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## **ECO: Help to Heat Consultation**

Submitted 17<sup>th</sup> August 2016

no	Question, all “Yes / No / I do not have a strong view. Where appropriate, justify your response.” Unless stated.	Submitted response. All questions omitted where “I do not have a strong response”	
1	Do you agree with our proposal to extend the current ECO by one year, whilst making improvements that transition to a longer-term fuel poverty focused obligation?	Yes	The key to developing a successful retrofit market that will attract investment and innovation is certainty and consistency. By their very nature retrofit programmes can take a long time to develop and deliver and any changes or threat of changes prevents these programme being planned. If BEIS puts in place a clear obligation programme of at least four years, with low administration costs and does not make any further changes then the market will respond accordingly and deliver innovative, effective solutions that will maximise the impact of the supplier obligation.
6	Do you agree with our proposal to adopt ten household composition types with relative income thresholds based on whether the household consists of a single person or a couple and whether they have one, two, three or four or more dependent children?	No	There is a risk that this will add complexity to the scheme and unintended consequences. At the very least this approach needs to be tested and reviewed openly and independently before it is rolled out to the main scheme.
9	Do you agree with the proposal to extend eligibility to social tenure households with an EPC rating of E, F or G for their home, and for no additional benefits criteria or income thresholds to be required?	No	In reviewing the stats there are over 6 million ‘E – G’ and nearly double the number (11.8million) at ‘D’. Many ‘D’ properties will have reached a point where it is very difficult to improve further and without support for solutions that address these middle-performing harder to treat properties the market will not be encouraged to develop solutions for a significant proportion of the market. We understand policy affordability constraints but if ‘D’ properties cannot be included would urge Government to use a SAP score of 60 or below rather than cut off completely such a large proportion of housing stock. An alternative approach could be to link ECO funding to deep retrofits, irrespective of EPC rating band, e.g. a proportion of the overall ECO allocation could be made available for properties that achieve a minimum improvement of 35 SAP points from any baseline.
10	Do you agree an EPC would be an appropriate way of proving the efficiency banding of social housing? Yes / No / I do not have a strong view If applicable, please provide details of any additional assurance which should be required alongside EPCs, or details of alternative ways of evidencing which may be sufficient in certain cases.	Yes	However, the requirement for every property to have an EPC before and after works adds significant costs in larger scale programmes and is not required when there is already existing or even better data available, for example in social housing. There is a need for administrative flexibility that recognises when completing an EPC is simply box ticking exercise and does not add anything to Energy Company Obligation schemes.

11	Do you agree that measures delivered in new build homes should not be eligible under ECO from 1 April 2017?	Yes	Current building standards are not sufficiently stringent to deliver the energy efficiency performance required to meet long-term carbon budgets. However, ECO would not be required for an Energiesprong new build, not only would the occupant get an attractive, affordable warm home for life with an energy performance warranty, they would benefit from enhanced investment in the property as the developer is incentivised to install equipment that provides high energy efficiency to keep the 30 year running costs at a minimum.
12	Do you agree with the proposal to allow flexible eligibility? Yes / No / I do not have a strong view If so, what proportion of the 2017-18 Affordable Warmth obligation do you believe that suppliers should be able to deliver using this flexible eligibility route? a) 10% b) 20% c) Other Where appropriate, justify your response.	Yes	This will open up new opportunities for approved organisation to bring innovation and scale to the market and who may be in a better position to target households and provide resources than some local authorities. We would like to see social housing providers to be included in this element.  As this is a new approach this should be limited to 10% initially and to be reviewed independently.
14	Do you agree with the proposal to allow local authorities to determine whether some households are eligible through 'local authority declarations' in the way proposed?	Yes	This will allow local authorities to identify key individuals and properties, as well as develop more strategic programmes. It should also reduce the administrative cost of the scheme.
15	Do you consider that schemes involving other intermediaries should be allowed, as described in Chapter 3, in addition to local authority declarations? Yes / No / I do not have a strong view Where appropriate, justify your response, including whether there are any viable alternatives that meet the policy intent.	Yes	This should also be widened to social housing providers including housing associations and Arm's Length Management Organisations who have comprehensive data on their homes and customers and provide a level of external regulation that will ensure resources are delivered effectively.
16	Do you agree with the proposal aimed at limiting the delivery of qualifying gas boiler replacements (and not limiting other types of heating measure)? Yes / No / I do not have a strong view Where appropriate, justify your response, and describe any preferred alternative proposal, if applicable.	Yes	Many energy system scenarios built on the Government's UK carbon budgets indicate that gas heating of domestic properties should have no presence in the energy system from 2030 and support should therefore be directed towards zero or very low CO2 solutions rather than subsidising more gas boilers. See Chart A1: <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190151/16_04_DECC-The_Future_of_Heating-Evidence_Annex_ACCESSIBLE.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190151/16_04_DECC-The_Future_of_Heating-Evidence_Annex_ACCESSIBLE.pdf</a> Gas boilers, which may have a life expectancy of 15 years or more, should not be subsidised in 2017 and beyond.

