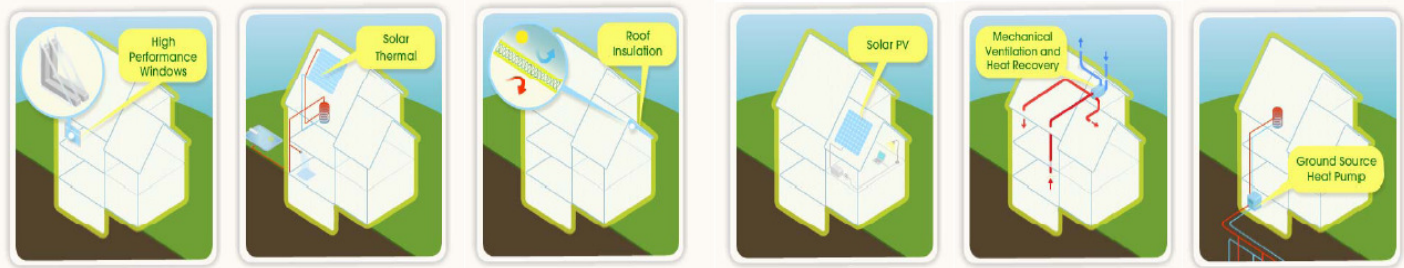


greentomatoenergy briefing note

Green Deal Consultation

30 November 2011



## Consultation on the Green Deal and Energy Company Obligations

greentomatoenergy has prepared this briefing note on the key elements of the Green Deal consultation launched on 23 November 2011. Responses to the consultation are required by 8 January 2012, with a view to the first Green Deal assessor training in April 2012 and full launch in autumn 2012. As with any consultation, there are still areas of uncertainty and lack of detail.

For further information on the Green Deal and how you can take advantage of it, please contact greentomatoenergy on 020 8380 8908 or [info@greentomatoenergy.com](mailto:info@greentomatoenergy.com)

### Introduction

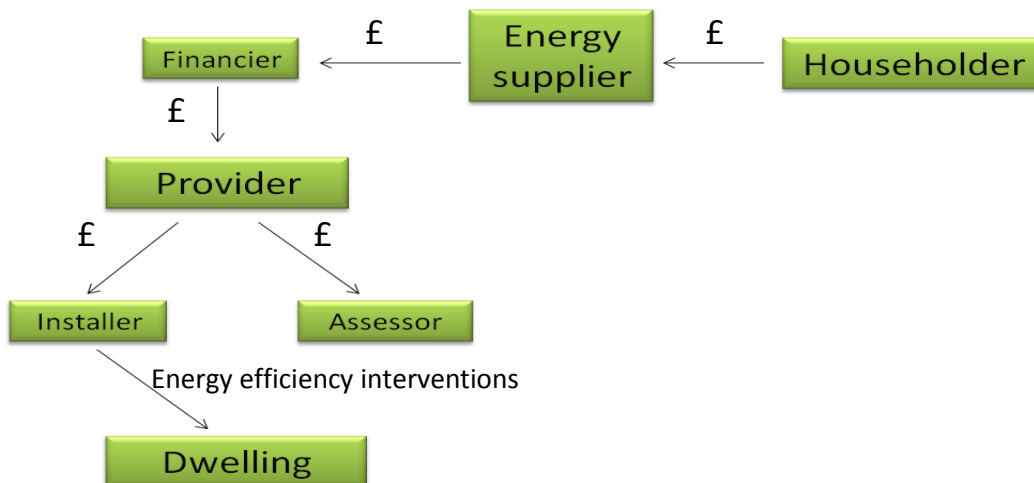
The Green Deal (GD) is DECC's flagship policy for overcoming the capital cost barriers to installing low energy/energy efficient measures. Under the GD, a home or business is provided with a loan to finance the installation of low energy measures, which is repaid through resulting savings made on the energy bill.

#### *Key points:*

- The GD is a financing mechanism aimed at providing loans to allow homeowners to install energy efficiency measures at no upfront capital cost.
- Repayments will be made through a charge levied on the electricity bill.
- The "Golden Rule" is that expected financial savings on energy bills must be greater than repayment costs of the loan.
- It must be possible to show that the measures will pay back during their lifetime.
- The loan will be attached to the dwelling, not to the homeowner.
- Accreditation and approval mechanisms will be put in place and consumer protection provided.

