



Delivery of ECO4

Shueb Ali
Chief Commercial Officer, AgilityEco

The continuation of ECO provides us 4 years of certainty. ECO is being refocused to target our worst performing homes

- Increased spending envelope; **£1bn p/a** to facilitate a multi-measure whole house approach.
- Focus on inefficient private low-income households, with **70% of the obligation ringfenced for E to G rated owner occupied and private rented homes.**
- **Solid wall & rural** minimum maintained –SWI minimum now based solely on projects involving solid wall insulation as opposed to solid wall alternative measures.
- **“ECO4 Flex”** cap raised to 50% of each supplier’s obligation and alongside Local Authority (LA) Flex there are new provisions for **Supplier Flexible Eligibility.**
- Introduction of **minimum requirements with a fabric first approach** to ensure long-term positive outcomes for households.
- Along with the minimum requirements, all projects including a **heating measure** must also meet certain **insulation pre-conditions.**
- Reduced support for broken boiler replacements. **Inefficient boiler upgrades (non-condensing boilers) continue to be eligible for owner-occupied premises.**
- First Time Central Heating (FTCH) is only eligible where a property is considered to be **on-grid as of 1st April 2022.**
- Non renewable heating replaced with **hydronic heat pumps will qualify in most instances**

Here are some of the key highlights to the ECO4 changes in relation to measure types...

- All projects including a heating measure must ensure that any **cavity walls and roof space** are insulated to qualify.
- Heating interventions are dictated by whether a property is considered to be off-gas.
 - On-gas: *any property with a gas meter or gas burning appliance as of 31/03/2022*
 - FTCH is restricted to **on-grid properties**
 - **Upgrade to heat pumps are eligible in most instances.**
 - Inefficient Electric Storage Heaters (ESH) and boilers are eligible for upgrades. Inefficient means:
 - Non-condensing boilers or systems with lower efficiency
 - ESH with a SAP responsiveness equal or lower than 0.2
 - Capped broken efficient replacements are subject to the **beyond economical repair criteria.**
 - Off-gas: *any property without a gas meter or gas burning appliance as of 31/03/2022*
 - Subject to an **off-gas hierarchy**;
 - hydronic heat pumps including a District Heating System (DHS) connection.
 - Biomass including a DHS connections
 - Upgrade to High Heat Retention Electric Storage Heaters (HHR ESH).
 - **Upgrade to heat pumps are eligible in most instances.**
 - Inefficient, efficient and broken rules still apply including the **broken heating cap.**

Here are some of the key highlights to the ECO4 changes in relation to measure types...

- **Electric Room Heater (ERH) to ESH upgrades are no longer eligible** as ERH are not considered to be an electric heating system.

- The definition of a wet central heating has been reviewed, allowing FTCH to be delivered to properties with **warm air units** and in some instances **back boilers**.

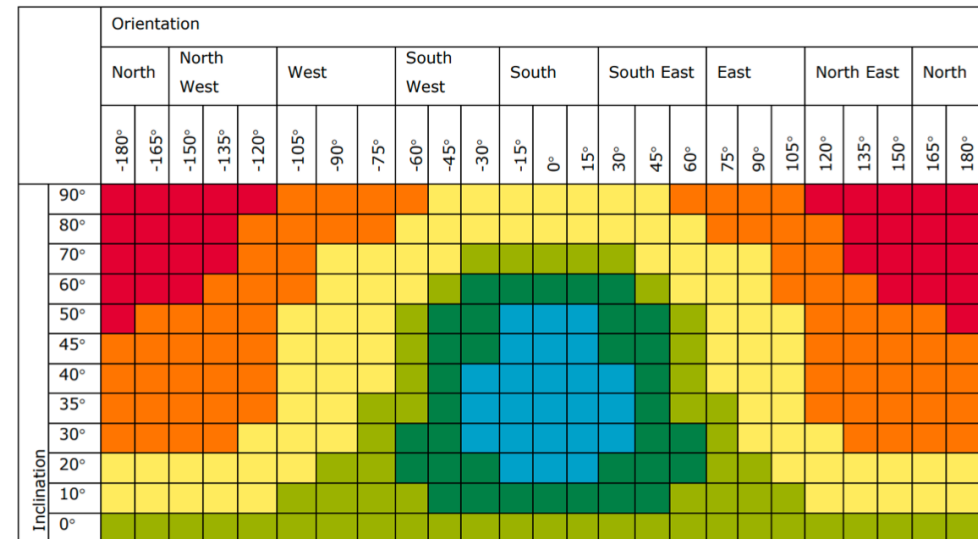
A wet central heating system 'means a central heating system in which heated fluid circulates between a boiler or other heat source and one or more separate heat emitters'

