

The Energy Company Obligation and Green Deal

This briefing summarises the key changes to the Green Deal and Energy Company Obligation announced by Ed Davy MP and the Chancellor as part of the Autumn Statement. Full details of the announcement can be found [here](#).

Energy Company Obligation

- Home Heat Cost Reduction Obligation (HHCRO) and Carbon Savings Community Obligation (CSCO) remain unchanged and will be extended to 2017 with proportionate increases in the obligations on energy companies.
- The government will also consult on increasing the eligibility for access to the lowest 25% of areas ranked in the indices of multiple deprivation.
- Carbon Emissions Reduction Obligation (CERO) will be cut by about 33% and will continue at this reduced rate until 2017. Easy to treat cavity walls and lofts will now be counted as part of the target. There will be a requirement that 100,000 solid wall measures should be delivered over this extended time period however it is anticipated that the overall number of solid wall measures will decrease.
- Energy companies will be able to 'bank' any over delivery against previous schemes and the current round of ECO against their 2015 and 2017 targets.

There will also be a change to the funding arrangements for the **Warm Homes**

Discount:

- The discount will continue but will be funded from general taxation.
- All suppliers, including small suppliers, will be asked to make a £12 rebate to all customers to reflect that the Warm Home Discount being funded by government, this is worth £600 million in total.

LGA response

Reducing the amount of energy we need to heat our homes by increasing the energy efficiency of the housing stock is part of the long-term solution to the issue of rising bills.

The energy companies' delivery of ECO, which was designed to help make homes warmer and cheaper to heat, is already 67 per cent behind target. Offering incentives is useful but the government needs to look more fundamentally at the delivery of the ECO and reducing red tape in addition to ensuring that those properties that are hard to treat (such as those with solid wall insulation) remain able to access ECO. Making upgrades easier and more accessible to households is the way forward.

Green Deal

- Support for consumers including a Green Deal online tool, improving the Green Deal Advice report and signposting consumers to support services.
- Make it clearer in the legislation that landlords and tenants can access the Green Deal.
- Opening up access to Energy Performance Certificate data.

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Item 1

Appendix B

- Adding more measures to the list of those that can be supported under the Green Deal and allowing more flexibility over the exact specification to which companies can install.
- Homebuyers will be eligible for up to £1,000 on the average house or up to £4,000 for expensive measures.
- Government will also introduce a scheme worth £90 million to support private landlords to improve the energy efficiency of their properties and will improve around 15,000 of the least energy efficient rental properties each year for three years.
- £90m will be made available over three years to improve the energy efficiency of schools, hospitals and other public sector buildings.
- The Green Deal Communities Fund will be increased from £20 million to £80 million.

LGA response:

Increased funding for local authorities through the Green Deal Communities Fund and for public sector buildings is helpful but this money needs to reach local areas quickly so it can start making a difference. The government should delegate the cash directly to local authorities rather than holding it in a bidding pot and provide maximum flexibility to support a broad range of energy efficiency projects led by a variety of organisations and in partnership, to ensure it will have the maximum impact.