst NEA support the focus on the 'worst first' and greater support for deeper retrofits for the least energy efficient homes, the proposed changes to ECO4 is likely to focus more support on fewer households. To ensure that the number of households helps is kept at a reasonable level, NEA highlights the critical importance of sustaining investment in Home Upgrade Grant (HUG) scheme and Social Housing Decarbonsation Fund (SHDF) within the upcoming Spending Review.

It is also extremely important that legislation is in place to support the scheme in advance of the scheme going live, and that Ofgem guidance is finalised in time to complement this. At the start of ECO 3, the Government failed to ensure that legislation proceeded the start date of the scheme. While the scheme started on 1st October 2018, the corresponding legislation was not made until 12th November 2018. Ofgem guidance was not published until three days later on the 15th November. Although there were provisions to allow installations made during the period that the scheme was live without legislation, the delay caused uncertainty with suppliers. This led to a significant slowdown in installations during the first three months of ECO 3.

In the first quarter, only 16,000 installations were made. This was fewer than half of the installations made at the beginning of ECO 2t, from April to July 2017, and was the worst quarter for energy

efficiency delivery since ECO began in 2013. Not even the impact of the pandemic in Spring 2020 would see installations reach such a low level.

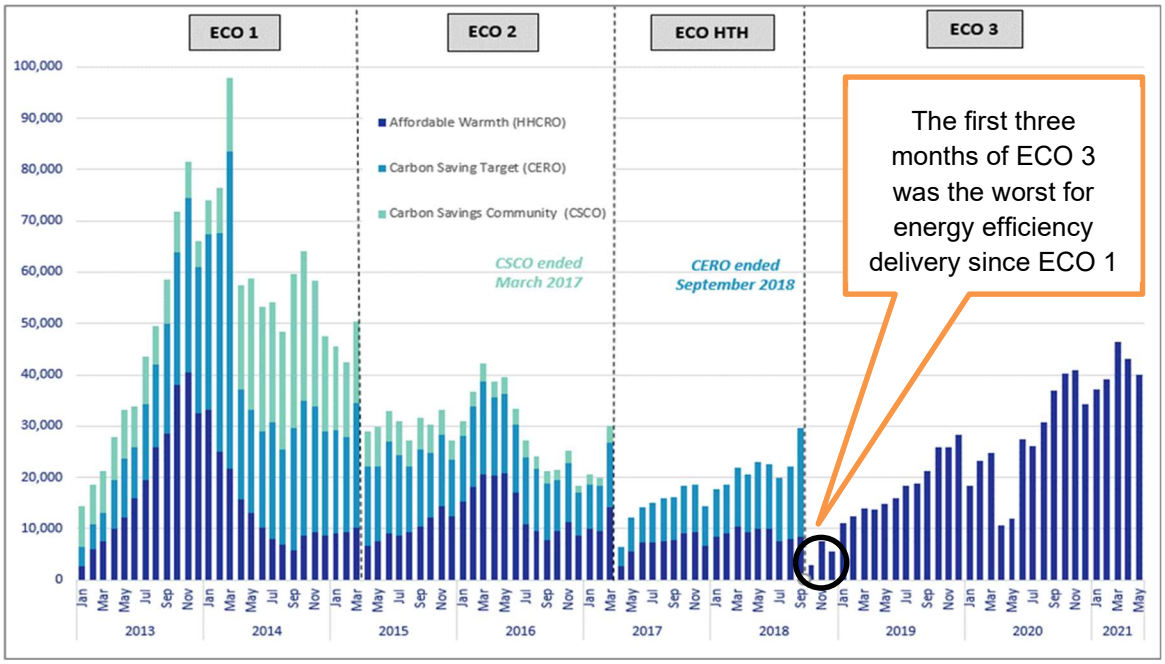


Table showing the reduction in delivery of energy efficiency measures

In order to maintain momentum of energy efficiency installations and to give the best chance of meeting the 2025 fuel poverty milestone, it will not be sufficient to merely make allowances within the legislation for delivery before the legislation takes place. Time and again, we have seen the Government able to prioritise some legislation quickly, whereas in other areas we are told that it will be difficult to prioritise given a squeezed legislative timetable. It would be simply unacceptable for fuel poor households not to be prioritised and for this legislation to be delivered late. NEA therefore recommends that the government prioritises this legislation so that it can be delivered in good time before April 1st 2022.

Response to consultation questions

***Please note that NEA has not responded to every question, please see our responses to relevant questions below*.**

Question 1 – Do you agree with removing the supplier obligation threshold when a buy-out mechanism is introduced and retaining the current thresholds, for when a supplier becomes obligated, in the meantime?

No. NEA has consistently argued that social obligation thresholds should be as low as possible. Therefore, whilst we support lowering thresholds, we would argue that this could be done before the buyout mechanism is introduced. NEA also supports the removal of the threshold so that only suppliers with fewer than 1,000 customer accounts should not be obligated. We also urge the Government to pursue these key activities as soon as possible.

Question 2 – Do you agree with the proposal to reduce the current supplier allowance approach at the start of ECO4, before a buy-out mechanism could be introduced?

Yes. NEA agrees with this proposal.

Question 3 – How feasible would it be for suppliers to pass on a greater share of obligation costs onto gas prices rather than electricity during ECO4 or beyond?

NEA recognises that far greater numbers of households on the gas network have historically been supported under ECO. If the proposals in the consultation remain unchanged, it is also likely even fewer households off the gas network will be supported via ECO4. Whilst this may strengthen the case for a higher share of the obligation costs to be passed onto gas prices rather than electricity, and although the fuel poverty gap is higher for fuel poor households that use electricity to heat their homes, NEA notes a significantly higher number of fuel poor households use gas to heat their homes.

Making gas more expensive for more than 2.5 million fuel poor users could lead to the self-rationing and self-disconnection[27]. NEA estimates that over 1 million domestic energy customers across GB regularly don't have enough money to top up their energy meter and 'self-disconnect'. Last year more than 2 million 'pay as you go' customers with older 'legacy' energy meters were put at needless risk during the pandemic. According to a NEA call for evidence many fuel poor households are therefore adopting unsafe strategies to try and survive winter. This includes many people going to bed early to keep warm. People struggling to heat their homes are also spending their days in heated spaces such as libraries, cafes or even A&E to avoid the cold. This is a clearly undesirable outcome.

In addition, although rebalancing levies from electricity to gas bills may lead to more households looking to electrify their heating to mitigate the extra costs, this is not true of the poorest households, who do not have the upfront capital to respond to these price signals without the full capital costs being paid for. NEA believes that the fairest way to recover these costs is to exempt fuel poor households from paying these costs. NEA feels this would be relatively easy to implement, especially given the powers available through the Digital Economy Act, and mechanisms such as Supplier Flex, which are proposed within this consultation. If the Government do not develop this approach, it is critical that additional costs do not lead to further self-rationing for households on (gas) pre-payment.

Finally, it is important to note that wider targets to reach net zero must not negatively impact on fuel poverty levels across the UK. The UK Government's plans to reach net zero, regulate retail energy markets and increase incomes must work in tandem alongside energy efficiency improvements to support all UK nations to end fuel poverty and achieve a fair and affordable energy transition. Without acting to achieve a fair and affordable energy transition, some approaches to fund decarbonisation programmes simply increase costs for the poorest households.

Question 4 – How feasible would it be for suppliers to recover costs of obligation exclusively from gas customers during ECO4 or beyond?

If the Government choose to recover ECO via gas bills NEA notes the vital importance of ensuring the recovery of costs is based on volume unlike the proposed Green Gas Levy (where all energy users, whether fuel poor, or a large industrial user, are paying the same quantum of costs). This is an unfair cost recovery mechanism, and while the cost per customer in that instance is relatively small, if replicated across different policy areas it would represent a significant affordability challenge for the poorest households, especially those on pre-payment. Currently how energy suppliers collect their policy costs is opaque and the exact method has never been determined. The upcoming BEIS work on affordability must look to investigate these issues and its conclusions set out how the UK Government will ensure net zero is affordable for all.

Question 5 – Do you agree with our proposal of not introducing the new mechanism to protect the ECO target under ECO4 when a supplier ceases to trade, and its obligation target is not met?

No. NEA believes that bringing in more smaller suppliers will mean that the risk of obligated suppliers exiting the market will increase during ECO 3, therefore the Government should take early action to protect the ECO target in such a circumstance. We highlight the current SOLR process places an unnecessary burden onto delivery organisations. Under the current rules, SOLRs do not have to take on the ECO obligation of the supplier who has exited the market. This causes two key areas of detriment:

- For those households who were expecting to receive assistance via ECO from their original supplier, they may not now receive it from their new supplier.
- For any organisation that has a contract to deliver ECO with the original supplier, as this contract does not transfer over to the new supplier. This means that any work that has already done may not be paid for, leaving a potentially significant hole in the delivery organisation's finances.

