

Green Deal, Energy Company Obligation and London

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Summary



1. What is the proposed Green Deal?

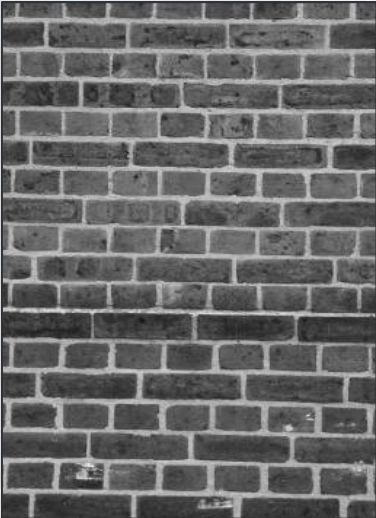


2. What are the opportunities, challenges and solutions in London?



3. How can it be practically implemented?

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Introduction

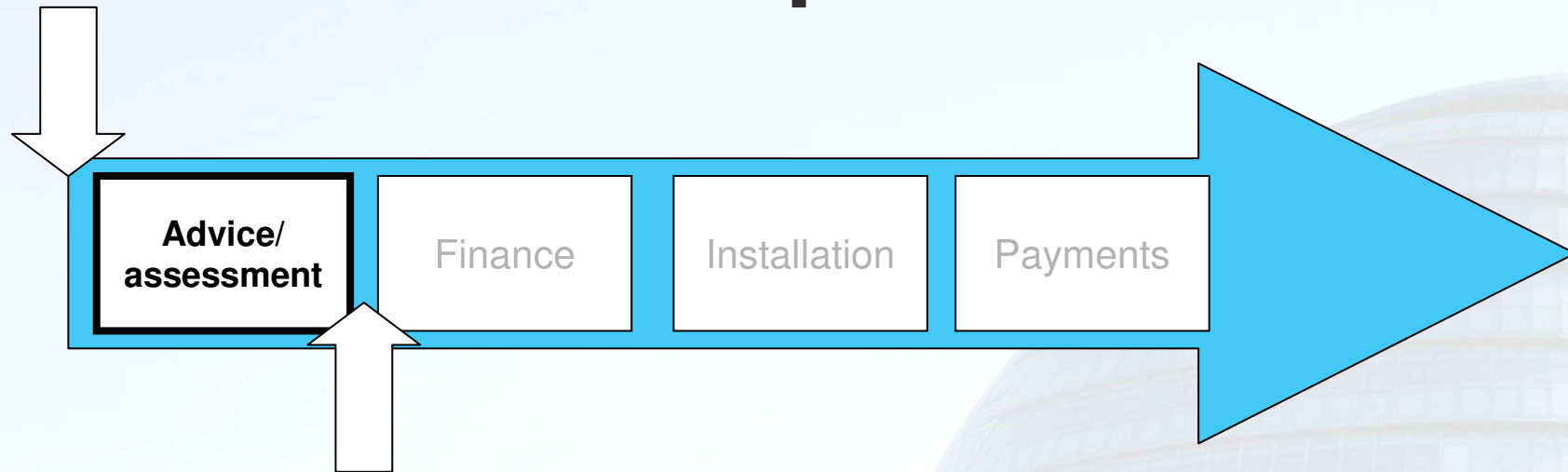
National government homes energy efficiency programme to:

- Reduce CO₂ emissions
- Reduce fuel poverty
- The customer receives a package of **energy efficiency measures at no up-front cost** from a 'Green Deal provider'.
- The cost of the measures is **paid back over the long term** (for example, 25 years) through repayments made via energy bills.
- The Green Deal will include **owner-occupiers the private and social rented sectors and the commercial sector**.
- Supported by an **Energy Company Obligation (ECO)**