- Solar PV measures are only eligible where a hydronic heat pump, HHR ESH or an electric heating system with a SAP responsiveness rating of equal to or greater than 0.8 is installed **within the same ECO4 project as the Solar PV measure**.

- POPT for Solar PV should be adjusted to factor in **system capacity** and PV array **orientation and inclination**.

- POPT is adjusted using the following formula:

$$\frac{\text{Installed Capacity (kWp)}}{2.5 \text{ (kWp)}} \times \text{OI Factor (\%)}$$



There are some important changes to eligibility based on the tenure of the property and EPC rating

> Social Housing

- > Properties with EPC rating of E, F & G qualify for **insulation, FTCH, renewables and innovation**
- > D rated homes are restricted to **innovation measures and insulation to meet any minimum requirements.**

> Private Rented Sector

- > Restricted to E, F & G rated homes where the **ECO4 project includes at least one of the following:** SWI, FTCH, upgrade to renewables or new DHS connection
- > Heating measures are restricted to FTCH, upgrade to renewables or DHS.

> Owner Occupied

- > E, F & G rated homes: no specific restrictions beyond ECO4 general rules
- > D rated homes: minimum **heating pre condition also extends to SWI and floor insulation.** This excludes FTCH measures which are subject to the usual FTCH insulation pre conditions.

Social Housing overview

EPC D



EPC C

EPC E



EPC C

EPC F & G



EPC D

Innovation measures
Insulation measures will
also qualify where used it
satisfies the minimum
requirement

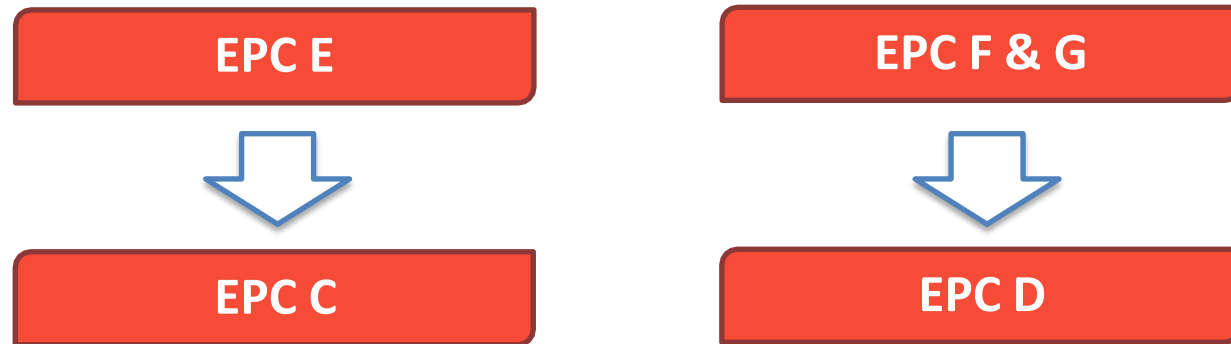
Only the following measures qualify and all projects must satisfy the
minimum requirement:

- a) Insulation
- b) first-time central heating *
- c) a renewable heating system (except where it replaces a renewable
heating measure of the same kind) *
- d) a district heating connection *
- e) innovation