NEA believes that with the inclusion of smaller suppliers, and the significant financial strain that suppliers are currently under, the risk of an obligated supplier exiting the market will increase in the near future, and so it is much more important to ensure that the SOLR process is fit for purpose. NEA recommends that as part of the SOLR process, that the SOLR must take on the complete obligation, as a mandatory requirement. This issue was also recently noted within NEA's response to the Warm Home Discount scheme.

Question 6 – Do you agree with the proposal to (a) introduce a buy-out mechanism, to enable smaller suppliers to participate under ECO without disproportionate costs to them (subject to primary legislation); and (b) do you agree that the use of buy-out should be optional for all suppliers?

Yes. NEA agrees that a buy-out mechanism should be introduced and that it should be optional.

Question 7 – Do you agree that the buy-out pot should be used to deliver energy efficiency measures?

Yes. NEA strongly agrees with this proposal. The funding allocated to ECO 4 through this consultation must be used to help alleviate fuel poverty in Great Britain, and the best way to do this is through helping fuel poor households improve the energy efficiency of their homes.

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

Yes. NEA agrees with this proposal however we note that there will be a need to ensure the relevant licensee who is buying out of their obligation, notifies their customers alongside where to receive support from their newly obligated supplier.

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)?

Yes. NEA continues to believe that as many suppliers should carry the obligation as is feasible. Therefore, NEA recommends that only suppliers with fewer than 1,000 customer accounts or below should not be obligated.

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 'window'? (b) Please suggest any alternative approaches.

Yes. NEA agrees the costs are proportionate and with this proposal.

Question 12 – Do you agree that suppliers should decide on whether to buy-out or not during a 'decision window' which is prior to the start of the next obligation phase?

Yes. NEA agrees with this proposal.

Question 13 – Do you agree that suppliers can only choose to buy-out their next obligation phase?

Yes. NEA agrees with this proposal.

Question 14 – Do you agree with our proposal to allow up to 10% ECO3 delivery to be carried over into the ECO4 scheme (with the exception of oil and LPG fuelled heating systems)?

Yes. NEA agrees over delivery of oil and LPG fuelled heating systems should not be carried over and we agree with this proposal.

Question 15 – Do you agree with our methodology for converting ECO3 bill savings into ECO4 bill savings?

Yes. NEA agrees with this proposal

Question 16 – Should the ECO3 average cost per £ of lifetime bill savings be taken from the ECO3 Impact Assessment or the published energy efficiency statistics? Please explain your answer

Published energy efficiency statistics. While the IA is a good estimate, the statistics give the best view of actual costs of delivery.

Question 17 – Is carry-under needed to mitigate the risk of suppliers failing to meet their ECO3 obligations?

As of the end of May 2021 (the latest available statistics), energy suppliers were on track to deliver 90% of their obligation, if delivery was achieved on a linear basis throughout the scheme. Therefore, NEA believes that some carry under may be necessary to ensure that overall spending targets are met but it should be very limited. NEA also note that to date, using the latest statistics (i.e., as of May 2021), a total of 42,611 measures have been delivered under the ECO3 SWI sub-obligation to date, which represents estimated lifetime bill savings equivalent to the installation of 34,897 SWI measures and suppliers are currently not on track to meet the SWI minimum, and it seems unlikely that they will surpass the minimum, on average, by the end of the scheme. We would therefore urge the UK Government to consider requiring suppliers to deliver at least 90-95% of their SWI targets before allowing any carry under into ECO 4. This should help create a more momentum into ECO4 for SWI and help suppliers smooth their delivery against the new SWI requirements within the new phase of the scheme.

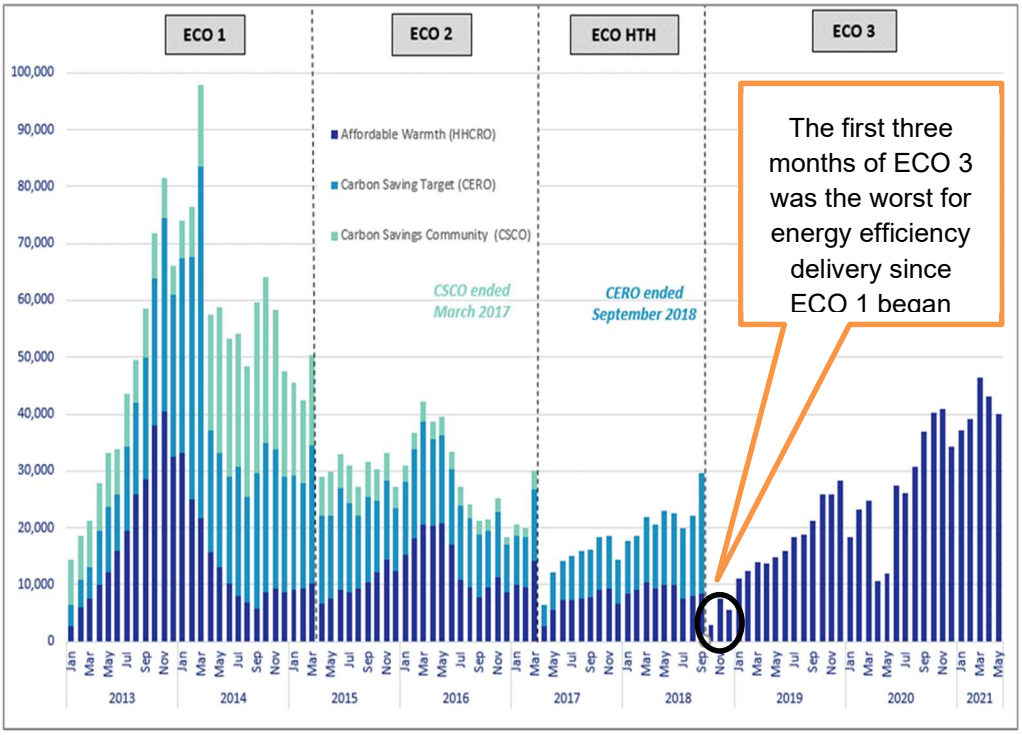
Question 18 – Do you agree with the proposed cap of 10% and penalty rate of a 1.1 multiplier if carry-under is implemented?

See response to question 17 above.

Question 20 – Do you agree with our proposal for early delivery during any potential gap between schemes?

Yes, however, to ensure that the installation of measures maintains a reasonable level of momentum, it is extremely important that legislation is in place to support the scheme in advance of the scheme going live, and that Ofgem guidance is finalised in time to complement this.

At the start of ECO 3, the Government failed to ensure that legislation proceeded the start date of the scheme. While the scheme started on 1st October 2018, the corresponding legislation was not made until 12th November 2018. Ofgem guidance was not published until three days later on the 15th November. Although there were provisions to allow installations made during the period that the scheme was live without legislation, the delay caused uncertainty with suppliers. This led to a significant slowdown in installations during the first three months of ECO 3. In that quarter, only 16,000 installations were made. This was fewer than half of the installations made at the beginning of ECO 2t, from April to July 2017, and was the worst quarter for energy efficiency delivery since ECO began in 2013. Not even the impact of the pandemic in Spring 2020 would see installations reach such a low level.



In order to maintain momentum of energy efficiency installations and to give the best chance of meeting the 2025 fuel poverty milestone, it will not be sufficient to merely make allowances within the legislation for delivery before the legislation takes place. Time and again, we have seen the Government able to prioritise some legislation quickly, whereas in other areas we are told that it will be difficult to prioritise given a squeezed legislative timetable. It would be simply unacceptable for fuel poor households not to be prioritised and for this legislation to be delivered late. NEA therefore recommends that the government prioritises this legislation so that it can be delivered in good time before April 1st 2022. NEA also highlights the critical importance of sustaining investment in Home Upgrade Grant (HUG) scheme and Social Housing Decarbonsation Fund (SHDF) within the upcoming Spending Review.

Question 21 – Do you agree that ECO should target SAP band D, E, F and G homes?

Yes, whilst there is a strong rationale for just focusing on E, F and G homes in the poorest households, we recognise that all fuel poor homes currently at EPC D will need to be upgraded to EPC C by 2030 just in England. ECO4 will play an important role in delivering on this requirement so there is sufficient focus on delivering the final statutory target, NEA supports the inclusion of D rated homes. This is however conditional on ensuring there is sufficient focus on the least efficient

homes and effective checks are put in place to limit the scheme delivering a disproportionate amount of support to D rated properties.

