



Evaluating the UK's Energy Company Obligation: revealing public acceptability of the home improvements required to reach Net Zero

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EXTENDED ABSTRACT

Introduction / background

Improving the energy efficiency of the UK residential housing stock is crucial for meeting the UK government's Net Zero and energy poverty targets and ensuring a just transition. The scale of the challenge is considerable. In England alone, there are 3.2 million households living in energy poverty, whilst the residential housing sector currently accounts for ~15% of UK CO₂ emissions.

This paper presents evidence from one of the UK's flagship energy efficiency financial support packages for low-income and fuel poor households, the Energy Company Obligation (ECO). Launched in 2013, ECO obligates medium and larger energy suppliers to fund the installation of energy efficiency measures in fuel poor households. Each supplier has an overall target based on their share of the domestic energy market in Britain. Obligated energy suppliers work with installers to introduce efficiency measures into eligible homes, such as loft or wall insulation, or heating measures.

Methodology

A quantitative survey was conducted with 2,857 ECO-eligible households between March and May 2020 that had received an energy saving measure under the ECO scheme between April 2017 and November 2019. Selected households were sent a 16-page paper questionnaire and were also offered the option to respond online. Follow-on qualitative interviews were conducted with 40 households who had agreed to be recontacted as part of the survey. These interviews were conducted over the telephone and lasted up to 60 minutes.

Results

Limited awareness of available home improvements and funding appear to act as barriers in the pursuit of Net Zero. In our study, initial awareness of energy saving measures was shown in general to be low. Before finding out about the scheme, more than a quarter (27%) of households had never heard of the energy saving measures they had installed, and a further quarter (24%) said they had heard of the measures but were not aware they could be installed in their home. For eligible households, the offer of funding was a clear motivator, with 37% of interviewed households saying this was one of the main reasons for having the measures installed. Qualitative research also showed that assessors or salespeople played a key role in raising awareness/informing households about measures that were available and their potential benefits. This points to the importance of raising awareness among households of both the types of measure that are available, but also financial support that is available to consumers.

The survey points to the importance of highlighting tangible personal benefits when promoting home improvements in the pursuit of Net Zero, rather than potential and less immediate environment benefits. More than half of households said they had chosen to improve their home to make it warmer/more comfortable (57%) or to save money (51%). Comfort was especially important for households with children under the age of five (70% in this group cited it as a reason), highlighting how this type of scheme may need to be ‘sold’ differently to different types of households. Whilst environmental reasons were of secondary importance to households, they remained important with more than a quarter (28%) citing these as one of the reasons for having an energy-saving measure installed.

Most households accessing the scheme saw positive impacts. Six in ten (57%) felt they had benefitted from having the measures installed. Reported benefits included having a warmer home (67%) and lower energy bills (41%). This **reinforces the idea that consumers focus on tangible and immediate benefits**. A positive experience with the ECO scheme may encourage households to consider other energy saving installations in the future, as 58% who had measures installed via ECO said they were considering additional measures as a result. However, we do not know whether this is entirely due to the subsidized nature of the installations or if households would consider paying for installations themselves.

Satisfaction with the scheme varied depending on measures installed. In general, households who had a new boiler installed were more satisfied (85%) than those who had insulation (75%), and particularly Solid Wall Insulation (SWI) (66%). Qualitative evidence suggests dissatisfaction stemmed partly from the time taken to install measures, where longer, more disruptive measures were viewed less favourably. This suggests **households may be more amenable to ‘quick wins’ to help reduce domestic emissions, rather than more intrusive measures, such as SWI**.

Conclusion & discussions

The principal findings from this study are as follows. First, there is a lack of knowledge among fuel poor householders about the energy saving measures required to decarbonise the UK housing stock. Second, fuel poor consumers are most likely to act if they recognise tangible shorter-term benefits for themselves and their household, which vary according to individual circumstances. Third, satisfaction varies according to the type of installation, with new heating measures generally viewed more favourably than insulation, and especially SWI. Last, ECO may encourage households to install energy-saving measures they would otherwise not have considered, although we do not know whether this translates into real-life action and if so, whether they would contribute financially.

These findings suggest that awareness-raising by government and business, as well as targeted communication of the benefits for households, may increase take-up of energy saving measures. However, while there is evidence that fuel poor households are open to ‘quick wins’ such as boiler and cavity wall installations, the picture is less favourable in relation to more intrusive measures such as SWI. This creates challenges in meeting Net Zero, given that more intrusive measures will be required to fully decarbonise the UK housing stock. Finally, while ECO may contribute to decisions around further installations, there remains an important question for policymakers around whether households are willing to pay for energy saving measures and if so what amount, and are these the measures required to reach Net Zero?