19	<p>Do you agree with our proposal not to impose new limits on the level of installation of the following measures?</p> <p>a) Heating controls  b) First time central heating  c) Non-gas qualifying boilers  d) Non-qualifying boilers  e) Electric storage heaters  f) Renewable heating  g) Heat networks</p>	Yes	<p>The scheme should remain flexible in its approach so that it ensures the right measures are delivered – this is becoming increasingly important as new measures and combinations of measures such modern electric heating and renewables are delivering affordable warmth often more effectively than what used to be the default choices of gas heating.</p>
22	<p>Do you agree with the proposal to allow insulation but not to allow boiler or other heating system replacements or repairs (of any fuel type) in social tenure properties, with the exception of first time central heating (including district heating) and renewable heat?  Yes / No / I do not have a strong view  Where appropriate, justify your response.</p>	Yes	<p>Insulation should have a long lifetime and therefore should be specified to accommodate and optimise the role of longer term heating technologies rather than gas boiler technologies.</p>
23	<p>Do you agree that we should retain a solid wall minimum within the scheme?</p>	Yes	<p>Solid walled properties still represent the biggest challenge in delivering affordable warmth in the UK – it is essential that the minimum is maintained in order to develop the market and encourage new and innovative approaches to reduce cost and improve quality.</p>
24	<p>Do you agree that the solid wall minimum is set at the right level?  Yes / No / I do not have a strong view  Where appropriate, justify your response and, if applicable, describe any alternative preferred proposals. (Where you provide alternative proposals, please include the level you recommend and what else you would change as a consequence, noting the need to stay within the overall spending envelope.)</p>	No	<p>This should be increased so that it reflects the numbers and scale of the challenge in tackling solid walled properties.</p>
26	<p>Do you agree that party wall insulation measures installed after 31 March 2017 should support secondary measures?</p>	Yes	
27	<p>Do you agree that the requirement for measures to be recommended on either a GDAR or a CSR should be removed from 1 April 2017?</p>	Yes	

28	Do you have views on whether any alternative requirements should be introduced in order to provide consumer advice, or ensure technical suitability of a measure prior to its installation? Alternatives are needed / Alternatives are NOT needed / I do not have a strong view Where appropriate, justify your response and provide details of any alternative requirements you consider to be needed (if applicable).	Yes	Alternatives include changing to a consumer-outcomes approach where householders get a guaranteed energy plan with allowances for heating, DHW and small power kWh, akin to a mobile phone bundle. Guidance on how to monitor and make the best use of whichever new systems are installed should be offered.
29	Do you agree that from 1 April 2017 we should move to a system of deemed scoring, as described above, rather than the current bespoke RdSAP or SAP based property by property assessments? Yes / No / I do not have a strong view Where appropriate, justify your response, including details of any alternative proposals you would support, if applicable.	Yes	We support deemed scoring. Building on this in our response to question 50 we advocate that this principle could be further developed to simplify the ECO approach for deep multi-measure retrofits by using a before and after EPC to deem the savings.
30	Do you agree that savings for district heating system measures should be calculated based on bespoke SAP or RdSAP assessments, rather than deemed scores?	Yes	
35	Do you agree the version of PAS 2030 cited in the ECO regulations should be updated to refer to the most recent version, following the anticipated updates to PAS 2030?	Yes	
36	Do you agree that installation companies delivering measures which are referenced in PAS 2030 under the extension to ECO should be certified against the requirements set out in PAS 2030?	No	Yes, provided, as an alternative to PAS20:30, there is an opportunity for an RIBA registered Architect to sign off the works and provided they carry design responsibility under their PI with the installer still subject to the PAS2030 audit process. Failure of the audit process would follow the same sanctions route as if they were PAS 2030 certified, and failure still leads to being barred from delivering ECO works.  It is critically important that PAS 20:30 is substantially strengthened to be meaningful and that all companies installing measures under ECO are held to appropriate account. Certification to PAS 20:30 and the clear threat of removal of their certification should standards not be met, is a necessary requirement.
37	Do you think there is value in collecting and publishing more information on ECO costs in the future?	Yes	In order to develop a more effective market there needs to be more transparency and certainty over costs - however this should not be collected at the cost of increasing complexity.

