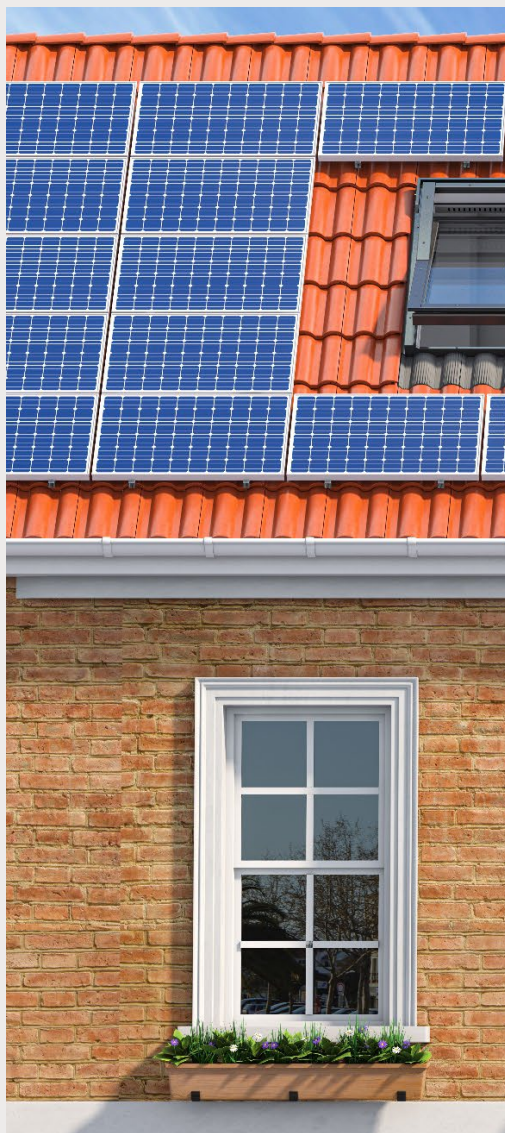


Research Briefing

3 January 2024

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Help with energy efficiency, heating and renewable energy in homes



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Summary

- 1 Support schemes
- 2 Help with rectifying problems
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Summary

There are various support schemes available to support domestic energy efficiency, heating and power generation, which households may be able to access. These include:

- The [Energy Company Obligation](#) (ECO) is a government energy efficiency scheme in England, Scotland and Wales designed to tackle fuel poverty and help reduce carbon emissions, focused on supporting low-income households. ECO is an obligation, placed on energy suppliers with over 150,000 customers to deliver measures such as insulation, first time central heating, renewable heating, solar panels, and district heating connections to domestic premises.
- The [Great British Insulation Scheme](#) (GBIS) is a government energy efficiency scheme in England, Scotland and Wales formerly known as ECO+. It is designed to complement the ECO and boost help for those on the lowest incomes, as well as extending support to a wider range of households living in the least energy efficient homes and in the lower Council Tax bands.
- The Home Upgrade Grant (HUG) and the Local Authority Delivery (LAD) schemes provide funding for energy efficiency upgrades and low-carbon heating in low-income households in England. Funding for both schemes is available from [local authorities who were successful in the 2021 Sustainable Warmth competition and supported by government funding](#).
- The [Boiler Upgrade Scheme](#) (BUS) provides upfront grants to help with the cost of installing renewable heating systems in domestic properties and small non-domestic properties in England and Wales.
- Smart Export Guarantee (SEG): The [Smart Export Guarantee](#) (SEG) supports small scale renewable power (electricity) generation. It does not offer upfront payments but households installing renewable power technologies will be paid by their energy supplier for each unit of electricity they supply to the grid (i.e. the excess to their domestic consumption). They will not be paid for electricity they use themselves.
- Green Deal loans: Households may be able to access loans for home energy improvements (including energy efficiency measures and heating systems) through the [Green Deal](#). Unlike a previous scheme with the same name, these loans are not backed by the government and are instead backed by private investors. The loans are paid back over time with interest, through energy bills. The loan is attached to the property (rather than the constituent), so if a homeowner sells their home, the loan will pass to the new owner.

