

UK 'Green Deal' Appraised – An Opportunity?

Martin Ingham, UEA

LCIC Associate

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BUILD WITH CaRe. ENERGY SAVING BUILDINGS.



[Report appraising the Green Deal for Build with CaRe available from:
http://www.buildwithcare.eu/articles/78-partners/219-the-green-deal-appraised](http://www.buildwithcare.eu/articles/78-partners/219-the-green-deal-appraised)



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Preface to Green Deal and Energy Company Obligation Consultation Document

http://www.decc.gov.uk/en/content/cms/consultations/green_deal/green_deal.aspx

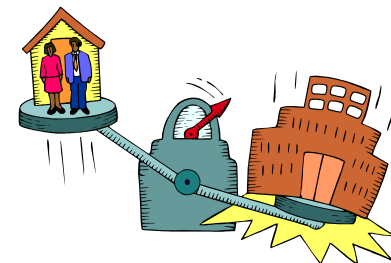


Contents

- Context
- Describe DECC's proposals
- Perspectives:
 - Consumer, Assessor/Installer, Provider
- Financial challenge
- With other schemes
- Conclusions
- Questions.

Context (1)

- UK commitment to 80% CO₂ reduction
- Balancing energy supply and demand
- Security of Supply
- Fuel Poverty rising with bills
- Heat demand seasonal with peaks
- New build can only avoid raising energy demand.



Context (2)

- Significant waste from existing buildings
 - poor fabric and bad behaviours
- Target zero waste in the built environment
- High rate: 500,000 to 1 million a year
- Deep savings: 75 to 80% of heat loss
- Whole house
- One chance.



Green Deal Objective

- Owner/occupant to obtain energy efficiency improvements to their property at no upfront cost
- Loan recouped through the electricity bill
- Loan remains with the property
- Non-domestic as well as domestic
- Owner-occupier and rental – social and private
- Operate with ECO the new Energy Company Obligation.

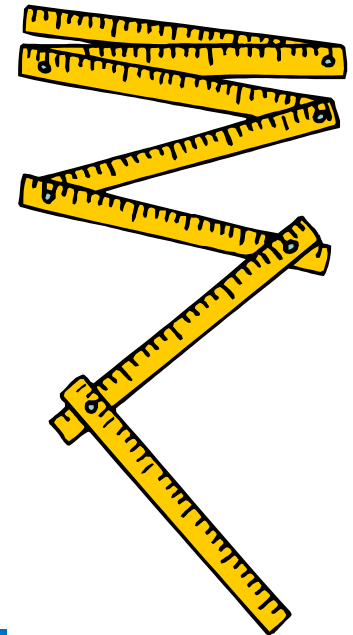
Timetable

- Enabled by Energy Act 2011, 19th October
- Consultation on Secondary Legislation
Issued: 23 November; Respond by 18 January 2012
- Early 2012: Secondary Legislation laid before Parliament
- Spring 2012: Detailed Industry Guidance
- Autumn 2012: First Green Deals

Timetable no longer stated on DECC website!

Golden Rule

- Repayment less than the estimated savings
- In first year
- Based on standard energy use
- Not a DECC guarantee
- Payments can be index linked
- Customer can pay extra, or get ECO 'top-up' if eligible
- Green Deal can work with FiT and RHI.

