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DRAFT STATUTORY INSTRUMENTS

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**2022 No.**

The Electricity and Gas (Energy  
Company Obligation) Order 2022

PART 10

Scores

CHAPTER 3

Calculating full project scores

**Full project score: overview and determination of post-project SAP rating**

- 53.**—(1) This article applies to an ECO4 project that meets the requirements of article 49.
- (2) Where this article applies—
- (a) the Administrator must determine the SAP rating of the domestic premises in accordance with paragraph (3) (“the post-project SAP rating”);
  - (b) the Administrator must then determine the annual cost savings of the ECO4 project in accordance with a methodology published in accordance with article 54; and
  - (c) finally, the Administrator must calculate the full project score in accordance with the formula in article 55(2).
- (3) The post-project SAP rating is to be determined—
- (a) either—
    - (i) pursuant to any post-project energy efficiency assessment referred to in article 49(3);
    - (ii) where the ECO4 project includes the installation of a data light measure or a standard alternative methodology measure to which article 51(2) applies, by using the energy cost rating equations and the adjusted cost savings for the data light measure or standard alternative methodology measure to calculate the change in the SAP rating of the domestic premises following the installation of the measure; and
    - (iii) where the ECO4 project includes the installation of a DHC alternative methodology measure, by using the energy cost rating equations and the result of the following formula to calculate the change in the SAP rating of the premises following the installation of the measure—  
$$\text{DHCalt} - \text{DHCstandard};$$
 or
  - (b) where the ECO4 project consists solely of data light measures to which article 51(2) does not apply, by treating the post-project SAP rating as being the same SAP rating as the pre-project SAP rating.

### Publication of a methodology for determining ECO4 project cost savings

54.—(1) The Administrator must publish, on its website, a methodology for the purpose of determining the annual cost savings of an ECO4 project that meets the requirements of article 49.

(2) Under the methodology published by the Administrator the determination of the annual cost savings must—

- (a) be based on the difference between the pre-project SAP rating and the post-project SAP rating; and
- (b) where the ECO4 project includes an item of work—
  - (i) to which article 62(2) applies; and
  - (ii) which is the extraction of cavity wall insulation or loft insulation,
 take into account any impact that work would have on the SAP rating of the domestic premises as compared to the pre-project SAP rating.

(3) The methodology must provide that, if the post-project SAP rating is more than 90, it is to be treated as if it were 90.

(4) Before publishing a methodology under this article, the Administrator must have regard to the Standard Assessment Procedure and the Reduced Data Standard Assessment Procedure.

(5) In this article, “post-project SAP rating” has the same meaning as in article 53(2)(a).

### Full project score: calculation

55.—(1) This article applies for the purpose of calculating the full project score to be given to an ECO4 project that meets the requirements of article 49.

(2) The full project score is the result of the following formula—

$KP \times (1 + F) \times (C + OGR) + BH + ESH + IMP + BFR - L$ .

(3) In paragraph (2)—

“KP” is the determined cost savings for the ECO4 project;

“F” is—

- (a) 0.2, where the floor area of the domestic premises is less than 73m<sup>2</sup>;
- (b) 0.1, where the floor area of the premises is between 73m<sup>2</sup> and 97m<sup>2</sup> (both inclusive);
- (c) 0, where the floor area of the premises is greater than 97m<sup>2</sup>;

“C” is—

- (a) 1.1, where at least one qualifying action in the ECO4 project meets the condition in article 21 (measures accompanied by a declaration from a relevant authority or participant and Secretary of State approval);
- (b) otherwise, 1;

“OGR” is—

- (a) 0.35, where the domestic premises are—
  - (i) off-gas premises; and
  - (ii) in a rural area in Scotland or Wales;
- (b) otherwise, 0;

“BH” is the amount determined in accordance with article 56 (addition to annual cost savings for projects including basic heating repair or replacement measures);

“ESH” is the amount determined in accordance with article 57 (addition to annual cost savings for projects including repairs and replacements of efficient electric storage heaters);

“IMP” is the “project innovation uplift” and is the amount determined in accordance with article 58 (addition to annual cost savings for projects that include certain innovation measures);

“BFR” is the “building fabric repair increase” and is the amount determined in accordance with article 61 (addition to annual cost savings for certain projects incurring building fabric repair expenditure);

“L” is—

- (a) the amount determined in accordance with article 64 (late completion penalty), where the ECO4 project consists of one or more qualifying actions which are not completed on time within the meaning of article 65(2);
- (b) otherwise, £0.

