

# KANTAR PUBLIC

## Evaluation of the Energy Company Obligation (ECO)

Energy Evaluation Europe Conference  
2022

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Department for  
Business, Energy  
& Industrial Strategy



# What we will cover ...

1. **UK context:** how the UK compares to European countries and current policy
2. **Energy Company Obligation (ECO) policy** – overview of the design
3. **Our evaluation approach**
4. **Findings and conclusions**
5. **Discussion**

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# Where does the UK stand?

Figure 12: Percentage of homes rated EPC A-G in England, 2004-2019

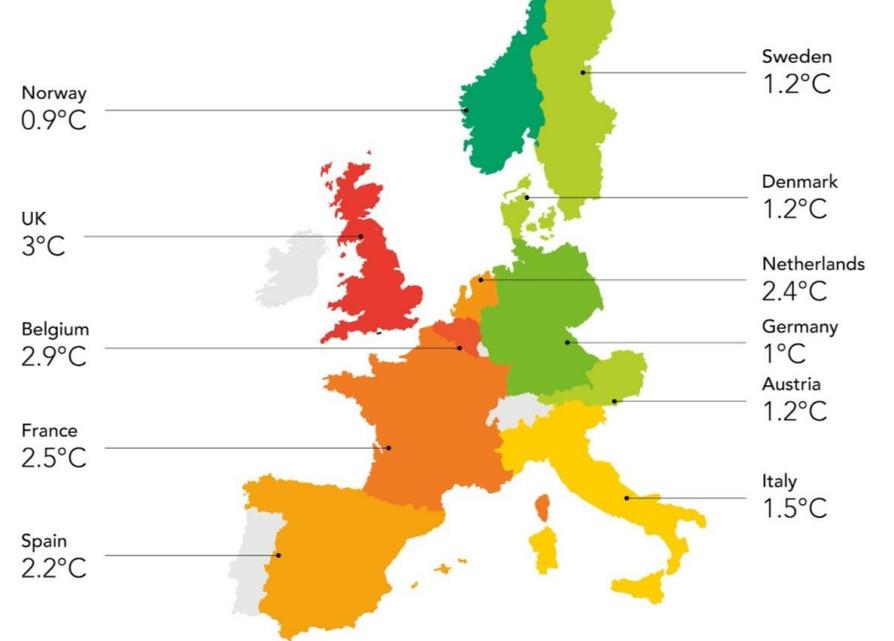


Department for Business, Energy and Industrial Strategy (2020)  
Heat and Buildings Strategy

## Home temperature loss after 5 hours

tado°

With a temperature of 20°C inside and 0°C outside



Based on a sample of over 80,000 European homes

<https://www.tado.com/gb-en/press/uk-homes-losing-heat-up-to-three-times-faster-than-european-neighbours>

# What are our plans?

Among other goals, the Heat and Buildings Strategy, published in 2021, commits to:



- Improving the performance of poorer performing homes throughout the 2020s so, where cost-effective, as many homes as possible can achieve EPC C by 2035
- Targeting support at low income households through financial support schemes to increase energy efficiency and help switch to low-carbon heating
- Phasing out new natural gas boilers from 2035 and setting a clear ambition for industry to reduce the costs of heat pumps
- Ensuring all new build properties are installed to high energy efficiency standards and are fitted with low-carbon heating.

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# Energy Company Obligation (ECO)