Question 22 – Do you agree that band F and G homes should be improved to at least a SAP band D, and that band D and E homes should be improved to at least a SAP band C, as a minimum requirement to receive a full project score?

Yes. NEA strongly believes that EPC F/G properties should be improved to at least band D. The Government has set a milestone for all fuel poor households to reach EPC D by 2025. If EPC F/G households are not improved to this standard at a minimum in ECO 4, they will be significantly less likely to receive other upgrades to reach EPC D before 2025, and therefore the EPC D milestone will likely not be met.

Question 23 – Do you agree to a requirement for a minimum number of private tenure homes in SAP band E, F and G homes to be upgraded?

The consultation proposes that 100,000 private tenure homes at SAP band E/F/G should be upgraded during ECO 4. According to the latest fuel poverty statistics, there are 306,000 fuel poor households, living in private tenure homes that are SAP rated E/F/G. Given that ECO 4 is currently the only source of committed funding for these households to reach EPC D beyond the end of next year, in order to meet the fuel poverty milestone, NEA recommends that the minimum be set at 200,000 at the very least.

Question 24 – Do you agree with the proposal to (a) remove non means tested benefits including disability benefits as a method to target low income and vulnerable households, as listed in table 6?; and (b) include additional benefits within the eligibility criteria for private tenure households under ECO4 to align with UC?

Yes. Whilst many households with disabilities have additional energy costs, it is not fair that this includes a significant number who will be far more affluent and who could receive support from ECO4 at the expense of other poorer households who are at significant risk of missing out. Within ECO3 the widening of the eligibility criteria to include Ministry of Defence administered benefits, DLA and/or PiP significantly weakened the targeting of those living in fuel poverty, increasing eligible pool increased to 6.5 million households. Again, we argued this would be at the expense of poorer households (many of whom could be disabled) because there was no suitable income cap. NEA therefore agrees with the removal of non means tested benefits and urges suppliers to work with DWP to identify the poorest households with disabilities who are in receipt of means tested benefits and support LA flex schemes which provide support to low-income disabled households who are in or at risk of fuel poverty but not on MTBs. It is therefore increasingly important that the other targeting mechanisms, including LA Flex and Supplier Flex are well defined and are closely aligned to the 50% of fuel poor households (in England) that do not receive a means tested benefit to receive assistance from the scheme.

Question 25 – Do you agree with the proposals to increase the Child Benefit income caps as set out in table 7 under ECO4?

Yes. As noted above, many households with disabilities have additional energy costs and NEA agrees with these proposals. Over 1.4 million children are growing up in fuel poor households in the UK. This means they may have a greater risk of:

- Asthma and respiratory illness
- Mental ill-health
- More days off school
- Social isolation
- Being bullied at school
- Dietary deficiencies
- Living in poverty as an adult
- Hospital admissions

Question 26 – Do you agree with the proposal that households in receipt of WHD also be eligible under ECO4, if they live in band D-G homes?

NEA agrees that households in receipt of the WHD should be eligible under ECO 4 but only if they live in band D-G homes. We do not believe the proxies that may be used for determining households with higher energy costs within Core group 1 and 2 will be sufficient to ensure suitable targeting. Additionally, NEA believes that households that receive an industry initiative under WHD should be eligible for ECO 4 (again on the same condition that they live in D-G homes). This would allow for more seamless support, where an organisation such as NEA could provide a household financial support through an Industry Initiative, which is usually more of an emergency support, and refer them onto the ECO scheme with a guarantee that they would be eligible. These households would have been pre-identified as being at risk of fuel poverty (in a process audited by Ofgem), and so would meet the broad criteria for accessing the ECO 4 scheme.

Question 27 – Do you agree that up to 50% of the ECO target could be delivered through LA & Supplier Flex?

Yes. NEA agrees that local authorities can play a vital role to help target low-income households who are not in receipt of qualifying eligible benefits but are in or at significant risk of fuel poverty. However, our support for this proposal is on the condition that the LA and Supplier Flex mechanisms are suitably focused on identifying households with a low household income and stronger mechanism are introduced to audit the targeting of ECO LA flex throughout the ECO 4 period. NEA also would welcome clarity on how the Government will ensure relevant SOIs are updated, see response below.

Question 28 – Do you agree with the proposals for improved due diligence under the reformed LA & Supplier Flex?

NEA agrees with the proposals for improved due diligence under the reformed LA and Supplier Flex mechanisms.

Within ECO 3, LA Flex already plays a significant role, but there have been some concerns raised about the ability of the mechanism to deliver to fuel poor households. In their 2020 Annual report, the Committee on Fuel Poverty said that they were "*concerned about the current application of Local Authority Flex (LA Flex) in the ECO3 programme, as the evidence suggests it is not always currently targeting assistance to those it was designed for"* and that *"there is evidence that some local authorities have included higher income households with gross incomes up to £77,700 , as being eligible for LA Flex".* NEA shares this concern and is therefore happy that BEIS has recognised this and proposed sensible safeguards be put in place to remedy the situation. We strongly support the requirement for all ECO measures notified by local authorities through the LA

& Supplier Flex route to match up to local authority declarations, and for Ofgem conduct annual LA & Supplier Flex audits with published results.

As well as ensuring that, where relevant, SOIs are adapted in line with a suitable income cap, there also needs to be a new mechanism developed which provides better oversight of which LAs have got an LA flex scheme and who they target. This might lead to the development of a publicly available central database or a simple excel spreadsheet. This information should be enhanced by enhancing the Home Energy Conservation Area (HECA) reporting framework. The UK Government and Ofgem must also take greater effort to track the customer journey for households who are eligible for support under an LA flex scheme but may not go on to receive support even if they are directly referred to an obligated supplier. Even households that don't have work carried out should be made aware of whether they will receive any assistance within a specified timescale. They should also know how they can access wider support[28].

Question 29 – Do you agree with the four referral routes that could be used by local authorities under LA & Supplier Flex? Are there other ways we could incentivise better targeting?

NEA agrees with three of the proposed routes for targeting: household income, proxy targeting and NHS referrals, and subject to an income cap of £31,000. In addition, NEA does not believe that route four (bespoke targeting) is sufficiently developed to implement within ECO 4 at the start of the scheme. This concern is even greater given the large amount of LA flex proposed within the scheme overall.

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?

NEA agrees with these proposals but only if they live in band D-G homes and subject to an income cap of £31,000.

Question 31 – Do you think the Scottish and Welsh Governments should be able to refer households under LA & Supplier Flex, instead of local authorities in those countries?

NEA agrees with these proposals but would like reassurance that this will not lead to disproportionate amount of delivery within the DAs, compared to LAs in England. As an extreme example, this could lead to 50% of ECO being delivered at the direction of the Scottish and Welsh Governments. We would also urge the UK Government to ensure that like LAs, the Scottish and Welsh Governments are required to set out a (national) SOI, highlighting how they will ensure the households they are identifying those in or at risk of fuel poverty, again subject to an income cap of £31,000. We would also support the UK Government giving itself these powers, especially in relation to setting a national NHS referral eligibility route.

Question 32 – Do you agree that off-gas uplifts of (a) 35% should be applied to Scotland and Wales; and (b) not applied in England, where the Home Upgrade Grant is available?

No. NEA believes this uplift is unnecessary and if implemented will reduce the overall support ECO4 can provide.

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?

Yes. Whilst there is welcome potential for ECO4 to work alongside Home Upgrade Grant (HUG) these policies should not compete for the same measures nor undermine each other when the funding is combined. An increased focus on delivering insulation under ECO4 rather than heating will aid this. Assuming a continuation of current funding, in general HUG should be used to fund the heat source whilst ECO4 addresses the buildings fabric.

If a measure funded under ECO4 improves the SAP rating to a point that makes the measure unviable under HUG, then the latter will need to be adapted to ensure a package of measures is installed as part of a whole house retrofit. However, NEA stresses it is imperative that the sustained investment in HUG, LADS and the SHDF within the forthcoming Spending Review. In addition, if contributions are not prohibited overall, there may be cases where ECO 4 cannot provide full funding for measures. In this instance, BEIS must consider whether blending of funding should be allowed as this would be significantly preferable to any household contribution. This is particularly the case if BEIS see early delivery of ECO4 leading to far more partial scores than is hoped, given the goal to see package of measures is installed as part of a whole house retrofit.

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?

Yes, as above, NEA agrees with a) and the proposal in b).