This briefing covers each of the schemes in further detail, including information on rectifying problems and links to sources for further information.

1 Support schemes

1.1 Energy Company Obligation (ECO)

The [Energy Company Obligation](#) (ECO) is a government energy efficiency scheme in Great Britain designed to tackle fuel poverty¹ and help reduce carbon emissions. ECO is an obligation placed on energy suppliers with over 150,000 customers to deliver measures such as insulation, first time central heating, renewable heating, solar panels, and district heating connections to domestic premises.² The ECO scheme is supplier-led and paid for by a levy on customer bills. ECO focuses on providing support primarily to low income and vulnerable households and supports the government's wider strategy on fuel poverty.

ECO has operated since 2013 in several iterations. The current scheme (ECO4) covers the period from 1 April 2022 until 31 March 2026.

Suppliers meet their obligation either through in-house services or by contracting with a third party. Although the scheme is administered by Ofgem, the energy regulator for Great Britain, it is supplier-led meaning that suppliers can choose which households and measures they will fund. Households may have to contribute towards the cost of installing measures, depending on the cost of the measures and several other factors.³

Households can contact [any obligated energy supplier](#) to apply for ECO funding; this does not have to be the same supplier they buy their energy from.

The Library briefing [Energy Company Obligation \(ECO\)](#) (7 July 2020) provides an overview of the scheme's history and previous iterations, and previous energy efficiency schemes aimed at households.

¹ Fuel poverty is defined in the [Warm Homes and Energy Conservation Act 2000](#), as "living on a lower income in a home which cannot be kept warm at reasonable cost." In practice, different parts of the UK define and measure fuel poverty in different ways. See the Library briefing [Fuel poverty in the UK](#) for further information.

² Powers introduced under the Energy Act 2023 enable ECO thresholds to be removed and allow the government to introduce a "buy-out mechanism" for smaller suppliers. Further information is available in Section 3.5 of the Library Briefing on the [Energy Bill 2022-23, parts 4-6: Electricity and gas markets](#) (May 2023).

³ Ofgem, [Energy Company Obligation \(ECO\) Homeowners and tenants](#), accessed 3 January 2024

Eligible households and measures

The Gov.uk webpage [Help from your energy supplier: the Energy Company Obligation](#) sets out which households qualify for support through ECO and the energy efficiency rating that a qualifying property must have.

Homeowners or those renting from private landlords may be eligible if they receive one of the following benefits:

- Child Tax Credit
- Working Tax Credit
- Universal Credit
- Pension Guarantee Credit
- Pension Savings Credit
- Income Support
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- Child Benefit
- Housing Benefit

Households living in social housing with an [energy efficiency rating](#) of E or below may also be eligible.

Homeowners' properties must have an energy efficiency rating of D or below to be eligible for support. Private renters' properties must be E or below and must have the owner's permission to do the work.

Ofgem publishes guidance on the measures that can be installed depending on the property type and tenure (see Table 10 of [Energy Company Obligation \(ECO4\) Guidance: Delivery](#)).

1 Changes to eligibility criteria from ECO3 to ECO4

ECO4, which applies to measures installed from 1 April 2022 until 31 March 2026, uses a different set of eligibility criteria to ECO3 (which ran from 3 December 2018 until 31 March 2022).

