

## DECC Consultation: The Future of the Energy Company Obligation

### The Government proposes:

- Reducing the March 2015 Carbon Emissions Reduction Obligation (CERO) target by 33%, while the Carbon Saving Community Obligation (CSCO) and Affordable Warmth (also known as the Home Heating Cost Reduction Obligation (HHCRO)) remain the same.
- Enabling the energy suppliers to carry forward a certain proportion of over delivery against their March 2015 targets to count towards their March 2017 targets.
- Enabling energy suppliers to deliver less than their share of the new 2015 CERO target. In which case, an energy company would see the CERO obligation for March 2017 increased by 1.1% the shortfall in March 2015. This flexibility would not apply to the Affordable Warmth or CSCO targets- both will need to be delivered by 31 March 2015.
- Changes to the legislation to allow suppliers to reallocate the carry forward of over achievement from the previous obligations across their supply licenses, in order to optimally realize the benefit of this excess delivery.
- Allowing those energy suppliers that have delivered more than 35% of the primary CERO measures for Phases 1 and 2 by the end of March 2014, to receive 1.75 times the carbon score for primary measures delivered to that date. Activity carried forward from CERT/CESP would be excluded from this uplift.
- To extend the CSCO element of ECO from the lowest 15% to the 25% lowest income areas.
- To allow District Heating connections made from 1 April 2014 to be included as a primary measure under CERO.
- To allow loft insulation and the easy-to-treat cavity wall insulation installed from 1 April 2014 to be included as primary measures under CERO.
- To require the delivery of a minimum level of solid wall insulation to be delivered by the end of March 2017 across all companies and both carbon elements of ECO.
- Extending the ECO scheme to March 2017 with new targets imposed for CERO, CSCO and Affordable Warmth at a pro rata of the March 2015 levels.
- Allowing an uplifted Affordable Warmth score for measures delivered to households whose main fuel type is not natural gas.
- To provide that broken or not functioning efficiently electric storage heaters which are repaired or replaced under Affordable Warmth are scored in the same way as a “qualifying boiler” and in doing so, receive a higher notional bill saving.
- Requiring all boiler replacements delivered under Affordable Warmth to include a minimum warranty.
- Safeguarding the Energy Saving Advice Service (ESAS) referrals service – for households likely to be eligible for support under Affordable Warmth.
- Improving the transparency and availability of cost information relating to delivery of the ECO scheme.

The proposed changes, if adopted, are expected to reduce consumer bills by around £50 per household next year, with between £30-£35 per household of the reduction due to the ECO proposals.

## TIMINGS

It is proposed that certain changes should have effect 1 April 2014 but it is recognized that the amending legislation will not be in place until later in 2014.

## GET INVOLVED

Elmhurst will be responding, both as a stakeholder and via its trade association PEPA, and we strongly advise that if you have an opinion you do likewise. There are a number of consultation events planned by Government and details are available here ([visit the registration site](#)).

**If you wish to respond to the consultation then you should send your comments to;**

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