Question 35 – Do you agree that we continue with the ECO Eligible Referrals mechanism under ECO4?

Yes, NEA agrees with this proposal.

Question 36 – Do you agree with our proposals to (a) simplify the in-fill mechanism with the new ratios for flats and other housing to qualify?; and (b) include CWI in-fill?

Yes, NEA agrees with this proposal however we do not support the receipt of WHD being a trigger to be eligible for in-fill. This will lead to large amounts of social housing being automatically eligible, defraying the value of ECO 4 in supporting private owner occupiers. This is especially true if the target of 100,000 private tenure homes delivered under ECO 4 is not doubled inline with our response to question 23.

Question 37 – Do you agree with our proposal to (a) support low-income private rental households, with the design being subject to the outcome of the PRS consultation; and (b) limit support to packages of measures that meet the MR including solid wall insulation, first-time central heating, a renewable heating system or district heating?

Yes, NEA agrees with the proposal to support low-income private rental households, with the design being subject to the outcome of the PRS consultation. Whilst we continue to argue that to

meet the current MEES requirements the cost cap should be met by landlords, as these regulations are extended to Band C it is important that landlords are not only faced with regulations to improve their properties, but incentives to help them do so. The limit of support packages seems sensible. NEA also note our support for including District Heating is subject to the effective regulation of heat networks. This is an area which has been slow to develop, and NEA does not support the deployment of DH unless suitable, consistent, industry wide consumer protections are in place.

Question 38 – Do you agree with the proposal to (a) allow social housing tenure with starting bands of E, F and G to be eligible under ECO4; and (b) continue eligibility for band D social housing under Innovation Measures?

No. Whilst NEA fully supports the need for only social housing in E, F and G to be eligible under ECO4, we do not support eligibility for band D social housing under Innovation, or the continuation of the innovation element of the ECO scheme overall.

Question 39 – Do you agree that the minimum requirements should apply to E, F and G social housing and band D social housing for IM uplifts?

No. Whilst NEA fully supports the need for only social housing in E, F and G to be eligible under ECO4, we do not support eligibility for band D social housing under Innovation, or the continuation of the innovation element of the ECO scheme overall.

Question 40 – Do you agree that the scope of the Home Heating Cost Reduction Obligation (HHCRO) should be broadened to a Home Energy Cost Reduction Obligation?

No, NEA does not agree with this proposal. The consultation itself says that *"HHCRO remains the most appropriate target for fuel poor consumers (over a Carbon Emission Reduction Obligation (CERO) target)"*. Changing the obligation would therefore result in worse outcomes for fuel poor households and whilst low energy lighting can lead to a gaining of SAP points, it could undermine the move towards more significant measures. The principal aim of the scheme is to support fuel poor households to keep warm in winter, so any changes that work against this principal aim should be discounted. NEA therefore strongly recommends that the HHCRO be maintained. NEA would however welcome discussing with BEIS how to generate wider improvements in more efficient white goods and appliances as well as water saving measures.

Question 41 – Do you agree with our proposal to maintain a Solid Wall Minimum Requirement set at 22,000 solid wall insulation measures per year for ECO4 and remove the option for this to be met via alternative measures?

No. NEA recommends that the solid wall minimum for ECO 4 should be significantly enhanced.

Across the UK, over 90% of homes with solid walls still need to be insulated to meet fuel poverty commitments at the same time as delivering net zero. Just in England, over a million fuel poor households live in solid wall properties with no insulation. This equates to more than 40% of all fuel poor households. More than two thirds of households that live in the deepest fuel poverty also live in a solid wall home. The average fuel poverty gap for households living in uninsulated solid wall homes is £291, meaning that they are currently spending, on average, hundreds of pounds more a year on energy than they can reasonably afford. Solid wall properties are often the worst performing properties. Of the 167,000 fuel poor households with an EPC of F or G, who need to spend more than a thousand pounds more than a non-fuel poor home to keep warm in winter,

109,000 live in a solid wall property. Despite this, within ECO 3, the solid wall minimum was set at just 17,000 per year[29].

The consultation currently proposes that the SWM for ECO 4 is increased to 22,000 per year. This increase of 5,000 equivalent measures per year when compared to ECO 3 is welcome (as is the removal of the related flexibility mechanism) but to meet the statutory fuel poverty target, all solid wall fuel poor households must reach EPC C by 2030. During the lifetime of ECO 4, there is also a key milestone for all fuel poor homes to reach EPC D by 2025. In terms of solid wall homes, this means that between 2022 and 2025, the 420,000 fuel poor households living in solid wall properties rated EPC E/F/G must receive support in order for the milestone to be met.

While NEA hopes that other funding streams for upgrading the energy efficiency of homes are likely to be maintained and expanded during that period, the new funding envelope for ECO 4 will likely make up most of the funding for energy efficiency measures over the obligation period. Based on the generous assumption that 50% of solid wall homes will need to be treated within ECO 4, this means that in the first 3 years of the scheme, 210,000 solid wall households will need to be treated within ECO in order to reach the fuel poverty milestone. There are also an additional 982,000 solid wall fuel poor homes currently at EPC D that will need to be upgraded to EPC C by 2030 just in England. To ensure that the milestone is reached, giving a reasonable chance that the milestones and final statutory target will be reached, NEA recommends that the solid wall minimum be set at 70,000 per year. This 70,000 target could also be introduced alongside the continuation of the flexibility mechanism to allow 50,000 SWI installs alongside, 20,000 equivalent actions.

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

Yes, NEA agrees with this overall proposal for a fabric first approach. However, one important exception should be made for households that need crisis heating repairs for boilers (with gas boilers or hybrid systems) and qualify under the NHS referral eligibility route (assuming heating measures can also be accessed under this element of the programme). These households may have very significant health related vulnerabilities and will need support quickly if their health is not to be badly damaged waiting for insulation measures to be installed before the repair or replacement of the existing heating system.

Question 43 – Do you agree with our proposal to exclude the repair and replacement of oil and LPG boilers?

Yes, NEA agrees with this proposal on the condition that households with broken LPG boilers can receive funding for alternative heating systems through the ECO scheme and the continuation of HUG, so that they are not left unable to heat their homes as a result. Also. Please note response to 48.

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?

And

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?

No. NEA disagrees with this proposal.

Despite supporting the shift to low carbon heating and recognising gas boiler repairs and replacements are not considered key measures to make progress towards the fuel poverty interim milestones and 2030 target, the transition to low carbon heating will take time and currently over just under 2.5 millions fuel poor households in England alone use gas to heat their homes. Often poorer households who can't afford to fix or replace their boiler, use older dangerous or un-serviced heating appliances, despite being potentially fatal or leading to heightened risks for nearby neighbours because of carbon monoxide poisoning or in extreme situations, fires and explosions.

NEA highlights significant energy cost and carbon savings can be achieved by replacing older, less efficient heating. In a typical semi-detached home, upgrading heating controls and replacing a gas boiler that is around 80 per cent efficient (D rated) with a new boiler will save around £85 a year, whereas replacing a boiler that is 70% efficient (G-rated) could save over £300 a year. This is based on a 70 per cent or below efficient boiler with no heating controls being replaced by an at least 90 per cent efficient boiler with heating controls. Households which have the worst performing boilers could save even more than this.

Heating and hot water accounts for about 60 per cent of what a household spends in a year on energy bills, so an efficient boiler makes a big difference, especially to those households which are struggling to pay their energy bills. Replacing a boiler could save between 0.3 and 1.5 tonnes of CO2 each year depending on the efficiency of the boiler being replaced. 1.5 tonnes of CO2 is the equivalent of a return flight from London to San Francisco. Boiler replacement will also have a positive impact on air quality. Ensuring those who are most vulnerable to the effects of a cold home are prioritised for these measures and not unreasonably turned down for help is therefore essential.

As a result, we feel the boiler cap should be enhanced. The current ECO scheme allows for 35,000 repairs per year, the new cap should be set at a similar level. There may also be a case for some flexibility for this support to be accessible via gas safe engineers rather than ECO installers, especially in the instance identified in our response to question 42 when people's health may be at acute risk if a repair or replacement is not carried out promptly, after hospital discharge.

Question 47 – Do you agree with our proposal to require all new gas boilers installed throughout GB to meet the Boiler Plus standards?

Yes, NEA agrees with this proposal for a fabric first approach however please note our response to question 42.

Question 48 – Do you agree with our proposal to restrict first-time gas central heating to households already connected to the gas grid?