ECO4 aims to focus on low-income households, including those who are not in receipt of benefits.⁴ ECO4 allows energy suppliers to deliver up to 50% of their obligation through local authority flexible funding (see below), compared to up to 25% under ECO3. The government said that this route is “designed to target households on low incomes, but not in receipt of benefits”.⁵

As part of these reforms, Housing Benefit and Pension Credit Savings Credit were added to the list of eligible benefits for ECO4 and the following non-means tested benefits were removed:

- Disability Living Allowance (DLA)
- Personal Independence Payment (PIP)
- Attendance Allowance
- Carer’s Allowance
- Severe Disablement Allowance
- Industrial Injuries Disablement Benefit
- War Pensions Mobility Supplement
- Constant Attendance Allowance
- Armed Forces Independence Payment

For further information on the differences between ECO3 and ECO4, see the government’s consultation and response on the [Design of the Energy Company Obligation ECO4: 2022-2026](#) (updated April 2022).

ECO4 Flex

[ECO4 Flex](#) is a household referral mechanism within the wider ECO4 Scheme. Under ECO4 Flex, a participating local authority can refer private tenure households that it considers to be living in fuel poverty, low-income households, or people with severe or long-term health conditions that are adversely affected by living in a cold home. Energy suppliers can also refer households under ECO4 Flex if they are struggling with persistent fuel debt or are using pre-payment meters and have regularly been unable to stay

⁴ Department for Business, Energy and Industrial Strategy (BEIS), [Design of the Energy Company Obligation ECO4: 2022-2026](#), updated 1 April 2022

⁵ Department for Business, Energy and Industrial Strategy (BEIS), [Design of the Energy Company Obligation ECO4: 2022-2026](#), updated 1 April 2022

connected to their fuel supplies due to financial hardship. Eligible households may also be identified and referred through Citizens Advice or NHS services.

Further details are provided in Ofgem's [ECO4 Guidance: Local Authority Administration](#) (September 2022).

The Welsh and Scottish Governments are also able to make household referrals for ECO4 Flex.

1.2 The Great British Insulation Scheme

The [Great British Insulation Scheme](#) (GBIS) is a government energy efficiency scheme formerly known as ECO+. It is designed to complement the ECO and boost help for those on the lowest incomes, as well as extending support to a wider range of households living in the least energy efficient homes in the country and in the lower Council Tax bands.⁶

Like ECO, the GBIS works by placing an obligation on large and medium sized energy suppliers to measures that result in reduced energy usage. Unlike ECO, which focuses on delivering packages of measures, the GBIS mostly aims to deliver single measures. The GBIS is administered by Ofgem but is supplier-led and the decision to offer funding is at the discretion of the energy supplier. Households can contact [any obligated energy supplier](#) to apply for GBIS funding, even if they are not their energy provider.⁷

The GBIS is intended to run from April 2023 until March 2026.

Eligible households and measures

Ofgem's guidance on the [Great British Insulation Scheme for Homeowners and tenants](#) sets out the eligibility criteria for the GBIS.

The GBIS is open to homeowners and to private and social renters with permission from their landlord.

There are two eligibility groups for the GBIS. The "low-income" group is defined by receipt of at least one of the following benefits:

- Child Benefit
- Pension Guarantee Credit
- Income-related Employment and Support Allowance
- Income-based Jobseeker's Allowance

⁶ Ofgem, [Great British Insulation Scheme - About the scheme](#), accessed 3 January 2024

⁷ Ofgem, [Great British Insulation Scheme - About the scheme](#), accessed 3 January 2024

- Income Support
- Tax Credits (Child Tax Credits and Working Tax Credits)
- Universal Credit
- Housing Benefit
- Pension Credit Saving Credit

The GBIS also delivers support to a wider “general” group. Households may be eligible for support under the general group if their property has an energy performance certificate (EPC) of D to G and is in the lower Council Tax bands (A-D in England or A-E in Scotland or Wales).

The government’s website [Apply for support from the Great British Insulation Scheme](#) allows households to check their eligibility and apply for support.

Details of measures that could be funded under the GBIS can be found on Ofgem’s guidance on [Great British Insulation Scheme for Homeowners and tenants](#).

GBIS local authority flex

Households can also be referred for GBIS funding under the local authority and supplier flex element. This works in the same way as ECO4 flex (see page 8) and has similar eligibility criteria.