Department for  
Business, Energy  
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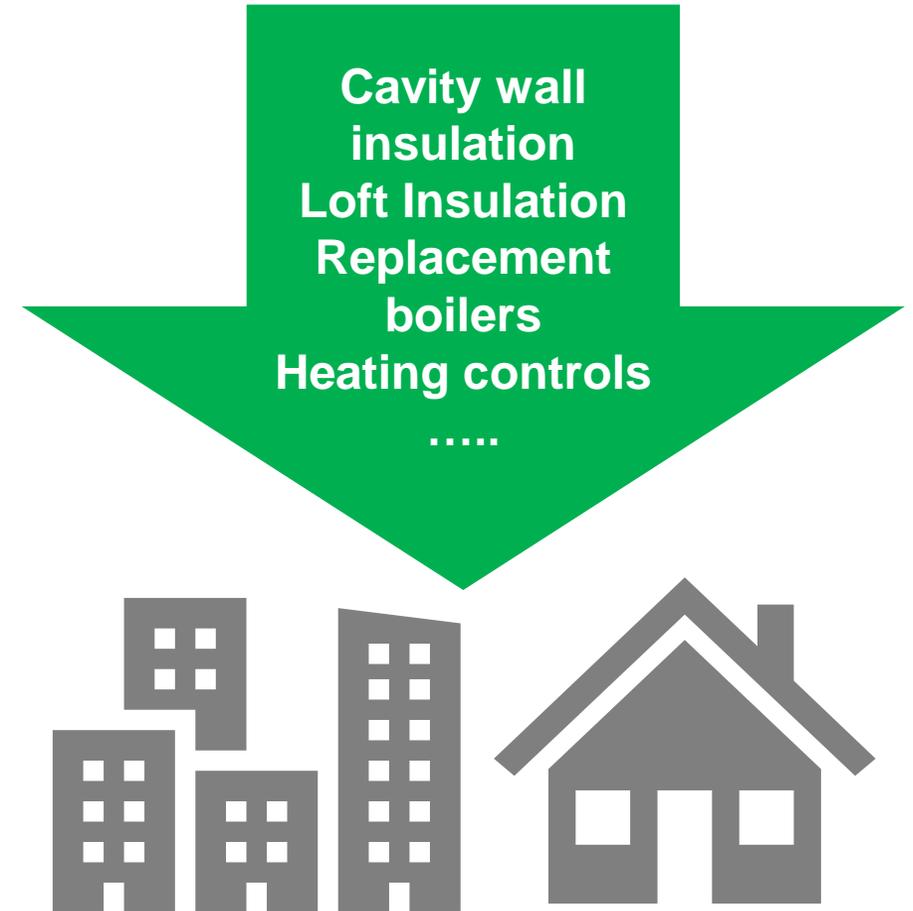
- ECO, launched 2013, **requiring energy suppliers to deliver energy efficiency and heating measures** to homes in GB
- Ofgem administers the scheme on behalf of the Department for Business, Energy, & Industrial Strategy (BEIS):
- **ECO is the latest in a long line of Supplier Obligations** (CERT, EEC and SOP all predecessor schemes)
- **A cornerstone of domestic energy efficiency policy in GB**
- **Focused support on households in fuel poverty + properties that are less energy efficient**
- **To reduce greenhouse emissions and lower cost of energy bills**



# Types of measures offered through ECO

- Measures installed under ECO aim to provide energy savings to help households:
  - keep homes warmer and more comfortable to live in
  - Reduce energy bills and reduce carbon emissions
- Wide variety of measures – focus on improving insulation and efficiency of heating
- Not primarily about renewable / green energy
- Some homes receive more than 1 measure

## Energy Company Obligation (ECO)



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To **support the development of policies** there is a need to capture robust evidence on the impact of ECO to date