The Green Deal process

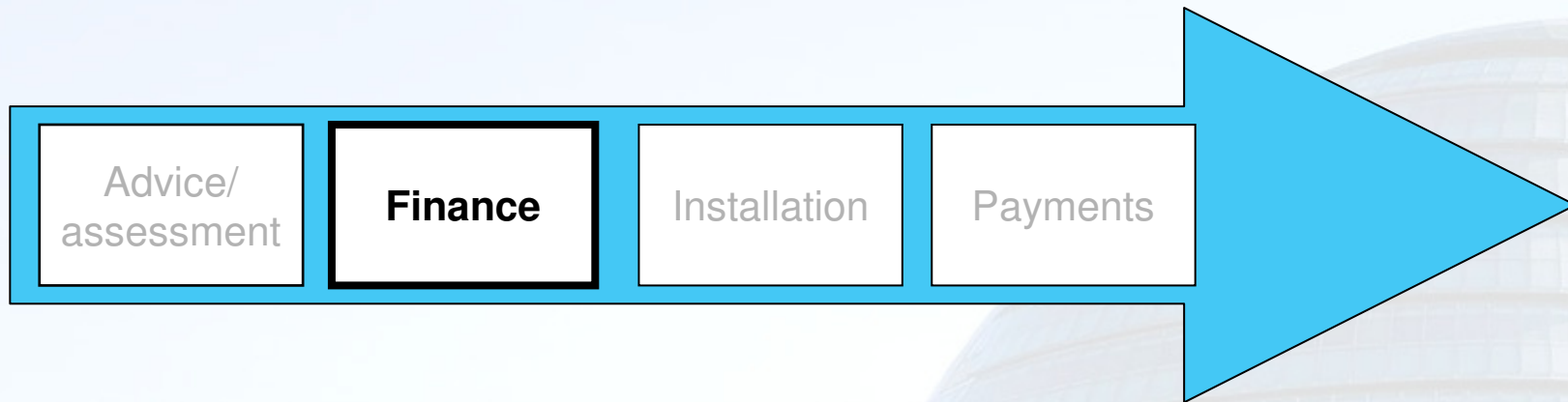


The Green Deal process



- Improved Energy Performance Certificate
- Independent, accredited assessment and advice
- Remote advice centre
- Take assessment to any Green Deal provider and get quote
- Gain relevant consent – freeholders, planning, tenants etc.

The Green Deal process



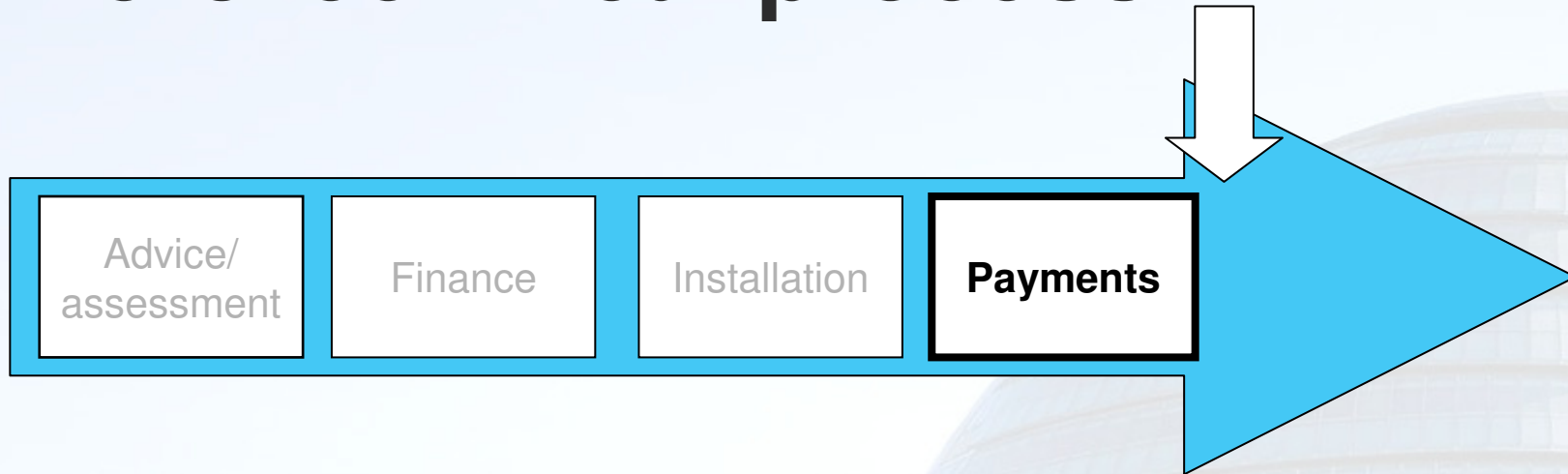
- No upfront cost to the household – finance provided by a Green Deal provider
- Repayments attached to energy meter
- Golden Rule applied – estimated savings on energy bills must be more than expected repayments for the lifetime of the measure