Further information can be found in Ofgem’s [FAQ response: Am I eligible for Great British Insulation Scheme local authority flex?](#)

1.3

Local authority schemes: the Home Upgrade Grant (HUG) and the Local Authority Delivery (LAD) scheme

The Home Upgrade Grant (HUG) and the Local Authority Delivery (LAD) schemes provide funding for energy efficiency upgrades and low-carbon heating in low-income households in England. Off-gas grid homes can receive funding via the HUG Phase 1, whilst on-gas grid homes can receive funding via the LAD Phase 3.⁸ (Previous phases of the LAD funded both on- and off-gas grid homes).

To be eligible for either scheme households must have a combined annual income of less than £30,000 and an Energy Performance Certificate rating of

⁸ BEIS, [Sustainable Warmth Competition: successful local authorities](#), 8 December 2021, updated 21 February 2022

D, E, F or G.⁹ Constituents interested in these schemes should contact their local authority for more information.

Funding for both schemes is available from [local authorities who were successful in the 2021 Sustainable Warmth competition for government funding](#). A second round of HUG funding will provide up to £630 million of grant funding for successful local authorities to help them deliver HUG 2 from April 2023 until March 2025.¹⁰

An extension to the [LAD was announced following the government's decision to close the Green Homes Grant Voucher scheme](#) (GHGVS) in March 2021.¹¹ The Library briefing [Green Homes Grant](#) provides information on the Green Homes Grant scheme.

1.4 Boiler Upgrade Scheme (BUS)

The [Boiler Upgrade Scheme](#) (BUS) provides upfront grants to help with the cost of installing renewable heating systems in domestic properties and small non-domestic properties in England and Wales. It does not cover social housing.¹²

Property-owners can get £5,000 towards the cost and installation of a biomass boiler, or £7,500 towards the cost and installation of ground source heat pump or an air source heat pump (including water source heat pumps and those on shared ground loops).¹³

The BUS only provides funding for biomass boilers in rural locations and in properties that are not connected to the gas grid.

The BUS is open to properties with an installation capacity up to 45kWth (this covers most homes), and a current energy performance certificate (EPC), with no outstanding recommendations for loft or cavity wall insulation. There is a limit of one BUS grant per property.

The BUS grant was initially set at £5,000 towards the cost and installation of an air source heat pump or biomass boiler, or £6,000 towards the cost and installation of a ground source heat pump. The level of the grant was [increased from 23 October 2023](#) to £7,500 for both types of heat pumps. The

⁹ BEIS, [Sustainable Warmth competition: questions and answers](#), updated 7 October 2022

¹⁰ BEIS and DESNZ, [Home Upgrade Grant: Phase 2 \(closed to applications\)](#), updated 6 November 2023

¹¹ BEIS, [Green Homes Grant: make energy improvements to your home \(closed to new applicants\)](#), updated 19 July 2021. The GHGVS was announced by the Government in July 2020 and opened for applications in September 2020 with a budget of £2 billion. This comprised £500m of funding for the Local Authority Delivery (LAD) element and £1.5 billion of funding originally allocated to the GHGVS for use in the 2020/21 financial year.

¹² Ofgem, [Boiler Upgrade Scheme - Property Owners](#), accessed 3 January 2024

¹³ Department for Energy Security and Net Zero (DESNZ) [Apply for the Boiler Upgrade Scheme](#) accessed 3 January 2024

government advises that households that applied for the BUS before the 23 October 2023 but have not yet had their heat pump fitted should speak to their installer about cancelling their grant and reapplying for the new, increased grant.¹⁴

The [Government webpage Boiler Upgrade Scheme](#) has information on eligibility and how the scheme works. Ofgem also has more detailed information on its [Boiler Upgrade Scheme \(BUS\)](#) webpages.

The BUS launched in April 2022 as a replacement for the [Domestic Renewable Heat Incentive](#), which closed to new applicants on 31 March 2022.

