



# Green Deal

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# Agenda



- Climate Energy
- Energy Bill vision
- Green Deal and ECO update – Consultation
- A Green Deal Scheme
- Local Authority Role and Options
- Preparing for Green Deal



# Climate Energy



- Traditionally a 'scheme manager'
- A changing business model – (SWOT) – aims to touch all aspects of energy efficiency and carbon management – now multiple businesses.
- 'Owned' by Climate Change Capital
- Green Deal is an opportunity and a threat.



# What are we doing?



- Understanding Green Deal and ECO
- Understanding and developing our own role
- Playing a part in shaping Green Deal - DECC
- Positioning ourselves as experts and partners – presented to 160+ local authorities
- Own website and social media space
- Building our consortium
- Applying for roles and pilot schemes
- Developing schemes with Local Authorities



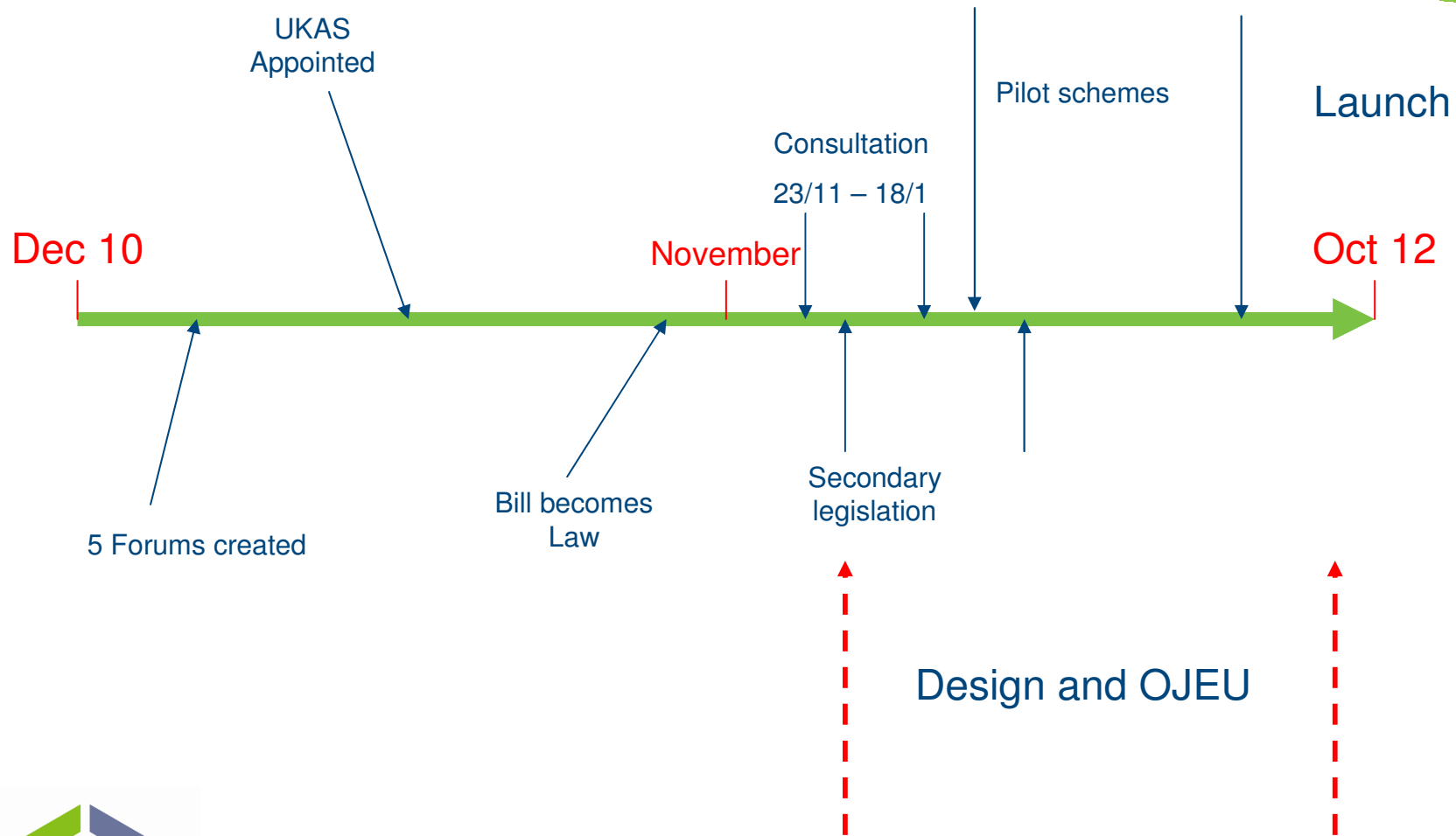
# The Energy Bill



- The post-Energy Act vision of 2020:
  - Energy efficiency is a 'competitive' business
  - £2.5 Bn Energy Company Obligation branded as Green Deal
  - Regionally you only get what you fight for!
  - Every home is 'intelligent' – 'EPC Online'
  - Domestic carbon 'cap and trade'



# Timeline



# What is Green Deal?



- A package of energy saving measures funded by a private Green Deal Provider – who will recoup their investment (and profit) over time.
- A Framework – not a scheme (market led).
- The point of entry for all other schemes.
- Owner occupiers, the private and social rented sector, commercial and industrial sector.
- Not structured as a conventional loan as the customer will never be liable for the capital sum only the repayments while they occupy the property.
- The Golden Rule – the finance plan is structured so that the repayments are always less than the savings.