40	<p>Should a brokerage mechanism be continued? Yes / No / I do not have a strong view Where appropriate, justify your response and, if responded 'yes', what value do you think a brokerage mechanism could add in the future?</p>	Yes	<p>The brokerage mechanism still has huge potential in helping to develop a better market but not as it has currently been designed and delivered, which has meant it is complex, lacks transparency and led to higher not lower costs and which has limited its success. The principle remains sound and should be revisited to create a more effective brokerage mechanism.</p>
46	<p>Government invites views on the aspects of the future supplier obligation (eg measures, scoring, objectives) where a Scottish scheme could diverge from the GB-wide scheme without increasing the administration or policy costs unreasonably.</p>	views	<p>A GB-wide scheme would present a larger market opportunity that new innovative schemes may be able to better address. However, we recognise there may be benefits to Scotland determining an ECO approach that maximises the benefit for housing stock North of the border.</p>
47	<p>When would you consider that differences between an English and Welsh scheme and a Scottish scheme could be detrimental to the operation and competition of the United Kingdom-wide energy market?</p>	views	<p>A number of social landlords manage portfolio that cross borders and having different scheme leads to confusion and higher costs.</p>
50	<p>Under current and previous supplier obligations, are there barriers in scheme design inhibiting innovation in delivery models and technologies? Yes / No / I do not have a strong view If you responded 'yes', how should we design the scheme in order to overcome these barriers and incentivise the delivery of innovative products, technologies and delivery models in a future supplier obligation?</p>	Yes	<p>The current ECO arrangement encourages a piecemeal approach to installing energy efficiency measures that will not meet the speed and aspirations of Government's carbon budgets without £billions of further subsidies and significant policy intervention. In the Netherlands the Government tackled this issue by encouraging the development of mass-market affordable whole-house retrofits called 'Energiesprong' or energy leap. Energiesprong UK has been established to bring this approach to the UK however the policy landscape is less favourable and the rapid innovation required to improve solutions and reduce costs would benefit from support, both financial and by means of a clear policy signal. A move to consumer-focussed outcomes rather than on particular technologies and standards would be a next logical step for a progressive Government committed to innovation and consumers. Over 800 properties have been retrofitted using this approach in the Netherlands with firm commitment between housing and industry to complete a further 10,000+ as well as a sector-wide intention to bring an additional 100,000 properties to this new and innovative refurbishment market as solutions emerge and price points drop.</p> <p>Building on the policy direction outlined in the consultation document Energiesprong UK would encourage BEIS to accelerate deployment of radical deep retrofits in the UK. To facilitate this deep retrofits could be defined as:</p> <ul style="list-style-type: none"> <li>-improving a home by more than 35 SAP points</li> <li>-demonstrating by simply providing a 'before' and 'after' EPC using RdSAP</li> </ul>

			<ul style="list-style-type: none"> <li>-require that more than 50% of property elements are the maximum 5 stars (on EPC) with all a minimum of 4 stars (with the exception of floors) to guard against unintended consequences of a single measure such as PV being deployed in very large quantities and 'gaming' the intent</li> <li>-deemed scores based on modelled examples taking all measures into account (fabric, heating, lighting, renewables) across the key archetypes: terraced, semi, flat, detached homes</li> <li>-Energiesprong solutions will offer a performance warranty which could in time be used in place of measure lifetimes. However, to encourage innovation and until the performance warranty has been tested in the UK market, we suggest that deemed scores are based on an aggregate lifetime of all the measures installed, this would equate to approximately 200tCO2 per property</li> <li>-allow funding to combine with RHI, FIT etc</li> <li>-make available to private, private landlords and social housing</li> </ul> <p>This robust approach would support the transformational approach that will deliver desirable, affordable, warm homes for life. Further details of our approach are available at <a href="http://www.energiesprong.uk">www.energiesprong.uk</a></p>
51	Government invites views on what specific improvements could be made to the design of the ECO scheme to facilitate administration and delivery.	views	Any proposal or changes should be subject of two key tests. Firstly, to assess the potential to add administration costs and bureaucracy and if this offsets any potential advantage it may bring. Secondly, significant changes that have not been tried should be tested comprehensively on a pilot level and reviewed independently before they are rolled out in the main scheme. This will ensure that any advantages are not done at the cost of a higher administration burden, that it delivers its objective and there are not unintended consequences to its roll out.