The Green Deal process



- Accredited installation
- Green Deal Code
- Quality mark

The Green Deal process



- Repayment period up to 25 years
- If property sold/ re-let repayment responsibility passes on (as do continued savings on energy bills)

The Energy Company Obligation (ECO)

- Target on energy companies (like CERT or CESP)
- Aims to provide a subsidy for some measures and for some households that won't meet the Golden Rule:

Carbon Target

- For solid walled properties (and maybe hard to treat cavities)
- Provides internal or external solid wall insulation
- Will be driven by lowest cost per tonne of carbon reduced

Affordable Warmth Target

- For vulnerable fuel poor homes (eligibility determined by claiming certain benefits)
- Provides cavity wall insulation, loft insulation and heating measures.
- Will be driven by lowest cost per unit of energy reduced

Conclusion: The three markets

Three main markets being developed with DIFFERENT drivers and targeting DIFFERENT markets:

1. **Green Deal finance only** - Loft and cavity wall insulation and heating measures
2. **ECO Carbon Target** – Solid Wall insulation
3. **ECO Affordable Warmth Target** – Basic loft and cavity wall insulation and heating measures in fuel poor homes (private sector)

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Opportunities for London

1. Reverse London's low share
2. Overcomes one of the major barriers to uptake
3. Opens the door to treating London's solid walled properties
4. Opens up the market to a wider group of providers
5. Worst private rented accommodation could be improved

Challenges in London

1. Equitable share
2. Higher delivery costs
3. Fuel poverty (particularly with solid walls)
4. Flats
5. Planning and conservation areas
6. Private rented sector (enforcement)
7. Solid walls
8. Uptake
9. Data

But if you can make it work in London.....



Potential solutions

Challenge	Solution
Equitable share	Create a level playing field for London through regional targets or uplifts for the ECO
Loft and cavity wall insulation	Continued subsidy under the ECO
Higher delivery costs	Consistent parking requirements across London for Green Deal installers
Fuel poverty and solid walls	Set criteria for Affordable Warmth funding to be spent on measures in homes with solid walls
Flats	Undertake a full legal review of the issue of consent
Planning and conservation areas	Produce guidance on suitable measures for homes in conservation areas and potential fund under ECO in future
Private rented sector	Local authorities funded to enforce compliance
Uptake	Require Green Deal providers to be able to offer energy supply measures alongside the Green Deal (e.g. through FiTs or RHIs)
Data	Local authorities access data provided by energy companies for free

3. How can it be practically implemented?



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London Green Deal implementation project

