

Good Practice Factsheet

UK – The Green Deal

Topic	Energy Services - Offer side: energy services for small clients
Name of work programme/project	The Green Deal
Project scope and description	
Short description of the programme & what it hopes to achieve	<p>The Green Deal will enable householders and businesses to upgrade the energy efficiency of their homes and buildings by receiving finance from a private sector provider. The money can be used to install energy efficiency and renewable measures, as long as the saving on the energy bill will be larger than the payment of the loan (The Golden Rule).</p> <ul style="list-style-type: none"> • There will be many routes into the Green Deal – seeking advice from the new, impartial advice centre, building an extension or replacing a boiler, responding to offers from an energy supplier or local DIY store, choosing to participate in a community-wide retrofit programme. • But for everyone, the first key step is an impartial assessment, by an authorised Green Deal Advisor, of a building’s energy efficiency, and how it can be improved. • A Green Deal provider can then help turn this into a bespoke ‘Green Deal Plan’. • At the heart of making this Plan work is an innovative new finance mechanism. Private companies will make the upfront investments into energy efficiency measures, then recoup payments through electricity bills. This means that consumers face no upfront costs. • The charge is attached to the electricity meter, It stays with the property and is taken on by the new owner as they move into the improved home. • The "Golden Rule" specifies that any charge should be less than the expected savings from the work done. For measures or households where the Golden Rule doesn’t work, the new Energy Company Obligation will provide additional support. • Customers have the reassurance of knowing that all the Green Deal Advisor and Installer services will be carried out by certified companies and that products used will meet strict quality standards. <p>The Green Deal is needed to encourage wide-scale refurbishment of the existing UK housing stock, reducing carbon emissions, reducing the number of households in fuel poverty and maximising the economic benefit from the retrofit programme.</p> <p>The Energy Company Obligation (ECO) will replace the current system of insulation and retrofit subsidies mandated from the energy suppliers. It will provide free retrofit packages to householders on the lowest income, ensuring they get the largest reduction in energy bills available, with no loan repayments, therefore maximising their income. ECO will also provide subsidy for solid wall insulation to ensure that this more expensive but important measure will qualify inside the Golden Rule.</p> <ul style="list-style-type: none"> • If just 14% of homes in Britain took advantage of the Green Deal, 3.6m households could take up a Green Deal by 2022.

	<ul style="list-style-type: none"> The Green Deal Programme could double the number of jobs in the insulation industry, supporting at least 65,000 jobs by 2015 We estimate that by 2022 the market will have delivered around £14bn of investment. British households and businesses could save 21TWh of energy by 2020, enough energy to power 1m homes in the UK or the equivalent to 4 large Combined Cycle Gas Turbine (CCGT) power stations worth of electricity each year. The total carbon savings over the lifetime of the measures are projected to be at least 114 Mt CO₂, which is equivalent to 23% of all UK CO₂ emissions in 2010.
<p>What is the scope of the project? e.g.</p> <ul style="list-style-type: none"> National / regional / local Building type/owner 	This is a market mechanism for domestic and non-domestic buildings of all tenure types, and will be available in England, Wales, and Scotland.
<p>Who are the key people involved? e.g.:</p> <ul style="list-style-type: none"> Installers Local Authorities 	<p>The Green Deal is intended to encourage private sector organisations to deliver the finance and retrofit activity. The key people involved are:</p> <p><u>Green Deal Providers</u>: Can be any organisation – retailer, community group, energy supplier – that meets the criteria and can access finance</p> <p><u>Green Deal Assessors and Installers</u>: Existing assessors and installers likely to be most keen to gain new ‘Green Deal’ accreditation.</p> <p><u>Energy Suppliers</u>: energy suppliers will be responsible for funding ECO, providing up to £1.3bn per year. The suppliers will also collect the Green Deal charges from their customers, to be passed on to the Green Deal Providers.</p> <p><u>Local Authorities</u>: Local authorities are a trusted source of information for consumers, and so have a role in promoting the Green Deal or becoming a Green Deal Provider</p> <p><u>Government</u>: sets the market mechanism in place and appoints the supervisory bodies</p>
Who was the target audience?	The target audience is all householders and business owners in homes and buildings which need energy efficiency retrofit, but find the lack of finance or lack of confidence as barriers to implementing the renovation.
How was this work programme/ project financed?	The Green Deal provides a mechanism for private sector finance to be accessed to enable mass scale energy efficiency retrofit. A loan is provided to the householder or business owner by their Green Deal Provider, which is attached to and repaid through the electricity meter. The energy bill savings will be larger than the cost of the loan. The costs of accreditation and marketing will be the responsibility of the Green Deal Provider, Assessor or Installer. The intention is that there is no upfront cost to the customer.
What was the cost of the work programme/project?	Not applicable
When did it start and end?	The Green Deal will be launched in October 2012
Project Outcomes & Communication	
What were the key achievements?	N/a
What were the outcomes and expected benefits?	The expected benefits are an increase in the energy efficiency of the UK housing stock, providing warmer, more cost efficient homes and businesses as well providing economic benefits of job and business creation.
What were the key lessons learned?	N/a

Is there anything you would do differently in future?	N/a
What makes this a good practice example?	This is an innovative way of financing large scale housing stock refurbishment
Web links to further information	http://www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx
Contact details of named person for further information	Helen Northmore, Energy Saving Trust, Helen.northmore@est.org.uk
Please indicate if this case study can be made available to the public?	Yes