#### **Addition to annual cost savings for projects including basic heating repair or replacement measures**

**56.**—(1) This article applies for the purpose of determining the value of “BH” in the formula in article 55(2).

(2) Where the ECO4 project includes one or more basic heating repair or replacement measures, “BH” is the sum of the determined cost savings for those measures.

(3) Where the ECO4 project does not include any basic heating repair or replacement measures, “BH” is £0.

#### **Addition to annual cost savings for projects including repairs and replacements of efficient electric storage heaters**

**57.**—(1) This article applies for the purpose of determining the value of “ESH” in the formula in article 55(2).

(2) Where the ECO4 project includes one or more qualifying actions specified in paragraph (4), “ESH” is the sum of the determined cost savings for those qualifying actions.

(3) Where the ECO4 project does not include any qualifying actions specified in paragraph (4), “ESH” is £0.

(4) The qualifying actions specified in this paragraph are—

- (a) the repair of an efficient electric storage heater; or
- (b) the replacement of an efficient electric storage heater with another efficient electric storage heater.

#### **Project innovation uplift**

**58.**—(1) This article applies for the purpose of determining the amount of the project innovation uplift (“IMP”) in the formula in article 55(2).

(2) For the purposes of this article, where the ECO4 project includes a qualifying action which is an innovation measure, the Administrator must—

- (a) determine, in accordance with article 59, whether the participant’s general innovation allowance is exhausted; and

- (b) if the participant's general innovation allowance is not exhausted, determine, in accordance with article 60, which of the qualifying actions in the ECO4 project (if any) are uplift eligible innovation measures.
- (3) The project innovation uplift ("IMP") is—
- (a) £0, where—
- (i) the ECO4 project does not include a qualifying action which is an innovation measure;
  - (ii) the participant's general innovation allowance is exhausted; or
  - (iii) none of the qualifying actions included in the ECO4 project is an uplift eligible innovation measure;
- (b) in any other case, the sum of the innovation measure uplifts for each uplift eligible innovation measure which is a qualifying action forming part of the ECO4 project in question.
- (4) The innovation measure uplift for an innovation measure is the amount calculated in accordance with the following formula—
- $KM \times (R + S)$ .
- (5) In paragraph (4)—
- "KM" is the determined cost savings for the innovation measure;
- "R" is—
- (a) 0.25, in the case of a standard innovation measure;
  - (b) 0.45, in the case of a substantial innovation measure;
- "S" is—
- (a) 0.05, where the innovation measure—
    - (i) is a standard innovation measure, other than an ECO3 innovation measure, and is promoted by the participant that successfully applied under article 33 for the approval of the measure as a standard innovation measure; or
    - (ii) is a substantial innovation measure and is promoted by the participant that successfully applied under article 33 or 35 for approval of the measure as a substantial innovation measure;
  - (b) 0, in all other cases.

### **Determination whether general innovation allowance is exhausted**

**59.**—(1) This article applies for the purposes of article 58.

(2) A participant's general innovation allowance is exhausted only if X is equal to or greater than the participant's general innovation allowance, where "X" is the sum of—

- (a) the determined cost savings for the uplift eligible innovation measures—
  - (i) which are qualifying actions forming part of ECO4 projects promoted by the participant; and
  - (ii) for which the Administrator has given a score under article 47(1)(b) before the ECO4 project in question;
- (b) the determined cost savings for the uplift eligible innovation measures—
  - (i) which are qualifying actions promoted by the participant; and
  - (ii) for which the Administrator has given a score under article 47(1)(c)(i) or (ii) before the ECO4 project in question;

- (c) the determined cost savings for the innovation measures—
  - (i) which are qualifying actions promoted by the participant; and
  - (ii) for which the Administrator has given a score under article 47(1)(c)(iii) before the ECO4 project in question;
- (d) the project innovation uplifts for the ECO4 projects—
  - (i) promoted by the participant; and
  - (ii) for which the Administrator has given a score under article 47(1)(b) before the ECO4 project in question;
- (e) the innovation measure uplifts for the innovation measures—
  - (i) promoted by the participant; and
  - (ii) for which the Administrator has given a score under article 47(1)(c)(i) or (ii) before the ECO4 project in question.