The information published in the consultation documents contain a great deal of detail, but also poses many questions. The documents lay out the framework within which approved Green Deal providers will be able to provide finance to householders. The decision to finance the work will be based on the reports of certified assessors, which will also be used by approved installers when installing energy efficiency measures. The ambition of the GD is to create a market and regulatory environment in which low energy renovation is delivered (at scale) by the private sector. ECOs – a capital grant which will also be available - will boost this market.

### Structure



Name	Green Deal role	Potential players
<b>Financier</b>	Finance provision to the Provider	Pension funds, investors, major banks
<b>Provider</b>	The consumer facing entity, managing the integration of all the different roles	Anyone
<b>Installer</b>	Accredited professionals	Small, local contractors and larger organisations
<b>Assessor</b>	Carrying out site visits to identify and model appropriate measures for the property	Energy consultants
<b>Energy supplier</b>	Use a charge on existing energy bills for GD repayments	Existing energy companies
<b>Householder</b>	Choose a GD provider and select interventions, see savings through reduced energy bills	

### Certification

A large part of the work on the Green Deal revolves around the training and certification regimes for the installers and assessors. These will form new National Occupational Standards (NOS) and will be based on existing certification regimes where possible. For example, it is likely that many assessors will already be approved Domestic Energy Assessors. GD will be backed up by a system of warranties and insurance.

### Code of Practice

A broad list of measures that will be eligible for Green Deal finance has been identified. Manufacturers and suppliers will be required to show that any product or system they design as a GD measure conforms to the relevant Code of Practice. Insulation will have to be tested and certified as a whole system (not just a product). Beyond this (and the Golden Rule), there is no limitation on design or “packages” of measures.

### Assessors

The assessment will consist of a physical survey, carried out in an improved version of RdSAP, and an Occupancy Survey. In addition, the assessor will be required to explain the GD to consumers and provide further information. They will also refer consumers to an online phone consultation service run by DECC which will give unbiased information on the GD.

Assessors may be employed directly by consumers, or they may be sub-contracted by GD providers or installers. DECC expects that some local authorities or charities may provide the service at reduced prices. There is no fixed way for the assessors to be paid, although it will be possible for the cost of the assessment to be included in the GD finance package.

## *GD Measures*

The consultation identifies the following list of qualifying measures which are modelled in RdSAP.

- Air Source Heat Pumps
- Internal wall insulation
- Biomass boilers
- Lighting systems
- Fittings and controls
- Biomass room heater (with radiators)
- Cavity wall insulation
- Mechanical ventilation with heat recovery
- Cylinder thermostats
- Micro combined heat and power
- Draught proofing
- Micro wind generation
- Energy efficient glazing
- Waste water heat recovery devices attached to showers
- External wall insulation
- Photovoltaics
- Fan-assisted replacement storage heaters
- Roof insulation
- Flue gas heat recovery devices
- Room in roof insulation
- Ground source heat pumps
- Solar water heating
- High efficiency replacement warm air units
- Under floor heating
- High thermal performance external doors
- Under floor insulation
- Hot water cylinder insulation
- Loft or rafter insulation and loft hatch insulation
- Oil-fired condensing boilers

The Simplified Building Energy Model (SBEM) tool will form the basis for the assessment of non-domestic properties, which means that assessors are likely to have greater flexibility, given the range of non-domestic building types.

All products that are approved for GD will be required to have CE marking from 2013. It will be a requirement that Green Deal Providers and Installers may only use products or systems that are held on a list by the Green Deal Oversight Body. Use will be made of existing lists, such as MCS.

## *Guarantees and warranties*

The Green Deal Providers will be required to put into place adequate assurances of the quality of measures for the product lifetime. This will be subject to the homeowner's obligation to ensure that the measure is properly maintained.