### **Supporting the development of successor to ECO**

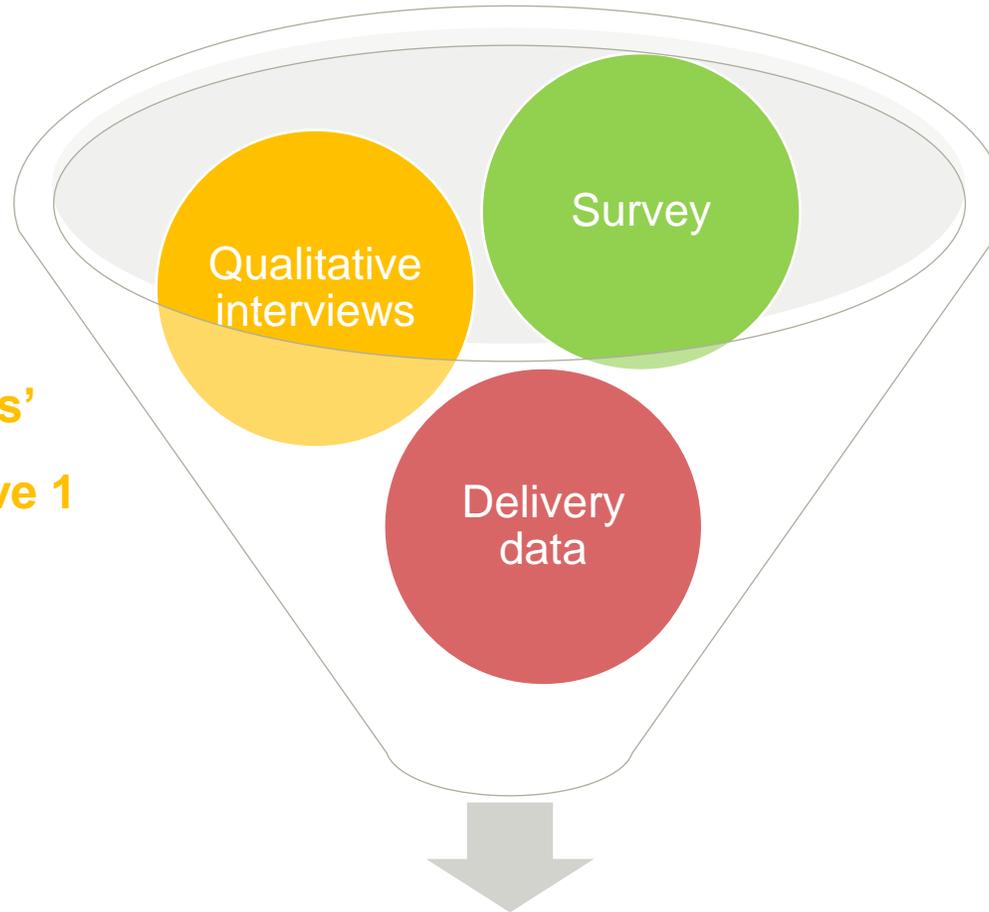
Need a robust **understanding of the characteristics of households** that have benefitted

Understand **impact of energy efficiency measures in the real world**



# Integrated thematic analysis

- After survey wave.
- Providing 'deep dives'
- 40 interviews for wave 1



Thematic analysis of  
research questions

- Survey of 2,857 households
- March - May 2020
- Postal & online

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# Key Findings



- **Awareness of options for home improvements and funding sources is low** and acts as a barrier in the pursuit of Net Zero.
- Evidence suggests that interest in home improvements is highest when **tangible personal benefits**, such as increased thermal comfort and lower energy bills, are highlighted.
- **Six in ten households felt they had benefitted** from having the measures installed. Reported benefits included having a warmer home (67%) and lower energy bills (41%).
- However, **satisfaction varied depending on the measures** and was greatest with least intrusive measures (e.g. new boilers, loft insulation), whilst those installing more intrusive measures (e.g. Solid Wall Insulation) reported more problems and less satisfaction.

# Policy Implications

- Lack of awareness suggests need to proactively **promote the energy improvement options available to households**, as well as tangible benefits, e.g. thermal comfort and lower energy bills
- Government funded schemes, such as ECO, may encourage households to have measures installed that they would not otherwise. However, it is unclear whether they would be **willing to fund such measures themselves** and if so, how much they would be willing to contribute.
- More needs to be done to **promote the benefits of 'deep' retrofit** and to understand the reasons for dissatisfaction with measures such as SWI, UFI.



## Points of discussion



- **What level of demand is there for deep retrofit measures**, such as Solid Wall/Underfloor Insulation in your country?
- Are people **willing to contribute** towards these measures financially? If so, how much are they willing to pay?
- Is there evidence that **demand for installations is increasing due to instability in energy prices** and are governments taking advantage of this?

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