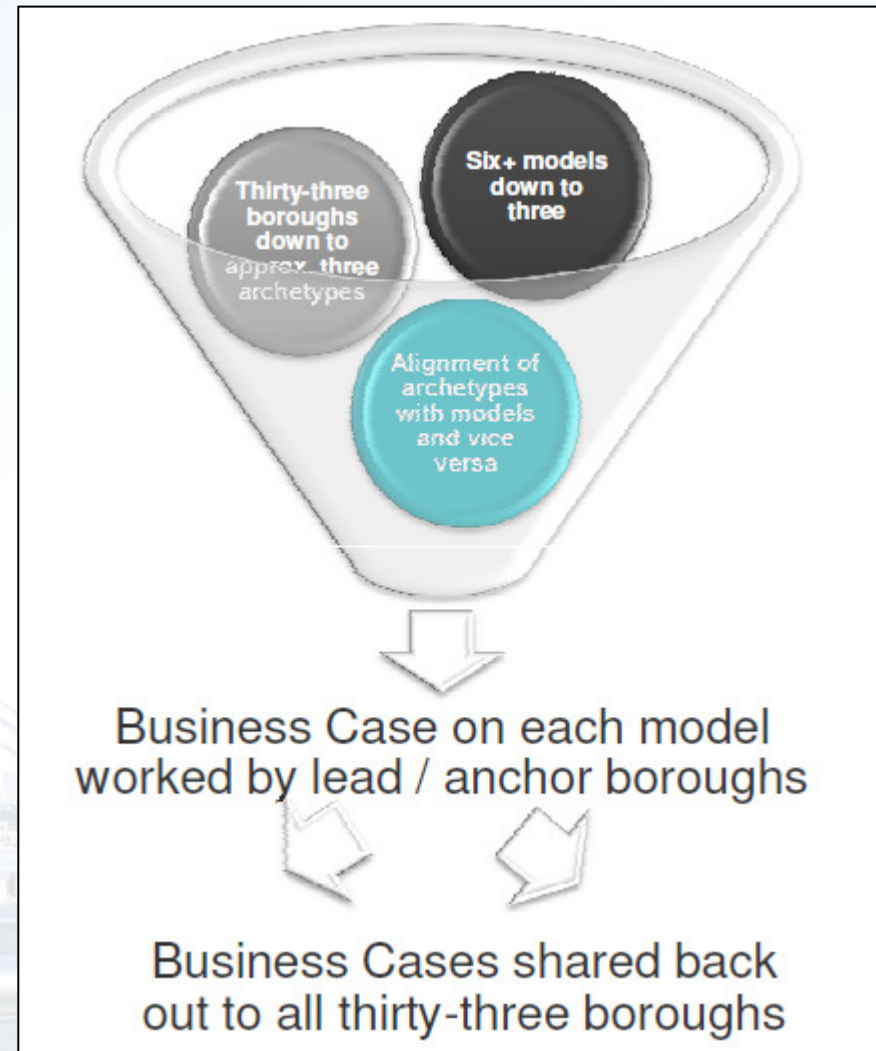
Aim: To deliver an action plan and business case to maximise Green Deal delivery in London.