## *ECO*

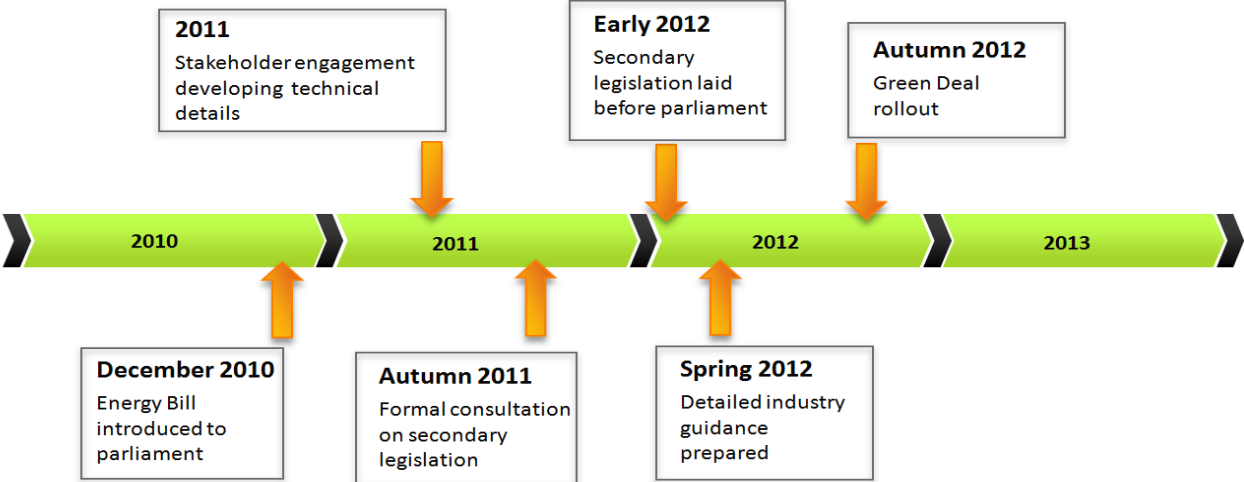
Energy companies with over 250,000 customers will be required to meet ECO targets. This will involve them paying additional finance to top up GD payments from consumers and allow a broader range of measures to be installed. ECO is likely to focus on housing types that are not suitable for cavity wall insulation (sometimes known as "hard to treat"). Energy companies will have to show that they are meeting carbon savings of 0.52MtCO<sub>2</sub>/yr by 2015 through their ECO measures. However, they will receive the full credits for any GD installations part-funded by ECO finance, encouraging them to leverage private finance. Energy companies will also be subject to an "Affordable Warmth" requirement, which will apply to houses in fuel poverty and will require measures to be fully funded. However, this will not be available to social housing. The funding from ECOs will come from energy companies adding a surcharge to energy bills.

GD providers are likely to compete for ECO funding, as it will make their GD offers more attractive at no cost to them.

## *£200 million Incentive Fund*

In the 2011 Autumn statement, the Treasury announced that £200 million in "Green Deal" funds will be made available to encourage early adopters of the GD. The details are yet to be announced, but Chris Huhne, the Energy and Climate Change Secretary announced that this could mean a £150 rebate for homes undertaking GD renovations over the next two years.

Timeline

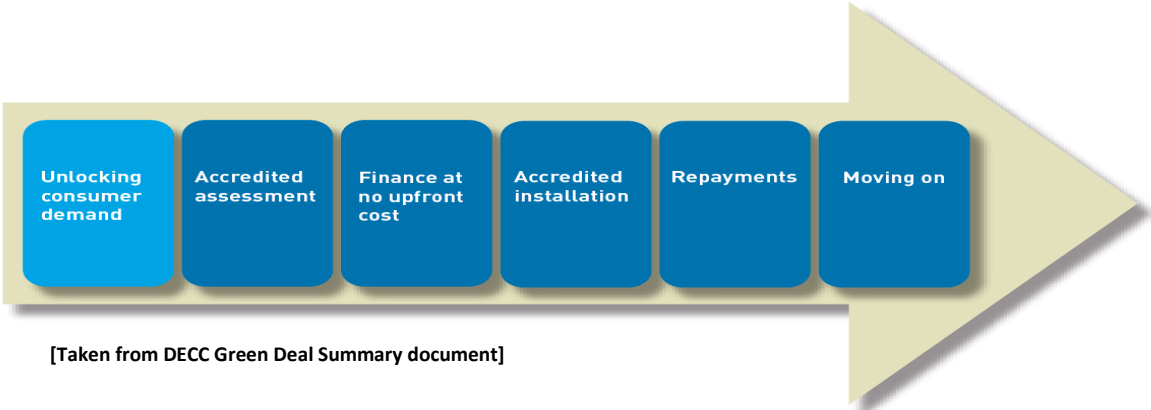


Pilot studies

Various pilot studies have been carried out. See for example:

- [http://www.affinitysutton.com/about\\_us/corporate\\_responsibility/environment\\_and\\_sustainability/our\\_homes/futurefit\\_project.aspx](http://www.affinitysutton.com/about_us/corporate_responsibility/environment_and_sustainability/our_homes/futurefit_project.aspx)

Consumer journey



Ends