No. As noted in our introduction, off gas households are more likely to be in severe fuel poverty because they often heat their homes with potentially more expensive and polluting fuels. Fuel poor households off the gas grid currently experience, on average, excess fuel costs of £480 per year, almost triple the average fuel poverty gap of the on-gas fuel poor (£162). Given the consultation proposes to remove the current 'rural ring-fence' within ECO3, NEA hopes that BEIS's final proposals will ensure that homes off the gas grid receive adequate support within ECO4.

In Great Britain, the Gas Distribution Networks (GDNs) have a Social Obligation to connect fuel poor households to their network at a subsidised cost. These connections are delivered by the GDNs in partnership with other organisations to help tackle fuel poverty by supporting off-grid, fuel poor households to connect to the gas network. Whilst there been speculation that some levies on electricity may be switched to gas in future, using gas to heat homes is currently cheaper than using other fuel types, helping to alleviate the impacts of fuel poverty and making warmth more affordable for some of the poorest households. NEA's own analysis suggests that to date, First Time Central Heating (FTCH) installed alongside an FPNES connection has delivered positive outcomes for some of the most vulnerable households, as well as for the environment. Since the FPNES scheme began, the following positive impacts have been generated:

- An equivalent carbon saving of more than 1 tonne of carbon dioxide per household receiving an FPNES connection per year. This equates to an average saving of 91,000 Tonnes CO2e/year saved throughout the scheme.
- More than 91,000 households saving an average of £600 a year in order to keep their properties at a reasonable temperature year-round. This equates to a total saving of more than £54m/year
- Approximately one third of households receiving an FPNES connection are solid wall properties. These homes are often the hardest to reach, and the hardest to treat. FPNES has given these homes an opportunity not just to receive a cheaper source of heating, but also access to advice and energy efficiency measures from support schemes such as ECO alongside the heating measure.
- Approximately 68% of households in receipt of an FPNES connection were in EPC E, F or G before the connection, and that additional measures have saved recipient households more than £14m in lifetime bill savings.
- Approximately 60% of households receiving a gas connection through the scheme had at least one health condition that is exacerbated by being cold at home, and the impacts of these conditions being improved significantly as a result of the scheme.

All GDN's have planned to continue connecting fuel poor households to their network throughout the current price control period, from 2021-2026. These plans have already been agreed with Ofgem, who have provided the necessary funding mechanisms for these connections to be paid for. As part of this agreement, GDNs must ensure that all households receiving a connection are eligible for a scheme that can help fund a central heating system (either ECO, or Nest in Wales, or the Home Energy Efficiency Programmes in Scotland). Additionally, GDNs must ensure that there is an intention on the part of the householder/landlord to install gas fuelled appliances, including first time central heating. GDNs have told us that they mostly rely on funding from ECO to ensure that a home that receives an FPNES connection can also receive a First Time Central Heating installation. The proposals in this consultation will however make it increasingly harder for GDNs to successfully deliver good FPNES outcomes to their most vulnerable customers.

NEA also notes that the current planned approach may be inconsistent with public expectations regarding net zero. In recent polling conducted by YouGov, it was found that:

- 60% of households say that it is more important that home heating is made more affordable for the lowest income households, even if it isn't the most environmentally friendly option. 23% say that It is more important that home heating is made environmentally friendly, even if this makes it more expensive for the lowest income households to stay warm at home.

- 37% of households say that support should be provided to low-income households to reduce their heating costs, regardless of the carbon emissions. 34% say support should be provided to low-income households to reduce their heating costs but only if it releases less carbon than their current means of heating.

Despite many members of the public highlighting the relative importance of affordable heating for the lowest income households (regardless of whether it isn't the most environmentally friendly option), NEA recommends that the UK Government allows funding for first time central gas heating systems to be installed as part of ECO 4 only where carbon savings can be achieved. As a minimum, this could be achieved by allowing ECO funding for a hybrid system currently off the gas network. However, first time central heating should also be available for households currently using oil, coal, or LPG to heat their homes. Our analysis suggests an EPC F property that uses an oil boiler emits as much as 3840kg CO2e/year[30]. Converting to natural gas and increasing the energy efficiency of the property to EPC D would result in an estimated gas saving of 1680Kg CO2e/year[31]. That represents a saving of 43% in terms of carbon. It would also represent a saving of more than 87% in terms of NOx. This intervention would therefore have three positive impacts; reducing on-going space heating costs within a cohort where the fuel poverty gap is significant, reducing carbon emissions from some of the most polluting homes and improving air quality.

In addition to the condition regarding displacing higher polluting fuels, ECO funding should be permissible if insulation is installed alongside the FTCH to a standard whereby the household's EPC rating increases by two bands[32]. Finally, NEA has investigated the positive impact the FPNES can have on fuel poor household's health and well-being[33]. As a result of our previous work, there have been recent welcome changes to FPNES targeting to include households with certain health conditions living in EPC D homes. ECO 4 should be designed to complement this targeting methodology so that FPNES and ECO 4 can be successfully combined to reach desirable outcomes for those households with a health condition that is impacted by living in a cold home.

Question 50 – Do you agree with our proposals to expand the eligibility for first-time central heating?

NEA agrees with the proposal to allow FTCH or Hybrids to be installed where households on the gas network only currently have access to gas for cooking. Please also note our response to question 49 above.

Question 51 – Do you agree with our proposal to restrict biomass boilers or district heating systems to off-gas grid homes that are not electrically heated and cannot reasonably or practicably receive a hydronic heat pump?

As noted in response to question 37, our support for including District Heating is subject to the effective regulation of heat networks. This is an area which has been slow to develop, and NEA does not support the deployment of DH unless suitable, consistent, industry wide consumer protections are in place.

Question 52 – Do you agree with our proposal to restrict the installation of electric heating (that is, or equivalent to, a high heat retention electric storage heater) to homes that are

already electrically heated and where it is not reasonable or practicable to install a hydronic heat pump, district heating system or a solid biomass heating system?

As noted in response to question 48, we also support the installation of FTCH where the technologies listed in the question may not be appropriate.

Question 53 – Do you agree with our proposal that energy suppliers should be required to provide advice on the benefits of smart meters and how to request the installation of a smart meter alongside the energy advice requirements required by PAS 2035?

Yes, NEA strongly agrees with this proposal.

NEA recently conducted analysis on the benefits of smart meters for prepayment customers, as well as the barriers to uptake of smart in that cohort. The analysis was based on the feedback from a call for evidence which 132 organisations across the United Kingdom responded to, as well as expert interviews with 12 key stakeholders.

In all, we found that there were 16 significant benefits to rolling out smart meters to prepayment households, with a lifetime benefit of over £5bn to households and more than £1.4bn to energy suppliers, facilitating a reduction in 0.2THh/ year in gas use, and 0.41TWh/year in electricity use, amounting to 130,000 tonnes of CO2 saved per year, while contributing 10,000 jobs to the economy. It was found that while there are benefits for landlords, particularly regarding reduced disputes, more work needs to be done in quantifying them.

The report found many barriers to the uptake of smart meters for prepayment customers. One of the main barriers was poor awareness of the benefits of smart meters and in home displays. To remedy this, we recommended that BEIS should investigate how at a minimum, smart metering advice can be integrated into upcoming energy schemes such as ECO4 and the Home Upgrade Grant Scheme. We are therefore pleased to see this progressed within the consultation proposals.

In the implementation of this advice, NEA recommends that advice packages tailored to prepayment users are built so that prepayment households can receive advice that is most relevant to them, overcoming a key barrier of the smart meter rollout.

Question 55 – Do you agree that the ECO4 scoring methodology must be based on the difference in average annual bill expenditure between the starting SAP rating and finishing SAP rating of a property, with regard given to the property's floor area?

Yes, NEA agrees with this proposal.

Question 56 – Do you agree that the overarching ECO4 scores should be based on deemed savings, rather than the actual savings generated through bespoke SAP calculations at each property?

Yes, NEA agrees with this proposal.

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.

Yes, NEA agrees with these proposals.

Question 58 – Do you agree with our proposal to use deflated partial project scores for ongoing projects, ahead of completion?

Yes, NEA agrees with this proposal.

Question 59 – Do you agree with our proposal to use deflated partial project scores where a project is found to be non-compliant with the minimum requirement at the point of notification?

Yes, NEA agrees with this proposal.

Question 60 – Do you agree with our proposal to use deflated partial project scores where a consumer ends a project before the minimum requirement has been met for reasons other than change of occupancy?

Yes, NEA agrees with this proposal.

Question 61 – Do you agree with our proposal to cap the share of a supplier's ECO obligation that can be comprised of scores from partial projects? Do you agree that this cap should be set between 20-30%?