1.5 Smart Export Guarantee (SEG)

The [Smart Export Guarantee](#) (SEG) supports small scale renewable power (electricity) generation.¹⁵ It does not offer upfront payments but households installing renewable power technologies will be paid by their energy supplier for each unit of electricity they supply to the grid (i.e. the excess to their domestic consumption). They will not be paid for electricity they use themselves.

Technologies supported include solar photovoltaics (PV), wind, micro combined heat and power (CHP), hydro and anaerobic digestion, which can be up to 5MW in capacity (or 50kW for micro-CHP). All suppliers with more than 150,000 domestic customers must offer a SEG tariff but can set their own rates, provided they offer more than £0 per unit of metered exported power. Households may therefore wish to shop around to find the best SEG tariff.¹⁶ Ofgem's [Smart Export Guarantee \(SEG\) Annual Report 2022-23](#) provides a list of SEG tariffs in 2022-23.

Further information is available in the Library briefing paper on [Support for small scale renewables](#), on Ofgem's webpage [About the Smart Export Guarantee \(SEG\)](#) and in Ofgem's [Guidance for generators](#).

The SEG launched in January 2020 as a replacement for the [Feed-in Tariff](#), which closed to new applications in April 2019.

1.6 Green Deal loans

Constituents may be able to access loans for home energy improvements (including energy efficiency measures and heating systems) through the

¹⁴ Department for Energy Security and Net Zero (DESNZ) [Apply for the Boiler Upgrade Scheme](#) accessed 3 January 2024

¹⁵ Ofgem, [Smart Export Guarantee - About the scheme](#), accessed 3 January 2024

¹⁶ Ofgem, [Smart Export Guarantee - About the scheme](#), accessed 3 January 2024

[Green Deal](#). The loans are paid back over time with interest, through energy bills. The loan is attached to the property (rather than the constituent), so if a homeowner sells their home, the loan will pass to the new owner.¹⁷

This scheme does not offer loans backed by the government, unlike [the previous scheme of the same name, which closed in 2015](#) (for more information, see the Library Briefing [The Green Deal](#)). The new Green Deal instead offers loans backed by private investors.

Which? has published [an article explaining the Green Deal in more detail, with advice on issues to consider before taking out a Green Deal loan, and alternative sources of finance](#). Households can access Green Deal loans through a [Green Deal provider](#).

¹⁷ GOV.UK, [Green Deal: energy saving for your home](#), accessed 3 January 2024

2 Help with rectifying problems

2.1 ECO, GBIS, HUG and LAD installations

Measures installed under ECO (since 1 January 2020), GBIS, HUG and LAD are covered by [TrustMark, a government endorsed quality scheme for work done on homes, or similar certification bodies](#). This requires businesses installing measures to provide [additional consumer protections](#), including insurance against the tradesperson going out of business, a minimum 2-year warranty for work, and a minimum 25-year guarantee for certain measures installed under ECO.

Trustmark's webpage [If things go wrong](#) has guidance on making a complaint. It advises that constituents speak to the business in the first instance, before escalating the concern to the scheme provider if the issue cannot be resolved directly, and then in turn to the business' alternative dispute resolution (ADR) provider and the [Dispute Resolution Ombudsman](#).

Ofgem's [FAQs for domestic consumers and landlords](#) has advice on steps that consumers with ECO installation problems may take. This advice also applies to installations made under earlier ECO schemes.¹⁸

2.2 Issues with SEG tariffs

Energy suppliers offering SEG tariffs are expected to have a process in place to deal with complaints relating to the SEG. Ofgem's [Guidance for generators](#) advises that complaints against a SEG licensee should be directed towards the SEG licensee in the first instance. If, after eight weeks, a satisfactory solution has not been agreed between both parties, the complaint may be referred to the [Energy Ombudsman](#).