# Energy Company Obligation



- Replaces CERT and CESP from 2013 as the primary funding vehicle for energy efficiency improvements from energy suppliers.
- ECO will be the key mechanism to support cases where the Green Deal Golden Rule will not work. Primarily:
  - Installation cost is too high
  - Low possibility of achieving energy savings – fuel poverty
- £1.3 Bn in 2012 - £15 Bn this decade



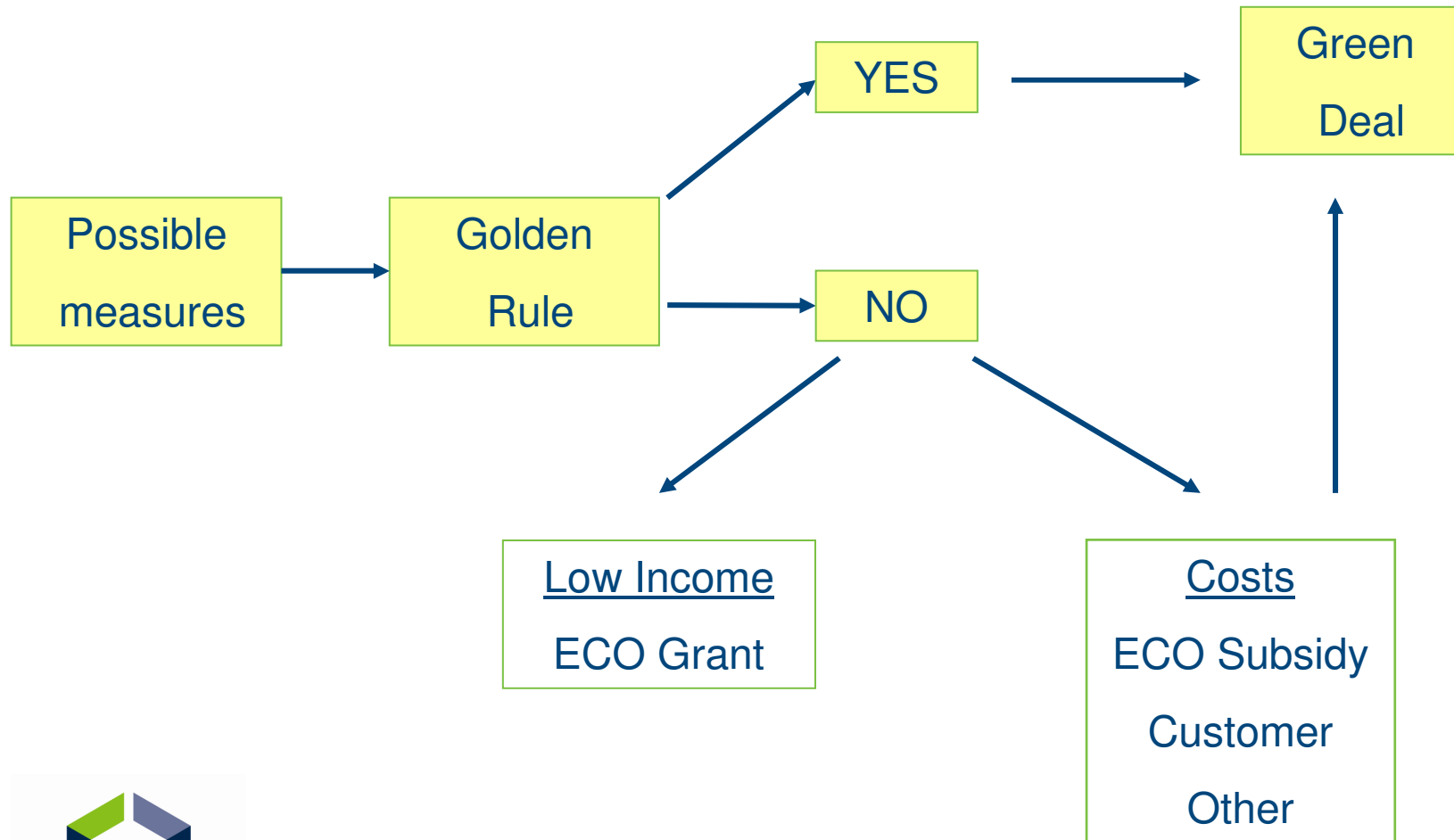
# Energy Company Obligation



- Energy companies will have two targets:
  - Carbon saving target      CO<sub>2</sub> - 75%
  - Affordable warmth      £      - 25%
- Carbon saving element primarily solid wall insulation - problem for social landlords?
- Affordable warmth element to be targeted at low income homes in the private sector.