Borough involvement

- full involvement
- attend meetings
- keep informed

Other stakeholders

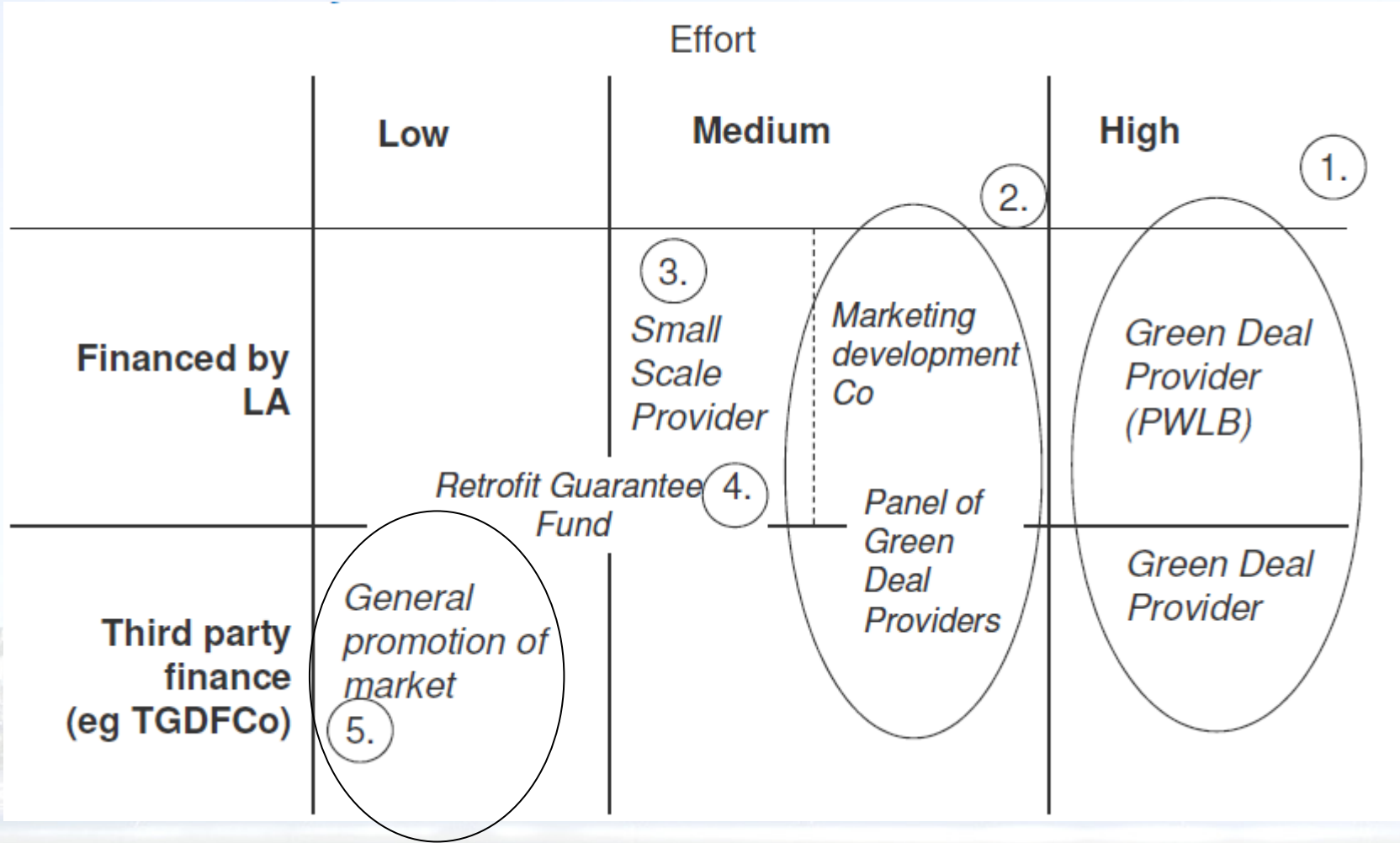
- Social housing providers
- Delivery agents
- Energy suppliers



Marksman Consulting, Energy Saving Trust and Ernst & Young

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The 3 models



Marksman Consulting, Energy Saving Trust and Ernst & Young

Timeline



Borough archetypes / align boroughs to models

Borough archetype workshop, 16th Jan – 1st Feb 2012

Alignment of archetypes to models, 20th Feb – 5th Mar

Identify anchor for each model, 20th Feb – 5th Mar □

Business case development per model

Business case for each anchor


Anchor workshops, 26th Mar – 9th Apr

External stakeholder workshops, 2nd - 16th Apr

Contact Keith Von Tersch - keith.vontersch@est.org.uk

Next steps

1. Provide feedback on draft GLA Green Deal consultation response (by 10 January 2012)
2. Respond to Green Deal consultation (GLA/ London Councils template)
3. Get involved in Implementation Project - **Contact Keith Von Tersch at the Energy saving Trust - keith.vontersch@est.org.uk**



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