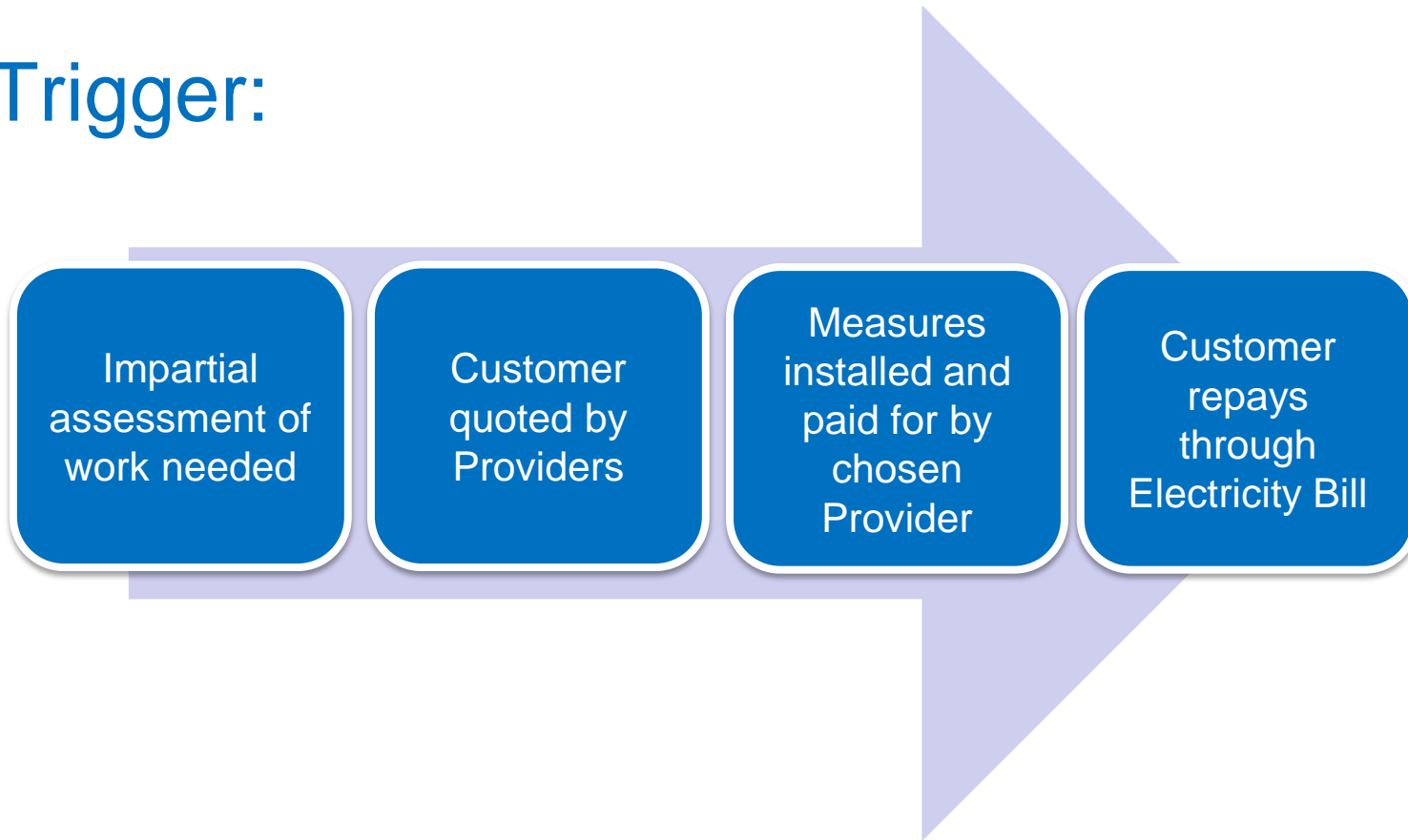


Benefits

- Carbon reduction
- Improves Security of Supply
- Reduces Fuel Poverty
- Reduced impact of fuel price rises
- Improved comfort and health
- Increased property value
- Employment in works and supply chain.

Process

Trigger:



Measures (Annex A of Consultation)

Air source heat pumps
Biomass boilers
Biomass room heater (with radiators)
Cavity wall insulation
Cylinder thermostats
Draught proofing
Energy efficient glazing
External wall insulation
Fan-assisted replacement storage heaters
Flue gas heat recovery devices
Ground source heat pumps
Heating controls (for wet central heating system and warm air system)
High efficiency gas-fired condensing boilers
High efficiency replacement warm-air units
High thermal performance external doors
Hot water cylinder insulation

Internal wall insulation
Lighting systems, fittings and controls
Loft or rafter insulation and loft hatch insulation
Mechanical ventilation with heat recovery
Micro combined heat and power
Micro wind generation
Oil-fired condensing boilers
Photovoltaics
Roof insulation
Room in roof insulation
Solar water heating
Under-floor heating
Under-floor insulation
Waste water heat recovery devices attached to showers

Consumer Perspective (1)

- Why should I be interested? & when?
- Where do I find an assessor I can trust?
- Should I choose a 'tied' assessor?
- Shop around for providers and installers?
- How disruptive will the works be?
- What happens if I am not happy?
- Will my property be more valuable?



Consumer Perspective (2)

- Am I confident in the advice?
 - Technically?
 - Financially?
- Should I pay extra, seek an ECO top-up, or combine with FiT and RHI?
- If I am warmer will I still save money?
- Do I need planning permission?



Assessor/Installer Perspective

- How do I acquire the necessary skills and certification?
- Independent, or tied to a Provider?
- What tools are best for determining appropriate measures?
- Can I do a good job quickly and cheaply?
- What warranties do I need to provide?
- What happens if I find problems on site?

