

Barclays Response to the Design of the Energy Company Obligation ECO+: 2023-2026

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Barclays is a universal consumer and wholesale bank with global reach, offering products and services across personal, corporate and investment banking, credit cards and wealth management. With over 330 years of history and expertise in banking, Barclays operates in over 40 countries and employs approximately 85,000 people. Barclays moves, lends, invests and protects money for customers and clients worldwide.

We welcome the opportunity to respond to the BEIS consultation on the Design of the Energy Company Obligation ECO+: 2023-2026.

Barclays Perspective

Energy efficiency is an important issue for the banking sector, and Barclays supports the reduction of emissions from homes and buildings as a key vehicle to the UK reaching NetZero. This is a complex area and there will be no “silver bullet” - as testified by the range of barriers to property owners taking action, that span across different sectors. Government leadership is required to enable collective progress - we welcomed the announcement of a new Energy Efficiency Taskforce in this regard, and it is key that this initiative is progressed at pace.

More broadly, a wider set of initiatives will be required to increase energy efficiency across the spectrum of home and building-owners, underpinned by a clear framework for progress. Without such action, there will be adverse consequences for those who lack the rationale or means to improve the energy performance of their properties, such as stranded assets or home devaluation.

Barclays welcomes the ECO+ funding Scheme to help 410K homes start the journey towards greater energy efficiency. The delivery of this Scheme has the potential to make an important contribution towards solving this thorny challenge – including via building awareness of energy efficiency interventions and their benefits and fostering collaboration across actors. In this short submission we provide some thoughts on ways to maximise this contribution.

It is important that the Scheme builds on lessons learned - and factors a range of perspectives into the design, prioritising transparency and simplicity in delivery. To this end, we recommend a dedicated workstream is established by the Energy Efficiency Taskforce to collectively shape the implementation of ECO+ including energy companies, builders, installers, banks and consumer groups. This approach would maximise the scheme’s contribution to the broader energy efficiency challenge and create a blueprint for the collaborative design and delivery of future funding schemes.

Specific suggestions

Unlocking the blended finance opportunity; We welcome the extension of ECO funding to a wider pool of energy inefficient households through the ‘general eligibility’ group. Banks can provide products and services to enable and maximise consumer and landlord use of the subsidy. The Scheme design and implementation should minimise complexity to enable banks to support customers to take up this opportunity in conjunction with their own products and services:

- It is important that the method of identification of eligible and willing households is simple and transparent so that banks (and other businesses) can identify relevant customer segments.
- Energy companies should be required to publish or share their approaches to targeting customers for ECO+ and strongly encouraged to work with banks and other businesses to enable and inform supportive actions from other sectors.
- BEIS could consider ways in which Banks may be able to assist in raising awareness of the proposed ECO+ self-referral. For example, mortgage customers (including landlords) who need to increase their energy efficiency.

- BEIS could convene a group of energy companies and financial institutions as part of the Taskforce to consider the development of blended finance schemes, supporting more ambitious retrofitting projects.

Promoting the energy efficiency journey; ECO+ participants should be encouraged to view a single measure as one step on a path towards improved energy efficiency and narrative relating to the proposals should be clear that a range of measures may be needed to reach EPC C (with some unlikely to reach a C-rating despite significant investment). This could be achieved by:

- Combining information about ECO+ referral alongside existing retrofitting schemes and educational resources in a single user-friendly 'hub', to raise broader awareness of energy efficiency interventions and the schemes that exist to support them.
- Encouraging recipients of ECO+ to measure their EPC rating and promoting EPC standards as a tangible way to measure uptick in efficiency via integration of EPC assessment into the customer journey (including objective assessment of energy efficiency measures needed to improve EPC rating); and requiring installers to advise customers on EPCs (even if they are only undertaking a single insulation measure).
- Finally, it is key that ongoing work to reform EPCs/measurement of energy use is accelerated to improve confidence in and coverage of these ratings; ensuring funding schemes meaningfully ladder up to the Government's and banks' climate commitments to drive energy efficiency and improvements to EPC ratings across their mortgage books.

Building trusted supply chains; a key enabler of progress in widespread energy efficiency will be a resilient supply chain to deliver the required interventions. The certainty provided via the legislative underpinning for ECO+ will be helpful in this regard, and it is important that the Scheme builds confidence. We provide the following reflections on this opportunity:

- It will be important that the approach adopted to quality standards remains consistent across schemes and initiatives, to reduce confusion for installers and consumers.
- There should be clear, consistent information provided for consumers about the costs and risks associated with interventions, linked to a single information 'hub' as a golden source. This is a complex landscape, and consumers need clear guidance and support to help them navigate it.
- As above, it is important that the customer identification and referral process adopted by energy companies is simple and transparent to ensure investment in skills can be targeted in-line with expected areas of demand and generate momentum.
- The introduction of a government-backed workstream would aid supply-chain confidence, reducing the risk of tension between schemes by facilitating transparency and knowledge-sharing across the ecosystem. It could also consider how to properly support consumers to engage with risks and benefits of energy efficiency interventions.

Leveraging data to increase confidence; BEIS should build out requirements to share data and outcomes from the ECO+ scheme to allow banks (and other organisations) to factor learnings into their products and services.

- In addition to OfGem notification, ECO+ cost saving data should be published or shared more widely to increase public awareness of cost-benefits. Banks and other organisations may be able to use the publicly available information to inform the development of new products and services
- Further requirements should be considered to encourage energy companies to measure and publish wider potential household benefits from ECO+, such as improved comfort and health benefits.

We would be pleased to discuss these points further if helpful.