**all measures are subject to heating or FTCH insulation pre-conditions*

These requirements are exempted if all insulation is already installed in the
home to the required standard

Private Rented overview



The package of measures must include one of the following measures:

- a) solid wall insulation
- b) first-time central heating *
- c) a renewable heating system (except where it replaces a renewable heating measure of the same kind) *
- d) a district heating connection *

**all measures are subject to heating or FTCH insulation pre-conditions*

These requirements are exempted if all insulation is already installed in the home to the required standard

Owner Occupied overview

EPC D



EPC C

EPC E



EPC C

EPC F & G



EPC D

If Installing heating (other than FTCH or DHS)
Roof, walls (inc solid) and floor must be insulated

Any projects including heating measures must first have all cavity walls and roof space insulated.

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These requirements are exempted if all insulation is already installed in the home to the required standard

Scoring has been revamped to reflect the governments ambition to meet our fuel poverty targets

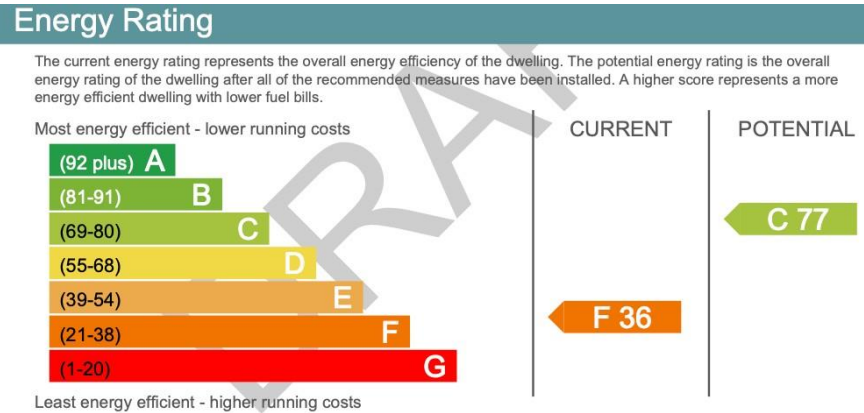
- Scoring is now split by **Full Projects** and **Partial Projects**.
 - **Full project scores (FPS)**: awarded to projects which meet the minimum requirement (or where a relevant exemption applies) and are based on the Annual Bill Savings (ABS) produced by the improvement in a premises' SAP rating.
 - **Partial project scores (PPS)**: awarded at a measure level where the minimum requirement has not been met. They are interim scores which represent a proportion of the full expected ABS of a project.

It is highly unlikely that much of the latter will be available as suppliers are capped and will most likely be used to address failed full projects

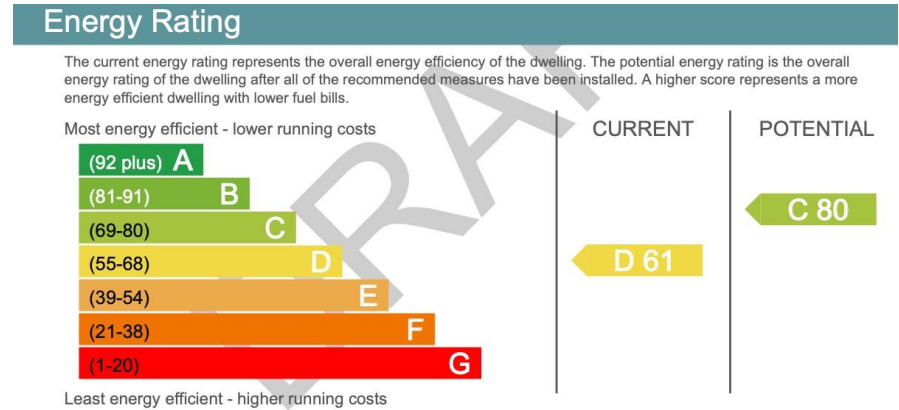
- FPS scores are pre-determined by the starting and finishing SAP band of a property, whilst accounting for property size.
- All FPS scores are subject to a **minimum EPC SAP band improvement**, to be evidenced through a **RdSAP or SAP calculation. This will not be based on a deemed score improvement**.
 - **F & G** rated properties must be improved to a **minimum of D**
 - **D & E** rated properties must be improved to a **minimum of C**
- Within the Ofgem draft PPS, there were indicative SAP improvements per measure type. Please note that these are based on an average and **may not reflect your project**. We have included an example here of an actual RdSAP assessment vs the indicative SAP scores.