Yes, NEA agrees with the proposal to cap the share of a supplier's ECO obligation that can be comprised of scores from partial projects. We are concerned that given the moves to limit the interaction between funding sources, more households are likely to see far more partial scores than is hoped. Given the goal to see package of measures installed as part of a whole house retrofit, we would support a cap of no greater than 20%.

Question 62 – Do you agree with our proposal to use deflated partial project scores for in-fill homes, with a deflation of between 20% and 30%?

Yes, NEA agrees with this proposal and would also like to see in-fill eligibility limited as set out in response to question 38.

Question 65 – Do you agree with our methodology for applying innovation uplifts relative to the expected savings of a particular innovation measure type?

No, as noted in response to question 38 and 94, we do not support the continuation of the innovation element within ECO overall. Since the development of ECO3, less than 0.5% of the obligation has been delivered via this route while much more support has been provided within other programmes for innovation, especially for both energy networks within RIIO2. This removes the need for his element of the ECO programme to be supported, let alone be provided with further uplifts which will reduce the overall support ECO is there to provide.

Question 66 – Do you agree with our proposal to provide a fixed score uplift of ~£60 annual bill savings for all broken boiler replacements and ~£16 annual bill savings for each broken ESH replacement? Please provide information on the cost of boiler and ESH repairs to help inform the level of uplift required for heating repairs relative to replacements.

NEA supports incentivising broken boiler replacements and ESH products out of warranty, especially in smaller properties.

Question 67 – Do you agree with our proposal to allow uplifts for hard-to-treat issues for owner-occupied E, F, and G homes only?

No. Despite recognising the need to incentivise some measures, NEA is concerned about the extent of uplifts within ECO4.

Question 68 – Do you agree with our proposed methodology for hard-to-treat uplifts? Please also suggest forms of evidencing for hard-to-treat.

No. Despite recognising the need to incentivise some measures, NEA is concerned about the extent of uplifts within ECO4.

Question 69 – What work should be within scope of the HTT uplift? Should the extraction of defective loft and/or cavity wall insulation be included? If not, how could extraction be monitored more effectively through the scheme?

NEA agrees that the extraction of defective loft and/or cavity wall insulation be included with the HTT uplifts.

Question 70 – Should the cost per £ bill savings be based on the final ECO4 IA or from ECO4 published energy efficiency statistics?

The cost per £ bill savings should be based on energy efficiency statistics, as opposed to what is estimated in the Impact Assessment.

Question 74 – Solid wall insulation: (a) Do you agree with our assumption of a 0% third party contribution for solid wall insulation (SWI)? (b) Please provide BEIS with any information on third party contributions towards SWI supporting your response.

NEA - alongside other key advice agencies such as Centre for Sustainable Energy (CSE) and Citizen Advice and others - believe that household contributions exclude the poorest households from a scheme they are already paying for through their energy bills. As noted with our previous ECO3 response, the unsuitability of household contributions was also a key observation of the National Audit Office (NAO)'s 2016 investigation into the Green Deal and ECO[34]. The people that are eligible for ECO are some of the poorest households in GB. Households that qualify for the scheme are generally in receipt of means tested benefits, or are judged to be living in fuel poverty, or at risk of fuel poverty, by a local authority. Fuel poor households have an income below 60% of the median, which is approximately £17,940[35], putting them in the third decile of income or below the 25th percentile of all earners whilst 50% of households in the lowest decile live in fuel poverty[36]. During the pandemic, household savings have also declined for the poorest households. According the ONS, 51.4% of households earning less than £10,000 cannot afford to pay an unexpected expense of £850 (as illustrated in the diagram below[37]).

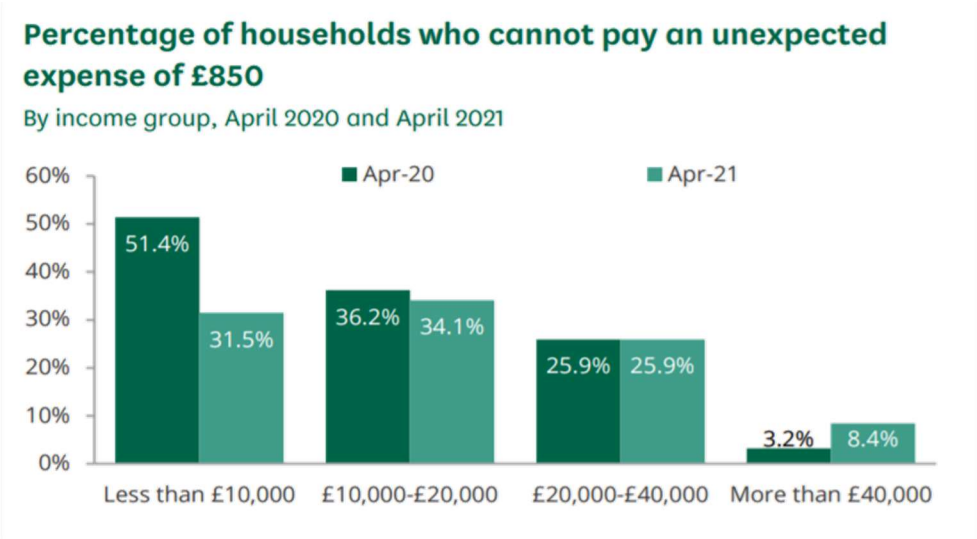


Table showing the impact of the pandemic on disposable income - House of Commons Library. 2021

As in ECO 3, the Impact Assessment[38] published alongside the ECO 4 consultation says that "The modelling assumes households, local authorities or devolved administrations do not need to contribute toward the installation of measures (although in some cases a contribution will be required – such as for landlords)". However, NEA continues to see evidence in the ECO 3 scheme that this is far from the case. In our view it is likely that household contributions will continue within ECO 4, unless BEIS explicitly prohibit contributions in the related ECO 4 regulations and Ofgem underline this in their updated guidance.

As with recent energy efficiency schemes such as Local Authority Delivery (LAD) and Home Upgrade Grant (HUG), NEA believes prohibiting contributions is proportionate and would vastly improve the accessibility and simplicity of the 'offer' ECO provides to the people the policy is there to serve. As well as obligated suppliers policing their own activities and ensuring they and their delivery contractors (or sub-contractors) uphold this new regulatory requirement, a prohibition would be backed up by ensuring the sign off process captured whether a household was requested or provided any of their own funds to take part in the scheme. This household declaration would in turn be verified by Ofgem or the relevant PAS certification bodies by piggybacking any existing technical auditing regime to investigate the accuracy of the household contribution declaration. If strong evidence is found that an obligated supplier, their delivery contractors or sub-contractors have sought or extracted a contribution (against the clear requirements set out in the new regulations and guidance), a suitable fine, delivery penalty and/or removal of PAS accreditation should follow for all culpable parties. If the Government fails to provide these key safeguards, as a minimum, any requirement to make household contributions must be monitored rigorously within the first year of ECO4. If evidence is found that contributions are being sought or made, this should result in an inflight increase to the size of the ECO obligation.

Question 75 – PAS2035:2019: (a) Are the current cost assumptions for ventilation outlined in Table 12 reflective of the costs of complying with ventilation requirements set out in PAS 2035? (b) Please provide BEIS with any information on the cost ranges associated with PAS ventilation compliance, and any further PAS related considerations, that may be applicable

NEA welcomes the increased focus on ventilation to ensure homes are not subjected to unnecessary dampness and health related issues. We would however welcome sharing our experience with BEIS of working to these requirements within Fishwick in Preston where we are tying to work towards these new requirements. In summary, there are three key strands to ventilation assessment – extract, air flow, and background ventilation.

- Extract ventilation requires mechanical fans in wet rooms and kitchens either upgrading these or providing them new. Customer generally are acceptable to these being fitted; however, some households have highlighted concerns with the running costs if they are powered by electricity and the household is on a pre-payment meter. There is also currently a shortage of some forms of mechanical fans, causing time constraints to our project and some cost escalation.

- Re air flow through the property – there must 10mm gap between the bottom of the door and the floor covering; the pencil test. This is more difficult for customers as they generally don't want their doors trimmed and some doors need to be replaced, again causing delays to our project and additional ancillary costs. The general concerns/observations this prompts from households is that they never have the internal doors shut for long period of time anyway and they are concerned about draughts.