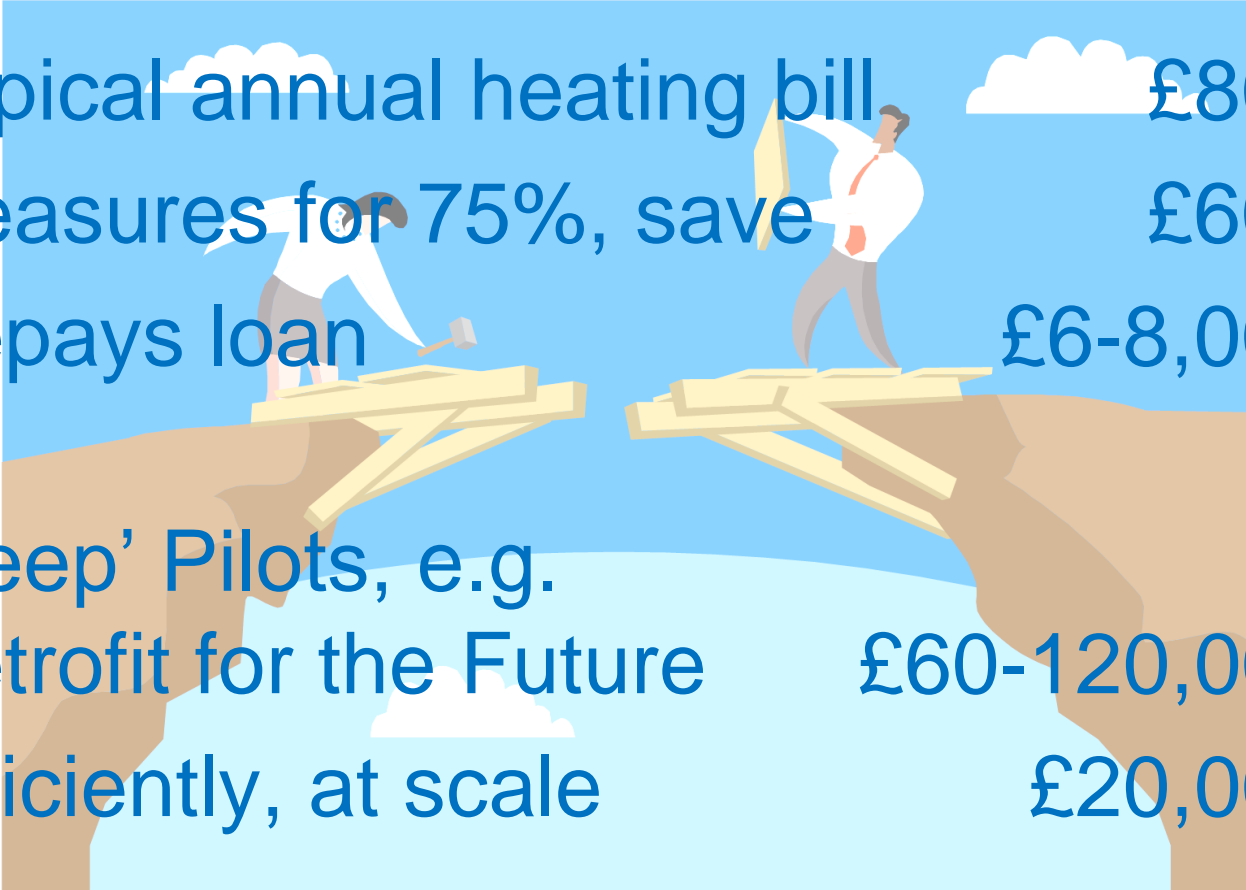


Provider Perspective

- Can I offer loans at a competitive price?
- Can I keep the debt off my balance sheet?
- How can transaction costs be kept down?
- How do I minimise risk of mis-selling?
- How do I insure against risk of default?
- How can behavioural guidance be delivered?



The Cost Challenge

- 
- Typical annual heating bill £800
 - Measures for 75%, save £600
 - Repays loan £6-8,000
 - ‘Deep’ Pilots, e.g.
Retrofit for the Future £60-120,000
 - Efficiently, at scale £20,000

ECO

- Two pronged:
 - Carbon Saving Target for hard-to-treat homes requiring solid wall insulation
 - Affordable Warmth obligation support for low income households, focus on private tenure
- annualised investment by energy suppliers of ~£1.3bn
- Charge on everyone's bills expected.



ECO and the Green Deal

- For majority of households:
a package of measures, jointly funded
- Market-based solution via Providers
- Seamless to the consumer
- Risk that not all Providers will have
access to ECO funding – brokerage
- Potential for local partnerships – LAs etc.

Conclusions (1)



- Low aspiration for the measures
- Many challenges, corroborated by trials
 - Good properties – modest savings
 - Poor properties – too costly for Green Deal
 - Low take-up
- Safeguards add to the costs
- Unlikely to get the numbers
- Need behavioural advice to achieve savings
- If consumers fail to see savings – claims for mis-selling?

Conclusions (2)

- Green Deal will, hopefully, raise awareness & develop the market
- Must be credible, monitored & learn lessons
- Led, at volume, by communities or social housing?
- Benefit from additional incentives
- Evolve to an improved scheme.



Questions – An Opportunity?

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