Here is an example of a project where CWI, LI, ASHP and HC have been installed

Pre install RdSAP assessment



Post-install RdSAP assessment



Deemed indicative SAP improvement (PPS)

Floor Area	Pre SAP Band	Post SAP Band
98<TFA<200	High_F	Low_E

Measure Type	SAP Improvement
Non condensing boiler Upgrade - ASHP	-2.98
TRV	0.83
Programme & Room Stat	1.78
CWI 0.033	5.38
Loft Insulation >100mm Existing	0.42
TOTAL	5.43

Annual Bill Savings (ABS) comparison

Score comparison	Deemed RdSAP Improvement	Actual RdSAP improvement
Pre SAP Band	High_F	High_F
Post SAP Band	Low_E	Low_D
Annual Bill Savings	300.4	737
Minimum Requirement satisfied	No	Yes

Here are the SAP ratings/bands used to calculate FPS and corresponding floor area segments.

SAP Rating	Intermediate SAP Band
Below 10.5	Low G
10.5 to 20.4	High G
20.5 to 29.4	Low F
29.5 to 38.4	High F
38.5 to 46.4	Low E
46.5 to 54.4	High E
54.5 to 61.4	Low D
61.5 to 68.4	High D
68.5 to 74.4	Low C
74.5 to 80.4	High C
80.5 to 85.9	Low B
86.0 to 91.4	High B
91.5 to 95.9	Low A
96.0 and above	High A

Floor Area Segments	Total Floor Area (TFA) range (meters squared)
1	TFA < 73m
2	73m <= TFA < 98m
3	98m <= TFA < 200m
4	200m <= TFA

Premises can be divided into four distinct floor area segments, based on the total floor area range of the property. The floor area of the premises should be determined in accordance with SAP conventions.

Score uplifts will be automatically applied to the two smallest floor area segments (segments 1&2) and will already be accounted for in the scores shown in the published scoring matrix.

Other important changes

- Innovation measure uplifts will continue under ECO4. This will now split in to two categories with a further **5% uplift** to the sponsoring supplier of an application:
 - 25% measure demonstrates a **moderate improvement** against its standard counterpart.
 - 45% measure demonstrates **substantial improvement** against its standard counterpart

The differentiation between the two uplifts will be decided by the innovation measure application process.
- The **off-gas rural uplift of 35% will now be restricted to Scotland and Wales**. This is to avoid competing against the Home Upgrade Grant (HUG) scheme in England.
- Percentage of Property Treated (POPT) will continue to be enforced.
 - If >67% POPT, the published scores can be claimed, providing that any **post Energy Performance Ratings accurately record the percentage of measure treated** to calculate the **post SAP rating**
 - If <67% POPT, exact POPT must be notified, and **FPS or PPS adjusted to reflect final POPT**
- All projects must be completed no more than **3 months after installation of the first** measure. Falling foul of this requirement may result in a **deflated score**.
- The In-fill mechanism has been **simplified** and is no longer part of ECO4 flex. These will only **attract PPS and will not be subject to the minimum requirements**.
 - Flats (50/50) – SWI, CWI or Districting Heating Houses (3/1) – SWI or District Heating only