- The most contentious element is background ventilation. PAS currently states you must have controllable background ventilation in all habitable rooms and you can't rely on purge ventilation or (opening windows) therefore this means either trickle vents in double glazing or core vents through the walls. In new builds or major refurbs this is acceptable but in retrofit this requires drilling walls and fitting windows to fit vents which can significantly increase costs, add delays and can make the building to become leakier, colder, and more expensive to heat. As a result, this can prompt a negative reaction from some households. This is especially true where bedrooms and living room walls need to be drilled and large vent cover plates are visible. In some instances, double glazed window units also need to be drilled. Drilling can often invalidate any window guarantees or can lead to unexpected cracking, which leads to further costs for replacing windows.

Question 92 – Do you agree that all measures (excluding DHS) referenced in the latest versions of PAS2035 and PAS2030 should be installed in accordance with these standards and delivered by a PAS-certified installer? Yes, NEA supports this proposal however we note that the advice requirement of the PAS-2035 Retrofit Advisor qualification can lead to shortages of qualified personnel, delay in projects and increase costs for rural, listed properties. We believe BEIS should specify that any change in heating system type needs to be accompanied by adequate advice from a trained person i.e. City in Guilds in Energy Awareness or a Retrofit Coordinator. The advice/advice provider should also be able to offer further advice and support (for example, other low-cost and no-cost measures that could be adopted, local and national grant and discount schemes, or who to contact for further advice or repairs). The advice/advice provider should also be able to offer follow-up visits/helpline for those customers who need further help after the installation process. Where advice of this nature is provided directly the practical results are hugely positive and can amplify the benefits of the technology and maximise the experience of the initiative/programme. This in turn can have a positive impact on the take up of these schemes

amongst friends, family and neighbours etc. NEA also fully supports the requirement to provide advice on the benefits of smart meters and how to request the installation of a smart meter alongside the energy advice requirements required by PAS 2035. This was a recommendation we made in our recent report on maximising the rollout of smart meters, particularly for legacy Pre-pay customers.

Despite these positive steps, NEA continues to be concerned about a lack of general advice provision for communicating the support that is available through ECO in consistent and assessable formats. Whilst there is some information provided on what support ECO provides by energy suppliers, a number of Government-sponsored websites, consumer organisations, statutory bodies and charities etc, NEA believes there is a need to ensure that material is clear and consistent, does not confuse those in need of advice and that support on more complex issues is readily available and suitable for eligible households regardless of whether they have access to the internet.

Question 93 – Should this requirement be enforced entirely via TrustMark registration and compliance, and therefore not referenced in ECO legislation for ECO4?

Yes, however NEA is concerned that compliance to PAS2035 should not be left solely to accreditation bodies and the use of PAS 2035 and PAS 2030: 2019 needs to be referenced in the legislation and then enforced by TrustMark. There also needs to continue to be some technical oversight by Ofgem. There is also not currently suitable reporting of non-compliance under the PAS 2035 scheme.

NEA also believes prohibiting contributions should be backed up by ensuring the sign off process captured whether a household was requested or provided any of their own funds to take part in the scheme. This household declaration would in turn be verified by Ofgem or the relevant PAS certification bodies by piggybacking any existing technical auditing regime to investigate the accuracy of the household contribution declaration. If strong evidence is found that an obligated supplier, their delivery contractors or sub-contractors have sought or extracted a contribution (against the clear requirements set out in the new regulations and guidance), a suitable fine, delivery penalty and/or removal of PAS accreditation should follow for all culpable parties. If the Government fails to provide these key safeguards, as a minimum, any requirement to make household contributions must be monitored rigorously within the first year of ECO4. If evidence is found that contributions are being sought or made, this should result in an inflight increase to the size of the ECO obligation.

Question 94 – Do you agree with our proposal to retain the Innovation Measure mechanism, which would be capped at 10% of a supplier's obligation?

No, as noted in response to question 38, we do not support the continuation of the innovation element within ECO overall. Since the development of ECO3, less than 0.5% of the obligation has been spent on innovation and yet much more support has been provided within other programmes for innovation, especially for both energy networks within RIIO2. This removes the need for his element of the ECO programme to be supported.

Question 95 – Do you agree with our proposal to introduce a 'High' level of uplift of 45%, alongside the current 'Standard' 25%, based on a distinction between a moderate improvement and substantial improvement, decided upon by the TAP?

No. Despite recognising the need to incentivise some measures, NEA is concerned about the extent of uplifts within ECO4.

Question 96 – Do you agree with our proposal to expand on the current criteria for determining whether there is an improvement to include environmental impact consumer care, and delivery costs?

Please response to question 93.

Question 97 – Do you agree with our proposal to reward sponsoring suppliers with an increased uplift of 2% after application approval?

No. Despite recognising the need to incentivise some measures, NEA is concerned about the extent of uplifts within ECO4.

Question 99 – Do you agree with our proposed approach to a reformed in-situ performance mechanism, including piloting methodologies tested through the SMETER trials?

No. Despite recognising the need to incentivise performance improvements, NEA does not support using ECO4 to pilot methodologies tested through the SMETER trials.

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[1] For more information visit: www.nea.org.uk.
[2] NEA also works closely with our sister organisation Energy Action Scotland (EAS)
[3] Over the last 5 years, there has been an average of 35,562 excess winter deaths. NEA estimates that approximately 30% of these are attributable to the impact cold homes have on those with respiratory and cardio-vascular diseases and the impact cold has on increasing trips and falls and in a small number of cases, direct hyperthermia. This is in line with estimates made by the world health organisation - http://www.euro.who.int/__data/assets/pdf_file/0003/142077/e95004.pdf
[4] Office for National Statistics, November 2018, see: https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/excesswintermortalityinenglandandwales/2017to2018provisionaland2016to2017final
[5] The main causes of excess winter deaths are attributable to respiratory and cardio-vascular diseases which are badly exacerbated by cold conditions. Other causes may include influenza, trips and falls or in a small number of cases, hyperthermia. Public Health England cites studies that 10% of excess winter deaths are directly attributable to fuel poverty and that a fifth of EWDs are attributable to the coldest quarter of homes. This was regarded as a 'conservative' estimate as separately the World Health Organisation stated that 30% is the best estimated share – based on European evidence – of EWDs that can be considered attributable to cold housing conditions. This suggests that poor energy performance – manifested in homes that are hard and/or expensive to heat, thereby exacerbating the risks of respiratory and circulatory problems and poor mental health – is a significant contributory factor to the number of EWDs in the UK.
[6] On average, this results in over 10,000 British citizens dying needlessly due to cold homes each year. For more information see UK Fuel Poverty Monitor Report 2018, NEA and EAS, page 3. See: http://www.nea.org.uk/wp-content/uploads/2018/09/UK-FPM-2018-FINAL-VERSION.pdf.
[7] Within the document they highlight why tackling cold homes should be a priority to protect older people, people with pre-existing chronic medical conditions such as cardiovascular and respiratory conditions, in particular chronic obstructive pulmonary disease (COPD) and asthma, and diabetes, people assessed as being at risk of or having had recurrent falls, people who are living in households experiencing fuel poverty and people experiencing homelessness or rough sleeping. The document goes on to add that many of these groups are also at greater risk of severe illness from COVID-19. See: https://www.gov.uk/government/publications/health-matters-cold-weather-and-covid-19/health-matters-cold-weather-and-covid-19
[8] According to Citizens Advice, 2.3 million people on Universal Credit will be pushed into debt if the £20 cut goes ahead.
[9] According to a recent NEA call for evidence many fuel poor households are adopting unsafe strategies to try and survive winter. This includes the regular use of older dangerous or un-serviced heating appliances is commonplace, despite being potentially fatal or leading to heightened risks for nearby neighbours as a result of carbon monoxide poisoning or in extreme situations, fires, and explosions. Many more people are going to bed early to keep warm and using candles to save on electricity. People struggling to heat their homes are also spending their days in heated spaces such as libraries, cafes or even A&E to avoid the cold, damp and unhealthy homes continue to cause shocking levels of unnecessary hardship and premature mortality.
10. An independent analysis suggests families in cold, leaky homes faced heating bills elevated on average to £124 per month during lockdown, compared with £76 per month for those in well-insulated homes – a difference of £49 (£48.7) per month, see: Lockdown in Leaky Homes, The Energy and Climate Intelligence Unit, 22 May 2020.
[11] In 2016 BRE released its revised Cost of Poor Housing (COPH) report, which estimated the cost of poor housing to the NHS based on EHS and NHS treatment costs from 2011 and includes treatment and care costs beyond the first year. It also includes additional societal costs including the impact on educational and employment attainment. Finally, it provides information in terms of QALYs (Quality adjusted life years) as well as cost benefits, and to compare with other health impacts. The report estimates that the overall cost of poor housing is £2bn, with up to 40% of the total cost to society of treating HHSRS Category 1 hazards falling on the NHS. Overall, the cost to the NHS from injuries and illness directly attributed to sub-standard homes was estimated at £1.4billion, and the total costs to society as £18.6 billion.
[12] See: https://phw.nhs.wales/files/housing-and-health-reports/a-case-for-investment-report/.
[13] BEIS annual fuel poverty statistics 2019 [LILEE], BEIS 2021.