2.3 Issues with renewable energy installations

Households with issues with installations of renewable energy technologies should contact the installer, and if unsuccessful, the installer's certification body or [consumer code](#). The SEG and the government's previous Feed-in-

¹⁸ Ofgem, Energy Company Obligation (ECO) [Energy Company Obligation \(ECO\)](#), accessed 3 January 2024

Tariff and Renewable Heat Incentive schemes all require the renewable energy technology product and the installer to be certified to the standards of the Microgeneration Certification Scheme (MCS – a third party certification scheme) which provides consumer protections and also has more [information about complaining on its website](#).

This advice also applies to issues with renewable technologies installed under the government’s previous [Feed in Tariff](#) and [Renewable Heat Incentive](#) schemes.

2.4 Green Deal installations

The government’s [Complain about the Green Deal](#) webpage covers England and Wales. It advises customers to contact their Green Deal provider if they have a complaint about the provider, a Green Deal assessment, or a heating or insulation installation, and to contact [Ombudsman Services](#) if the complaint has not been resolved within 8 weeks.

Green Deal providers must be authorised by the [Green Deal Oversight and Registration Body](#) and be part of the Ombudsman Services scheme and obey a Green Deal Code of practice. Households that are concerned by their finance plan can contact the [Financial Ombudsman Service \(FOS\)](#) if they cannot resolve their issue with the provider.

The government has also said that under certain circumstances, where a consumer is not satisfied with the decision of the relevant Ombudsman, cases may be referred to the Secretary of State, who may impose reduction or cancellation of Green Deal plans.¹⁹

Citizens Advice Scotland has [detailed guidance to help households make a complaint about the Green Deal](#). It recommends a separate process to make a [Green Deal complaint about Home Energy and Lifestyle Management Ltd \(HELMS\)](#), which has gone out of business.

¹⁹ [PQ 120837](#) [on [Green Deal Scheme: Misrepresentation](#)], 11 January 2018

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Further help and information

- Ofgem provides a list of useful guidance, contacts, and resources for each of the schemes it administers, which can be accessed by selecting the relevant scheme on Ofgem's [Environmental and social schemes](#) webpage.
- Ofgem also has information for [energy consumers](#), including information on how to [complain about your energy supplier](#).
- Households in England and Wales can contact [Simple Energy Advice](#) for advice on energy issues; households in Scotland can contact [Home Energy Scotland](#). Both are impartial and independent government-endorsed energy advice services. Both [Simple Energy Advice](#) and [Home Energy Scotland](#) have postcode checker to help constituents identify financial assistance available locally.
- Constituents may contact the [Energy Saving Trust](#) (an independent, non-profit organisation) which offers advice on energy issues.
- [Citizens Advice](#) (a network of independent charities) may also be able to offer advice.
- Constituents may also contact their local authorities to see if there are any local grants that they can access.
- [The Renewable Heat Incentive \(RHI\)](#) (April 2017) – households and businesses could previously access support to generate renewable heat through the Renewable Heat Incentive. See also the RHI webpages on [GOV.UK](#) and [Ofgem](#).
- The government's [Find an energy certificate](#) website can be used to check a property's EPC to find out whether it meets the energy efficiency requirements for certain schemes.

The following Library briefings may be of interest:

- [Help with energy bills](#) – this contains information on financial assistance with energy bills.
- [Support for small scale renewables](#) – this contains details of the Smart Export Guarantee for electricity generators, and the previous support available under the Feed-in Tariffs.
- [Q&A: Solar panels](#) and [Q&A: Cavity Wall Insulation](#) provide further information for constituents with these types of installations.

- [Heat networks and energy prices](#) – this has advice on existing and proposed regulation for heat networks, and support for heat network customers who are struggling with bills.
- For information on consumer rights and legal help in general, constituents may find the following Library briefing papers useful: [Consumer Rights Act 2015](#) (December 2021); [Legal help: where to go and how to pay](#) (September 2021).

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