ECO4 also sees the introduction of funded enabling works

- An allowance for enabling works to rectify issues in a property prior to retrofit measures can be installed has been introduced to ECO4; **Building Fabric Repairs (BFR) uplifts**. This will only be available within **EFG rated owner occupied homes with a cap of £1,251** per property.
- BFR claims must be evidenced using a PAS 2035:2019 pre-installation whole-house assessment, **verified by the Retrofit Coordinator** and must include *“identification of the location and severity of any existing construction defects or structural defects or leaks, and of any condensation and/or mould growth in the dwelling”*.
- Items which are covered and not covered within the scope of the BFR increase

Covered	Out of Scope
Removal of asbestos where this is a legal and / or regulatory requirement	Relaying tiles or carpets
Treatment of condensation or mould growth	Moving items in loft spaces and furniture generally
The repair of an existing construction defect, a structural defect, or a leak	Repainting damaged surfaces
The extraction of cavity wall insulation or loft insulation	Installation of flood mitigation measures
	Installation of ventilation measures

ECO4 Flex offers new opportunities and allows more low income households to be targeted

- As it was under ECO3, councils can publish a **Statement of Intent (SOI)** that sets out the criteria by which it can make a household eligible for ECO4 and sign **Flex Declarations** to confirm this
- **Obligated Suppliers**, and the Scottish and Welsh Governments, can also produce declarations
- The new **SOI template is very standardised**, so there will be much less variation between LAs
- There are four new criteria:
 - i) A gross household income of less than **£31,000** (evidenced by 3 months of payslips, bank statements, etc)
 - ii) Two proxy measures from an approved list – includes location, receipt of LA support, and debt
 - iii) NHS referral of low income and vulnerable to the cold (LIVC)
 - iv) Bespoke targeting – an opportunity for LAs and suppliers to put their case to BEIS. Guidance pending.
- The requirement to submit **individual declarations to Ofgem in advance**, and achieve a higher standard of evidence of eligibility may put off some local authorities from participating
- AgilityEco is working with Birmingham and Sheffield councils for the first stage of ECO4 to administer their Flex schemes: other LAs have approached us and we may expand in due course
- Both LA & Supplier Flex offer an opportunity to use existing datasets to target and ‘pre-qualify’ large numbers of households likely to be eligible



Why work with AgilityEco?

Jonathan Dyson
Senior Business Development Manager, AgilityEco

To support our growth aspirations we have revamped our proposition to focus on five key value add areas:

Terms & Experience

The volume of work we deliver for funders and our long-term strategic relationships allows us to offer very competitive terms across a wide range of retrofit measures, in addition to advice and support regarding the latest policy developments.

Data-Driven Lead Gen

We have unique property software that supports lead generation for grant-funded programmes.

Our leads are screened for eligibility prior to referral and provided with no upfront cost to AgilityECO partners.



Retrofit Expertise

We have an unrivalled understanding of PAS, along with a national network of Retrofit Assessors and in house Retrofit Coordinators.

To support AgilityECO partners, our quality assurance and compliance teams ensure the highest standards and minimise the risk of measures being rejected.

Heat Pump Proposal

Our strategic partnership with Alto Energy, enables Agility ECO to provide our installer network with additional routes to market linked to our funded workstreams.

MCS umbrella, preferential training arrangements & market leading technical support available solely for AgilityECO partners.

Additional Installation Opportunities

Our unique local authority and grant-funded programmes offer our installers a source of work at enhanced rates which is not available to others outside our network.

Terms & Experience

We offer can offer excellent contractual terms thanks to the strength and depth of our relationship with multiple funding partners



Leading market rates
for all measure types

Prompt payment term of 14 days
depending on contract volume

Same-day invoice financing
with no additional charge levied by AgilityEco

Flexible funding agreements
ranging between 3 to 12 months

Long term availability of funding
from multiple energy companies & councils

Dedicated Contract Management

Supporting your contract fulfilment & any technical requirements.

Compliance Support

Intuitive cloud platform & AgilityEco support team assistance covering all grant funded schemes.

Quality Assurance

Reassurance of guaranteed PAS compliance, devoted QA experts available to support our installer network.