[14] See: https://www.arup.com/perspectives/retrofit-to-end-fuel-poverty
[15] The Conservative Party manifesto promised multiple years of funding for each scheme, with £2.5bn for the Home Upgrade Grant scheme up to 2025, and £3.8bn for social housing to 2020. Last year's Spending Review covered a single year instead of a longer period due to the pandemic. It is, therefore, imperative that the Government commit funding for these additional schemes in the upcoming longer term Spending Review, setting out plans to meet the fuel poverty milestone of all fuel poor homes in England reaching EPC D by 2025.
[16] Ibid. NEA has also previously stated that improved transparency on this issue could be achieved with little additional administration in the short-term alongside the existing sign off process. It simply requires the supplier or contractor to record whether any contributions have been sought from the householder (and for which different energy efficiency measures and how they are paid for). The scheme administrator can then undertake a small follow up audit across different measures and geographic areas to make sure this information was accurate, then share this information so it is possible to advise households on whether different contributions are proportionate or whether a householder (or landlord) is being misled. Collecting this information in a predictable, periodic manner is critical to BEIS in order to determine accurate on-going delivery costs and whether to end contributions all together. As noted in our response, that this was key observation and recommendation of the National Audit Office (NAO)'s investigation into the Green Deal and Energy Company Obligation (ECO). This report stated there were "significant gaps in the Department's information on costs, which means it is unable to measure progress towards two of its objectives. The Department collects some cost information from households, suppliers and the brokerage platform. But the information does not show households' contribution to measures installed under ECO, nor how much each measure has cost suppliers. This means the Department cannot track accurately whether it is achieving its aims of improving harder-to-treat homes more efficiently and getting households to bear more of the cost of measures".
[17] According to the ONS, the median household income is £29,900
[18] The 25th decile of pre-tax household incomes is £17,800 per year and the 26th percentile is £18,000 per year
https://www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax
[19] From Coronavirus: impact on household debt and savings, House of Commons Library. 2021
https://researchbriefings.files.parliament.uk/documents/CBP-9060/CBP-9060.pdf
[20] ECO 4 consultation stage impact assessment, BEIS, 2021
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003740/eco4-consultation-stage-impact-assessment.pdf
[21] To date, using the latest statistics (i.e., as of May 2021), a total of 42,611 measures have been delivered under the ECO3 sub-obligation to date, which represents estimated lifetime bill savings equivalent to the installation of 34,897 SWI measures. That represents an average of 1,090 SWI measure equivalents installed per month for the 32 months up to May 2021), or 13,000 measures per year on average. As result of this analysis, it is clear suppliers are currently not on track to meet the minimum, and it seems unlikely that they will surpass the minimum, on average, by the end of the scheme.
[22] This 70,000 target could be introduced alongside the continuation of the flexibility mechanism to allow 50,000 SWI installs alongside, 20,000 equivalent actions.
[23] A property with an EPC of F, using Burning Oil has a mean heating demand of 16,000kWh. 1kWh of burning oil emits 0.24kgCO2e, meaning that in total, emissions are 3840kgCO2e per year.
[24] A property with an EPC of D, using natural gas for heating il has a mean heating demand of 12,000kWh. 1kWh of gas 0.18kgCO2e, meaning that in total, emissions are 2160kgCO2e per year.
[25] NEA also proposes that ECO funding would not be available where gas heating would displace functioning, efficient electrical heating.
[26] See: https://www.nea.org.uk/wp-content/uploads/2020/07/Connecting-Homes-for-Health-Final-Project-Report.pdf Chart 19 shows that, pre-intervention, only 13.7% of participant households rated their physical health as either good or very good, and 37% rated their mental health as such. However, 1-3 months after their intervention, 69.7% of participants rated their physical health as good or very good, and 78.8% rated their mental health as such. After 9-12 months, 74.4% rated their physical health as good or very good and the proportion of households that rated their mental health as such remained stable (78.6%). These results indicate that, after receiving support from the project, participants were significantly more likely to report good physical and/or mental health than they were before, and that positive changes to household perceptions of health persisted (and, in the case of physical health, continued to accrue) in the year following their intervention. Whilst the reporting of good physical or mental health may not necessarily reflect the presence or absence of specific health conditions (being in 'good' or 'bad' health can be relative and a matter of individual interpretation), the very fact that participants were more likely to view themselves as being in good health suggests either an improvement to existing conditions, an easing of symptoms and/or a change in their ability to cope.
[27] NEA estimates that over 1 million domestic energy customers across GB regularly don't have enough money to top up their energy meter and 'self-disconnect'. Last year more than 2 million 'pay as you go' customers with older 'legacy' energy meters were put at needless risk during the pandemic. According to a NEA call for evidence many fuel poor households are therefore adopting unsafe strategies to try and survive winter. This includes many people going to bed early to keep warm. People struggling to heat their homes are also spending their days in heated spaces such as libraries, cafes or even A&E to avoid the cold.
[28] Such as register for priority services, get a smart meter, access the best energy tariff, make a meter reading, where to go to maximise their income, contact their supplier to discuss energy debt, benefit from a carbon Monoxide alarm or free gas safety check etc
[29] To date, using the latest statistics (i.e., as of May 2021), a total of 42,611 measures have been delivered under the ECO3 sub-obligation to date, which represents estimated lifetime bill savings equivalent to the installation of 34,897 SWI measures. That represents an average of 1,090 SWI measure equivalents installed per month for the 32 months up to May 2021), or 13,000 measures per year on average. As result of this analysis, it is clear suppliers are currently not on track to meet the minimum, and it seems unlikely that they will surpass the minimum, on average, by the end of the scheme.
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[33] See: https://www.nea.org.uk/wp-content/uploads/2020/07/Connecting-Homes-for-Health-Final-Project-Report.pdf Chart 19 shows that, pre-intervention, only 13.7% of participant households rated their physical health as either good or very good, and 37% rated their mental health as such. However, 1-3 months after their intervention, 69.7% of participants rated their physical health as good or very good, and 78.8% rated their mental health as such. After 9-12 months, 74.4% rated their physical health as good or very good and the proportion of households that rated their mental health as such remained stable (78.6%). These results indicate that, after receiving support from the project, participants were significantly more likely to report good physical and/or mental health than they were before, and that positive changes to household perceptions of health persisted (and, in the case of physical health, continued to accrue) in the year following their intervention. Whilst the reporting of good physical or mental health may not necessarily reflect the presence or absence of specific health conditions (being in 'good' or 'bad' health can be relative and a matter of individual interpretation), the very

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[34] Ibid. NEA has also previously stated that improved transparency on this issue could be achieved with little additional administration in the short-term alongside the existing sign off process. It simply requires the supplier or contractor to record whether any contributions have been sought from the householder (and for which different energy efficiency measures and how they are paid for). The scheme administrator can then undertake a small follow up audit across different measures and geographic areas to make sure this information was accurate, then share this information so it is possible to advise households on whether different contributions are proportionate or whether a householder (or landlord) is being misled. Collecting this information in a predictable, periodic manner is critical to BEIS in order to determine accurate on-going delivery costs and whether to end contributions all together. As noted in our response, that this was key observation and recommendation of the National Audit Office (NAO)'s investigation into the Green Deal and Energy Company Obligation (ECO). This report stated there were "significant gaps in the Department's information on costs, which means it is unable to measure progress towards two of its objectives. The Department collects some cost information from households, suppliers and the brokerage platform. But the information does not show households' contribution to measures installed under ECO, nor how much each measure has cost suppliers. This means the Department cannot track accurately whether it is achieving its aims of improving harder-to-treat homes more efficiently and getting households to bear more of the cost of measures".

[35] According to the ONS, the median household income is £29,900

[36] The 25th decile of pre-tax household incomes is £17,800 per year and the 26th percentile is £18,000 per year https://www.gov.uk/government/statistics/percentile-points-from-1-to-99-for-total-income-before-and-after-tax

[37] From Coronavirus: impact on household debt and savings, House of Commons Library. 2021 https://researchbriefings.files.parliament.uk/documents/CBP-9060/CBP-9060.pdf

[38] ECO 4 consultation stage impact assessment, BEIS, 2021 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003740/eco4-consultation-stage-impact-assessment.pdf