

Appendix **B**

Guide to Energy Company Obligation (ECO)

ECO – how is it funded?

There are two sources of funding for ECO, the energy companies themselves, or the ECO Brokerage. It is envisaged that the best £/carbon deals will be with the brokerage.

ECO funding for ECO schemes has to be bid for. A bid must contain detailed proposals and anticipated carbon saved from the measures installed. The proposals must be within the three ECO “sub-schemes”, outlined below.

A bid is made by an accredited installer but is perhaps more likely to be approved if the scheme is in partnership, for example with local authority, or community group(s), and is shown to be specifically targeted based upon data/intelligence.

Three strands to ECO

a) CERO

The Carbon Emissions Reduction Obligation (**CERO**) has funding available to aid **solid wall insulation (SWI) and Hard-to-Treat Cavity Wall Insulation (HTT)**. CERO is expected to provide **up to 100% funding** for both social and private homes for SWI and HTT.

There appears to be no eligibility criteria for residents.

With funding for the first time expected to be at, or close to 100%, there is expected to be a great interest and capacity may disappear quickly, with possible labour shortages. These are measures that DECC are pushing hard but this is still a developing sector.

b) CSCO

The Carbon Saving Community Obligation (CSCO) targets insulation measures such as Solid Wall Insulation, Cavity Wall Insulation, Loft Insulation, District Heating and Glazing, in defined areas of multiple deprivation.

There is **no need for qualifying benefits** for properties in a CSCO area regardless of tenure. 20% can be completed in areas adjoining the defined Lower Super Output Areas, reducing “half street” installs experienced in previous (CESP) programmes.

CSCO Rural utilises 15% of the CSCO funding to those on benefits in rural areas -

defined as populations of less than 10,000. There are a large range of measures available, e.g. Loft Insulation, Cavity Wall Insulation, External Wall Insulation, Replacement Boilers and Glazing.

A qualifying benefit or tax credit is needed to be eligible for **CSCO Rural**, such as:

- Income related employment support
- State pension credit
- Working tax credit with a household income under £15,860
- Child Tax credit with household income under £15,860

c) HHCRO

The Home Heating Cost Reduction Obligation (HHCRO) is measured on the reduction in notional heating bill savings and is **aimed at those private sector residents on qualifying benefits to have heating and insulation measures**. There are multiple qualifying measures allowed so long as it reduces the property's heating cost (incl. boiler repairs).

Qualifying benefits are the same as those for CSCO Rural. HHCRO will allow those qualifying residents the opportunity to receive heavily subsidised installations; in many cases installed measures will be free of charge.

Eligible residents will need to be in receipt of qualifying benefits as would have been required through the previous Warmfront scheme, which ended on 19 January 2013.

Some accredited installers are already willing to receive referrals from local authorities or directly from qualifying residents and will be able to progress assessments from the first week of February. In effect, HHCRO replaces Warm Front

Proposed Approach and next steps for the Council

Communities that could benefit from ECO in Central Bedfordshire

a) Under CERO, potentially any resident needing solid wall insulation (SWI) and Hard-to-Treat Cavity Wall insulation. However, a scheme has to be developed for approval and there will be greater certainty with a scheme supported by a landlord service for its own properties. Depending upon factors like fuel used in those properties, there could be funding at or near 100% levels for solid wall insulation including Non Traditional homes.

b) Under CSCO, we aim to obtain data/report confirming the eligible LSOA in Dunstable Manshead ward, to help identify those households (inc CBC tenants) where measures are free.

c) Under Rural CSCO, the aim would be to target information to rural communities, esp to those in receipt of qualifying benefits.

d) Under HHCRO, the aim would be to target information to all private sector residents in receipt of qualifying residents.

Council Website

The website will be updated with up to date and relevant information to help inform residents choices.

CBC owned homes

Funding is available for both Cornish and Unity type houses for solid wall insulation. The Council's Housing Landlord Service needs to consider the improvement of these homes, preferably in consultation with tenants.

The Council should also funding for Solid Wall Insulation to older traditional homes (in rural areas mostly)?

Both schemes could provide 100% capital funding, but the Council would need resource to project manage.

Procurement/choice of contractor

The Council have formally requested to join a Framework contract, tendered under OJEU rules by Peterborough Environmental City Trust. The framework includes a number of accredited contractors and includes scope for works to be undertaken in Bedfordshire. The Council intend to run a mini competition amongst the companies within the framework to comply with Council's procurement rules and good practice.