#### **Determination whether measures are uplift eligible innovation measures**

**60.**—(1) This article applies for the purposes of article 58 and 59.

(2) A measure is an uplift eligible innovation measure if it is an innovation measure and immediately before the Administrator gives a score under article 47(1)(b) or (c) to the innovation measure, or to the ECO4 project which includes the innovation measure, X is less than 5% of the participant's total home-heating cost reduction obligation, where "X" is the sum of—

- (a) the determined cost savings for the innovation measures which—
    - (i) are qualifying actions forming part of ECO4 projects promoted by the participant for which the Administrator has given a score under article 47(1)(b); and
    - (ii) are of the same innovation measure description as the innovation measure in question;
  - (b) the determined cost savings for the innovation measures which—
    - (i) are qualifying actions promoted by the participant for which the Administrator has given a score under article 47(1)(c); and
    - (ii) are of the same innovation measure description as the innovation measure in question;
  - (c) the innovation measure uplifts for the innovation measures referred to in sub-paragraph (a);
  - (d) the innovation measure uplifts for the innovation measures—
    - (i) referred to in sub-paragraph (b); and
    - (ii) for which the Administrator has given a score under article 47(1)(c)(i) or (ii).
- (3) In this article, "innovation measure description" means—
- (a) in relation to an innovation measure other than an ECO3 innovation measure, the measure description published by the Administrator in respect of the innovation measure under article 36(1)(a);
  - (b) in relation to an ECO3 innovation measure, the measure description published by the Administrator in respect of the ECO3 innovation measure under article 21(4)(a) of the 2018 Order.

### Building fabric repair increase for ECO4 projects

**61.**—(1) This article applies for the purpose of determining the amount of the building fabric repair increase (“BFR”) in the formula in article 55(2).

- (2) For the purposes of this article, the Administrator must—
- (a) determine the amount of building fabric repair expenditure in connection with the ECO4 project in accordance with article 62; and
  - (b) if the amount of building fabric repair expenditure in connection with the ECO4 project is £50 or more, determine, in accordance with article 63, whether the participant’s building fabric repair allowance is exhausted.
- (3) The building fabric repair increase (“BFR”) is—
- (a) £0, where—
    - (i) the amount of building fabric repair expenditure in connection with the ECO4 project is less than £50; or
    - (ii) where the participant’s building fabric repair allowance is exhausted;
  - (b) in any other case, the amount calculated in accordance with the following formula<sup>(1)</sup>—  

$$Q / \pounds 17.83.$$
- (4) In paragraph (3)(b), “Q” is—
- (a) £125, where the building fabric repair expenditure is between £50 and £200 (both inclusive);
  - (b) £351, where the building fabric repair expenditure is between £201 and £500 (both inclusive);
  - (c) £751, where the building fabric repair expenditure is between £501 and £1,000 (both inclusive);
  - (d) £1,251, where the building fabric repair expenditure is £1,001 or more.

### Determination of building fabric repair expenditure

**62.**—(1) The amount of building fabric repair expenditure in connection with an ECO4 project is the amount equal to the costs, rounded downwards to the nearest £1, that the Administrator is satisfied—

- (a) have been reasonably incurred in carrying out any items of work to which paragraph (2) applies;
  - (b) are accurately recorded in the TrustMark Data Warehouse; and
  - (c) have not been incurred in carrying out any of the related items of work listed in paragraph (3).
- (2) This paragraph applies to an item of work which—
- (a) is carried out at premises that—
    - (i) are the same domestic premises as the ECO4 project;
    - (ii) are owner-occupied premises; and
    - (iii) have a pre-project SAP band of E, F or G;
  - (b) is—
    - (i) the repair of a construction defect, a structural defect or a leak;

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(1) £17.83 is the cost that the Department for Business, Energy and Industrial Strategy has estimated would be incurred by a participant in delivering each £1 in the annual cost savings attributable to the qualifying action.

