



The Green Deal

David Potter

Green Deal Programme

Department of Energy and Climate Change

david.potter@decc.gsi.gov.uk



Presentation aims

1. Overview of the Green Deal and the 'Customer Journey'
2. A closer look at Green Deal finance
3. Social housing

The Scheme's Origins




Through our 'Green Deal', we will encourage home energy efficiency improvements paid for by savings from energy bills.

The Coalition: our programme for government (May 2010)

What is the Green Deal?




- provides for **energy efficiency improvements at no upfront cost**
- consumers can **pay back through their energy bills**
- a **market mechanism**, funded by private capital

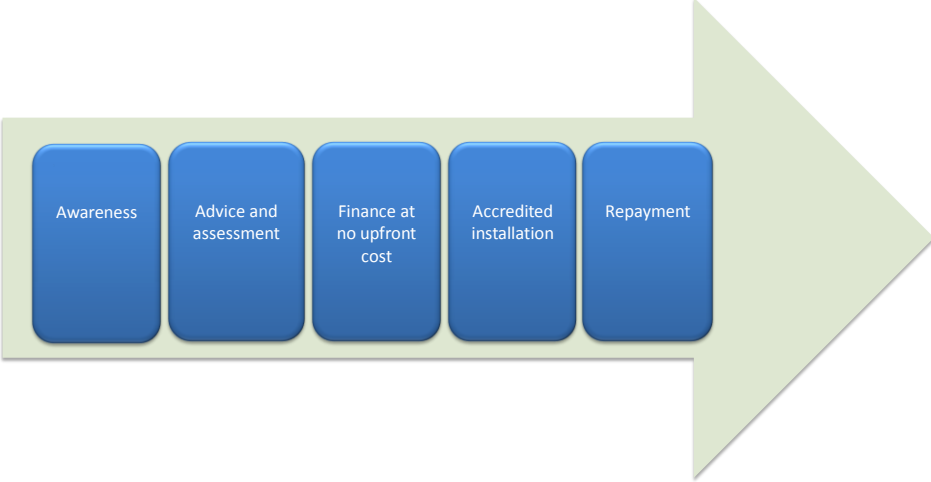


“The Golden Rule”

“The expected savings in typical properties consuming a normal amount of energy must equal or exceed the cost of the energy saving measures”

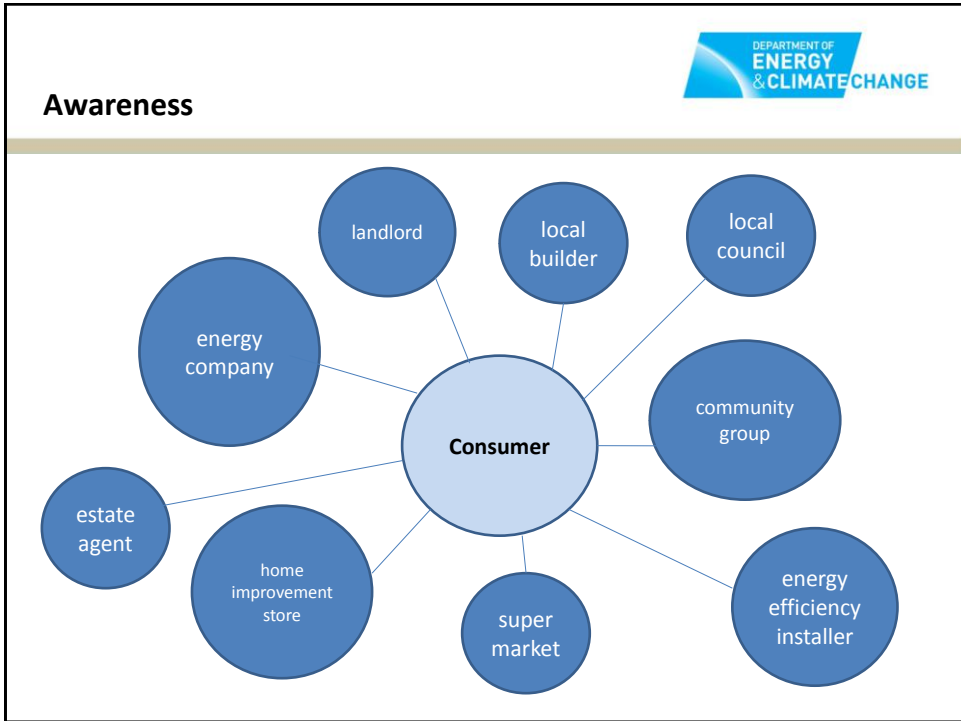


The “Customer Journey”



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graph LR; A[Awareness] --> B[Advice and assessment]; B --> C[Finance at no upfront cost]; C --> D[Accredited installation]; D --> E[Repayment]; E --> Arrow[ ]
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Advice and assessment

- Advice from **qualified advisors**
- Core assessment possibly based on an improved EPC
- Cost of advice can be **repaid alongside cost of Green Deal measures**
- Consumers can shop around after receiving advice

	Current	Potential
<i>Very energy efficient - lower running costs</i>		
92-100 A		
81-91 B		
69-80 C		71
55-68 D		
39-54 E	45	
21-38 F		
1-20 G		
<i>Not energy efficient - higher running costs</i>		
England & Wales	EU Directive 2002/91/EC	

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Finance at no upfront cost

- Consumers can pay for the work upfront, in whole or in part, if they wish
- But, the Green Deal means **spreading the cost and attaching it to the property's energy meter**, not the person
- This provides considerable **consumer protection** for all future occupiers




Accredited installation

- A **standards and certification framework** to ensure a consistent approach
- Product certification and installation warranties
- Codes of Practice covering complaints and customer redress
- **Official quality mark**




Repayments and follow up

- Payments will be **collected through energy bills**
- Consumer **free to switch energy supplier**
- Provision will be made for long term vacancy, early repayment, etc.




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Timetable for Green Deal


- **Autumn 2011** – primary legislation passed through Houses of Parliament
- **Spring 2012** – detailed guidance prepared after secondary legislation completed
- **Autumn 2012** – first Green Deals appear

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Green Deal finance recap

- Household receives a package of energy efficiency measures at **no upfront cost**
- A 'pay as you save' mechanism enabling a payment obligation to be **attached to the energy meter** at a property
- **Golden rule** that likely bill savings must be larger than payments




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Green Deal finance consent

- Need to obtain consent from **all relevant parties** before any measures are installed
- In a rented property, **tenant needs written consent of building owner** before proceeding
- Bill payer signs a **statutory declaration** to make Green Deal payments



Green Deal finance in detail



- Cost of measures is **repaid over the long term** (e.g. up to 25 years)
- **Requirement on energy companies** to administer the Green Deal payments
- This **must be disclosed** to future owners / renters
- Not a conventional loan



Extra help - ECO



- Compliments the Green Deal
- Will provide targeted funding to make energy saving with the Green Deal work
- Focused on **hard to treat** properties (e.g. solid wall), and **lower income/fuel poor households**
- Initial estimates of cost is approximately **£1.7bn p.a.**





Impact on the social housing sector

- **Established supply chains** and an accredited workforce
- **Economies of scale** – it could help kick start the Green Deal market
- A **trusted sector** and potential leader in this area
- **Keen to learn** from previous social housing retrofit models

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In the words of the Secretary of State

“The Green Deal has the potential to support up to a quarter of a million jobs as part of our third industrial revolution. Insulation installers and the supply chain all stand to benefit from this long overdue energy makeover.”



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