

# Green Deal & ECO – How CAN we make it work?

## Workshop sessions 2 & 3

David Lynch (NEA Research & Policy Officer)

Cliff Duff (DCC Energy Team Leader)



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# Workshop Outline

- Green Deal & ECO – News
- Green Deal & ECO – Refresher
- Green Deal – Scenario (Mr & Mrs Jones)
- ECO – Scenario (Mr & Mrs Smith)
- Green Deal & ECO – NEA Primary Concerns
- Green Deal & ECO – Other Challenges
  - The Assessment /
  - Private Sector /
  - Role of Local Authorities
- Group Discussion & Feedback!



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# Green Deal & ECO News: Ready steady GO?



- New UK Energy Minister (Ed Davey) recently said “Be clear, my commitment to delivering green deal remains the same!”

- Response to consultation due ‘mid summer.’

- Autumn launch still expected for Green Deal.  
Suppliers making it clear they won’t be ready for Green Deal payments until January 2013!





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## **Green Deal & ECO – A refresher!**



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# The Green Deal: Key Facts

- Government backed programme to deliver energy efficiency measures (heating & insulation) to households across Great Britain from 2012/13.
- Delivered by private sector organisations who will install the measures up to the value of £6,500).
- Measures will be paid for through a charge on electricity bills and paid for over time (max 25 years), with a competitive rate of interest.
- Energy savings resulting from the measures installed will more than cover the charge. (Golden Rule)
- Charge is applied to the electricity bill and tied to the property NOT the household.



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# ECO Element: Key Facts

- A part of ECO will involve delivering free energy measures to home owners and privately renting households to help reduce fuel bills and save energy.
- Older households, those with an illness or disability or with young children and with a low income would qualify for free energy efficiency measures such as insulation and/or efficient heating systems.
- Whilst responsibility for delivery is with energy suppliers it is likely that the scheme will be delivered in partnership with local agencies such as local authorities and/or charities/not for profit agencies.
- Like the Green Deal, households taking up energy efficiency measures will save energy at home and help to make energy bills more affordable.



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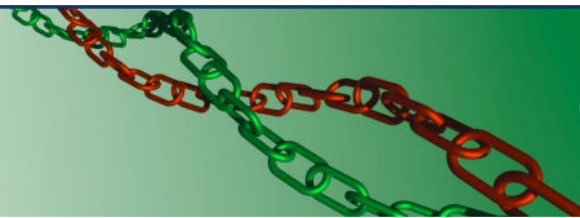


# Scenario 1 – Mr & Mrs Jones

## Green Deal



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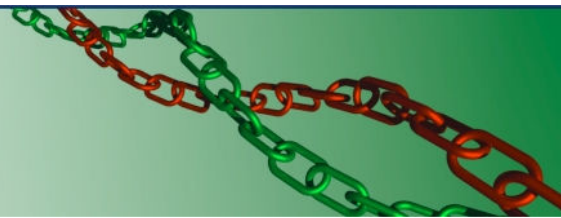
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- The Jones Family have decided they would like to reduce their fuel bills and save energy at home.
- They contacted a Green Deal provider who came to survey their home to see which measures would be best to save them money and energy.
- It was shown that they will save £30 per month on their energy bills by installing the recommended measures and that the cost of repaying the finance would be £20 a month. This would be added to their electricity bill over 15 years and a competitive rate of interest would be applied to the charge.
- The household now lives in a more energy efficient home, saving energy and reducing their fuel bills by £30 per month. After accounting for the £20 charge the household is £10 better off per month.



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# Scenario 2 – Mr & Mrs Smith

(ECO)



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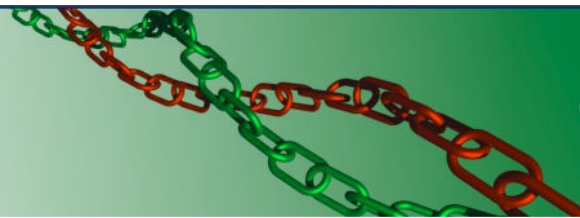
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- Mr and Mrs Smith live in a home which they own. They heard about a new scheme (ECO) offering free energy efficiency measures to certain households when they received a letter about the scheme.
- After contacting the scheme to enquire they found that as they are in receipt of Pension Credit they qualified for assistance.
- A surveyor from the scheme visited their home to see which measures would be best for them and it was decided that they would receive a new boiler, radiators and cavity wall insulation.
- After the installation had taken place Mr and Mrs Smith found that their home was not only easier to keep warm, but their fuel bills were more affordable too. Mr and Mrs Smith now feel less worried about putting on their heating when it's cold outside.



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## **Green Deal & ECO - Our Concerns!**



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# NEAs Primary Concerns

- Scale of resources directed at fuel poor remains unknown!
- At the current proposed level, the **Affordable Warmth** element of the ECO – the part of the GD programme providing upfront support to financially disadvantaged households is totally inadequate:

**Affordable Warmth** element is only **25% or £325 million** per year. Recent and current expenditure includes:

Warm Front –2008-11 **£1.1bn** (England only)

CERT PG /SPG -**£1.8bn**over 3 years + CERT extension of a min **£1.5bn** on low-income CESP -£350 million over 3 years aimed at low-income

Wales & Scotland using ECO to top up their existing national schemes. In England, once Warm Front finishes – no longer a scheme for the fuel poor funded by Government. (Greenest Government Ever?)

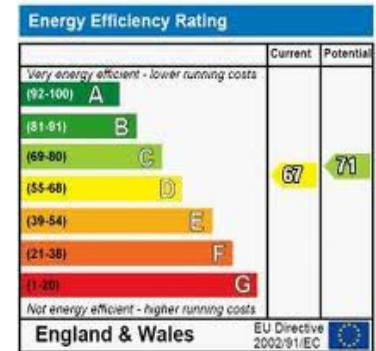


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## Other Concerns: - The Assessment



Households at risk of being offered the wrong solution!

Method of assessment crucial – Existing models assessing energy efficiency – (SAP / EPCs) are based on mathematical models which don't take into account 'occupancy patterns' or 'consumer behaviour.'

NEA believes it is vital that Green Deal assessment is based on **actual consumption data**, particularly for fuel poor who are likely to be under heating their home!

## Other Concerns – Private Sector Motivations

GD providers are commercially motivated to minimise delivery costs – One size fits all.....Non traditional build forms / off gas / flats may miss out!

The variety of ways households use energy is vast, private sector providers likely to offer same solutions as they strive for economies of scale! – across all spectrums - pensioner / family/ young professional.



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# The role of Local Authorities

- Local authorities will be central to delivery!
  - Some will directly manage the scheme
  - Some will commission the scheme
- October 2012 – Green Deal Launch!
- From a supply chain, investor and consumer perspective, will the market be ready for Green Deal?
- “Green deal model using the interest a local authority has in the well-being of an area, coupled with private sector partnerships to innovate and reduce costs, is a good place to start in developing a model which can work and deliver for the fuel poor!” (Phil Beardmore – Localise West Midlands)*

DO YOU AGREE?



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# Discussion & Feedback – (15 minutes)



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# How can we make it work?

How can we learn from past and present experiences?

(EEC / Warm Front/ CERT / CESP)

NEA has identified 3 elements crucial in encouraging take up:

- Access

  - Trust

- Awareness

  - Engagement

- Action

  - Hassle



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# NEA & Durham – Green Deal / ECO Pilot 2012-13



In partnership with Durham County Council

Many thanks – David & Cliff



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