- (ii) the treatment of condensation or mould growth; or
  - (iii) the removal of asbestos;
  - (c) is not an ECO4 eligible measure;
  - (d) in the case of the extraction of cavity wall insulation or loft insulation—
    - (i) is recommended in a report by a chartered surveyor pursuant to an assessment of the domestic premises performed for the purpose of identifying measures for improving the energy efficiency of the premises; and
    - (ii) is not carried out during the original term of any guarantee accompanying the installation of the insulation (whether or not that guarantee remains in effect throughout the original term);
  - (e) is required by PAS 2030:2019 or PAS 2035:2019 to be carried out before an ECO4 eligible measure in the ECO4 project is completed;
  - (f) is carried out in accordance with PAS 2030:2019 and PAS 2035:2019;
  - (g) is carried out during the course of the ECO4 project;
  - (h) is promoted by the same participant as promoted the ECO4 project; and
  - (i) is recorded in information held on the TrustMark Data Warehouse, together with a record of the actual cost incurred in carrying out the item of work.
- (3) The related items of work listed in this paragraph are—
- (a) the assessment of the domestic premises for the purpose of identifying measures for improving the energy efficiency of the premises;
  - (b) the relaying of carpets or tiles;
  - (c) the movement of furniture or other items in the premises;
  - (d) the repainting of damaged surfaces;
  - (e) the installation of flood mitigation measures;
  - (f) the installation of ventilation measures.

### **Determination whether building fabric repair allowance is exhausted**

- 63.**—(1) This article applies for the purposes of article 61.
- (2) A participant’s building fabric repair allowance is exhausted only if X is equal to or greater than the participant’s building fabric repair allowance, where “X” is the sum of—
- (a) the building fabric repair increases for the ECO4 projects promoted by the participant for which the Administrator has given a score under article 47(1)(b) before the ECO4 project in question;
  - (b) the building fabric repair increases for the qualifying actions promoted by the participant for which the Administrator has given a score under article 47(1)(c)(i) before the ECO4 project in question.

### **Penalty for late completion of qualifying actions**

- 64.**—(1) This article applies for the purpose of determining the value of “L” in the formula in article 55(2) where the ECO4 project consists of one or more qualifying actions which are not completed on time within the meaning of article 65(2).
- (2) The value of “L” is—

- (a) if the ECO4 project consists of one qualifying action which is not completed on time, the late completion penalty for that qualifying action;
  - (b) otherwise, the sum of the late completion penalties for each of the qualifying actions in the ECO4 project which is not completed on time.
- (3) For the purposes of paragraph (2), the late completion penalty for a qualifying action in the project which is not completed on time is calculated in accordance with the following formula—  
 $KM \times 0.2$ .
- (4) In paragraph (3), “KM” is the determined cost savings for the qualifying action.

### **Time frame for completion of qualifying actions**

**65.**—(1) This article applies for the purpose of determining whether a qualifying action in an ECO4 project is completed on time.

- (2) A qualifying action in an ECO4 project is completed on time if—
- (a) it is the only qualifying action in the ECO4 project; or
  - (b) where it is part of an ECO4 project which includes more than one qualifying action—
    - (i) it is the first qualifying action in the project to be completed;
    - (ii) it is completed on the same day as, or not more than three months after, the day on which the first qualifying action in the project is completed; or
    - (iii) following an application under paragraph (3) which has been accepted by the Administrator, it is completed within the period specified by the Administrator under paragraph (6)(a).
- (3) A participant may apply to the Administrator in writing for an extension of time in which to complete a measure in an ECO4 project.
- (4) An application under paragraph (3) must be made before the end of the five month period beginning with the day on which the first measure in the ECO4 project is completed.
- (5) An application under paragraph (3) must include—
- (a) details of why the participant is seeking an extension of time to complete the measure; and
  - (b) such other information relating to the measure or the ECO4 project as the Administrator may require.
- (6) Following receipt of an application under paragraph (3), the Administrator must—
- (a) accept the application and specify a period within which the measure must be completed, as it thinks fit, but ending not more than six months after the day on which the first qualifying action in the ECO4 project is completed; or
  - (b) reject the application.
- (7) In relation to an ECO4 project which includes an ECO4 eligible measure which is the installation of a district heating connection—
- (a) the reference to “three months” in paragraph (2)(b)(ii) is to be read as a reference to “six months”;
  - (b) the reference to “five month period” in paragraph (4) is to be read as a reference to “eight month period”; and
  - (c) the reference to “six months” in paragraph (6)(a) is to be read as a reference to “nine months”.