Data-Driven Lead Gen

We have developed data-driven lead generation tools, able to identify energy inefficient homes across the country suitable for retrofit measures

- > We have unique access to property data from across the country that allow us to **identify and target suitable households**, even those without an EPC, and the retrofit measures likely to be suitable for them
- > Our leads are **screened for eligibility** prior to referral and all ECO leads are provided at **no upfront cost**
- > Our approach to **retrofit targeting** includes:
 - > Use of publicly available data, paid-for data and digital marketing to **enhance targeting**
 - > Combined with geospatial data, a specialist data science provider allows us to model any property remotely and determine:
 - > **Economic feasibility**: identify a cost effective measure package which reflects the characteristics of the home and available funding based on scheme rules
 - > **Technical suitability**: ensure that recommended measures are deliverable by identifying any barriers such as access issues, conservation areas and listed buildings. Whilst also conducting other useful remote assessments such as noise assessments for heat pumps.
 - > **Likelihood of occupier eligibility**: using external data sources such as Experian, Index of Multiple Deprivation (IMD), DWP data and land registry, we can estimate the likelihood of an eligible household.



Additional Installation Opportunities

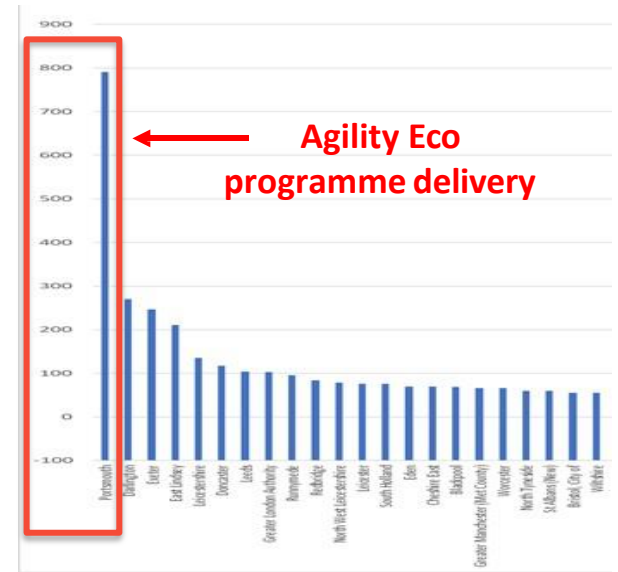
Unique local authority and grant-funded programmes, provide additional routes to market with high ticket funding envelopes and SORs.

- ▶ Significant opportunity to access **dedicated funding pots**, via unique Agility Eco and Local Led flagship partnerships.
- ▶ We fund many of our programmes through strong relationships with obligated energy suppliers, with **multi-year funding arrangements** for ECO and Warm Home Discount Industry initiatives.
- ▶ Managed programmes, **predictable funding** levels provided via a schedule of rates and agreed programme duration.
- ▶ Opportunity to support additional workstreams and nurture new regional programmes.

LAD3/HUG1 for the Warmer Homes programme in 2022/23: **£32m**

ASHP first time central heating: over **£15m** over the next 2 years across the whole of Britain

Developing additional area-based HUG schemes, designed to **complement traditional ECO 4** workstreams and assist our installer network.



Heat Pump Support

Join our Alto Assured programme to benefit from a heat pump supply, design and commission service, providing guaranteed compliance & performance.

Innovative Renewable Heating Scheme, Exclusively For AgilityEco Network Partners.



As an AgilityEco network partner, you're able to join a national network of Alto Assured Heat pump specialists, Our network benefit from. preferable rates and receive referrals for heat pump projects to progress with homeowners within defined area.



Our Alto Assured partner scheme allows partners to operate under a MCS umbrella without an accreditation of your own., with Alto Energy taking responsibility for the full scope of work, including design, supply, installation and commissioning of the heat pump system.



Training for AgilityEco network partners is free of charge and is the first step to becoming an Alto Assured partner. Once approved, you're able to access our unique scheme immediately, benefiting from industry leading support teams to support your business.



All heat pumps supplied benefit from a design & commissioning service, ensuring full compliance. Homeowners also receive a comprehensive guarantee with 5 years parts and labour cover. This guaranteed compliance service aims to offer complete .peace of mind.



Heat pumps funded through AgilityEco programmes will benefit from a financing option to cover the cost of heat pump kit, design & commissioning. Note that some programmes will see no cost recovered from installers for heat pump design and commissioning.

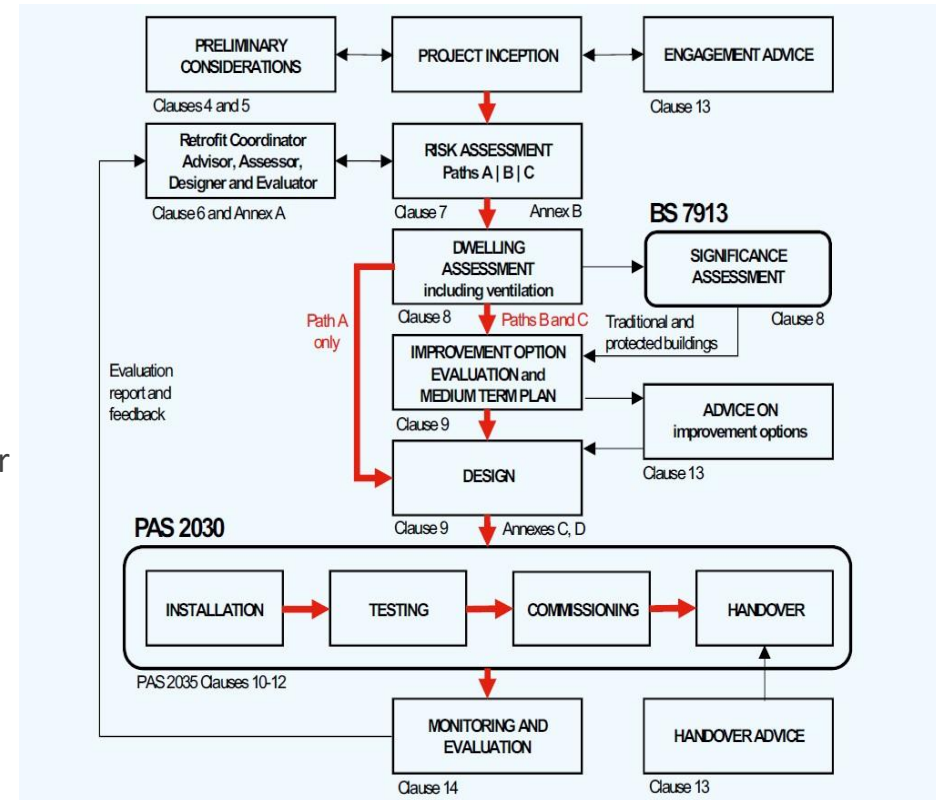


To enhance the value of the initiative and aide entry in to the market place, ATP finance options have been engineered to provide a solution to support growth aspirations within the renewable heating industry., allowing for a focus on affordability rather than upfront costs.

Retrofit Expertise

We are committed to providing our partners with support & guidance on the legislation and regulatory guidance

- > To **streamline the compliance process**, AgilityEco has its own internal department managing PAS Compliance, including Retrofit Assessors and Coordinators. **Reassurance of guaranteed compliance.**
- > All our support services are **proven models** designed to assist our supply chain members with **PAS guidance, training and conformity** via their MyPasCompliance service.
- > With an **unrivalled understanding of PAS** we will be pleased to hear if we can help support you with PAS compliance, providing **fast SLA's** to support your contract delivery.
- > This service is solely available for the benefit Agility ECO supply chain partners.



Thank you for listening.

For any further information please speak with a member of our team or alternatively, see contact details below;

Contact Us;

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