# Who funds?



# A Green Deal Scheme

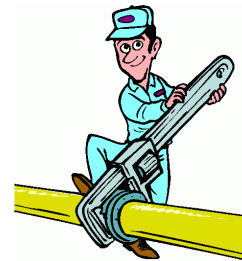


Sign-Up

Home visit

Installation and EPC

Paying & moving



# How will it work?

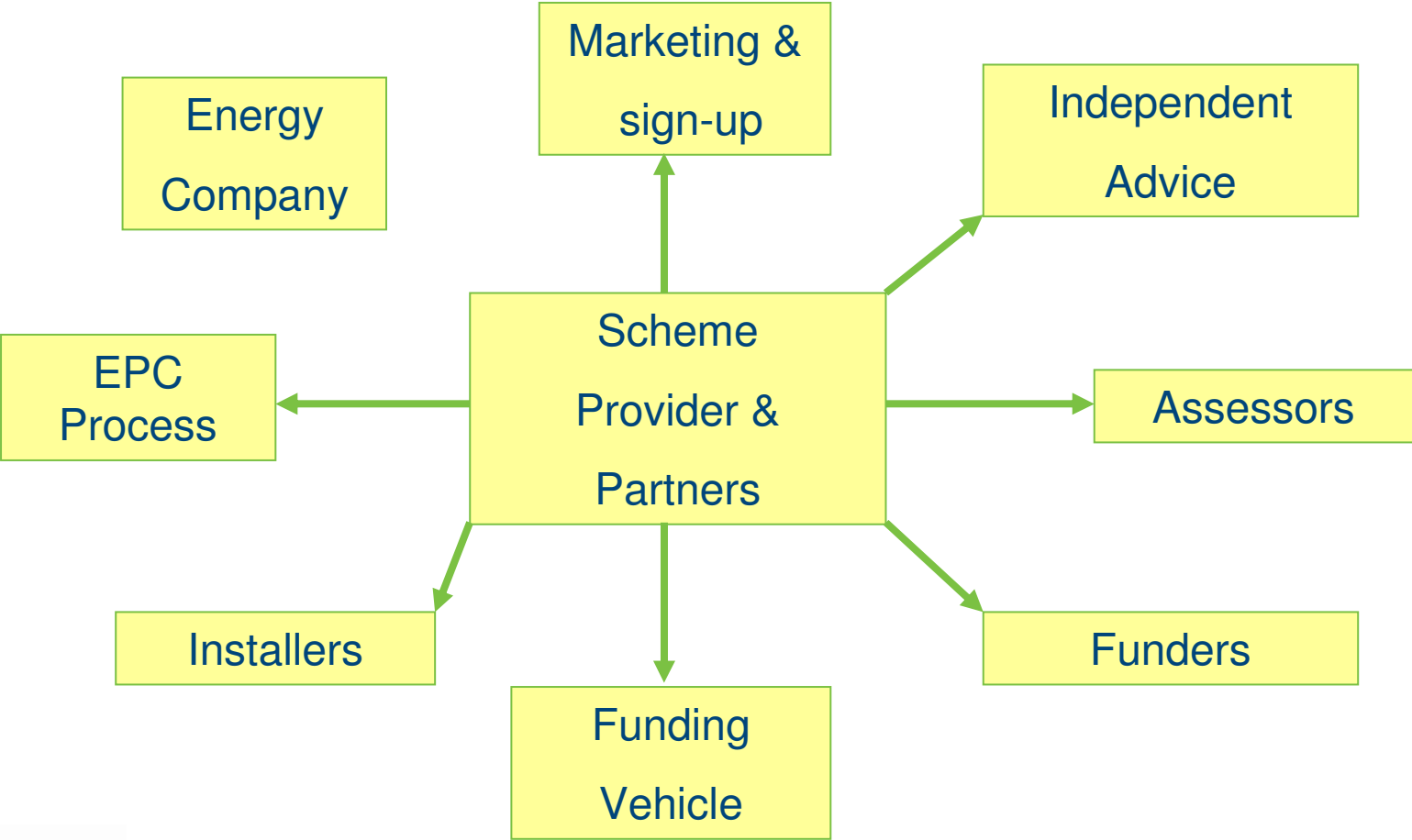


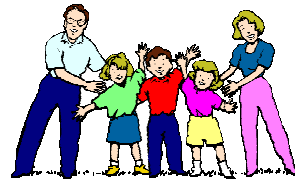
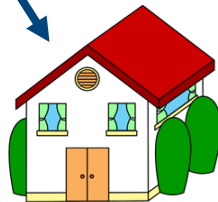
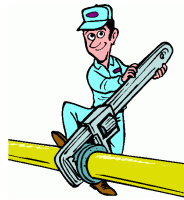
# What's needed for a scheme?



- Secondary legislation (Autumn 2011)
  - Bill payment process
  - EPC process
  - Consumer Credit Act process
- Green Deal brand, kite marks, warranties etc
- A great deal more clarity from DECC
- Energy Company Obligation (2013?)
- A Green Deal Scheme Provider (licence)
- All the necessary players for a scheme

# Key players in delivery

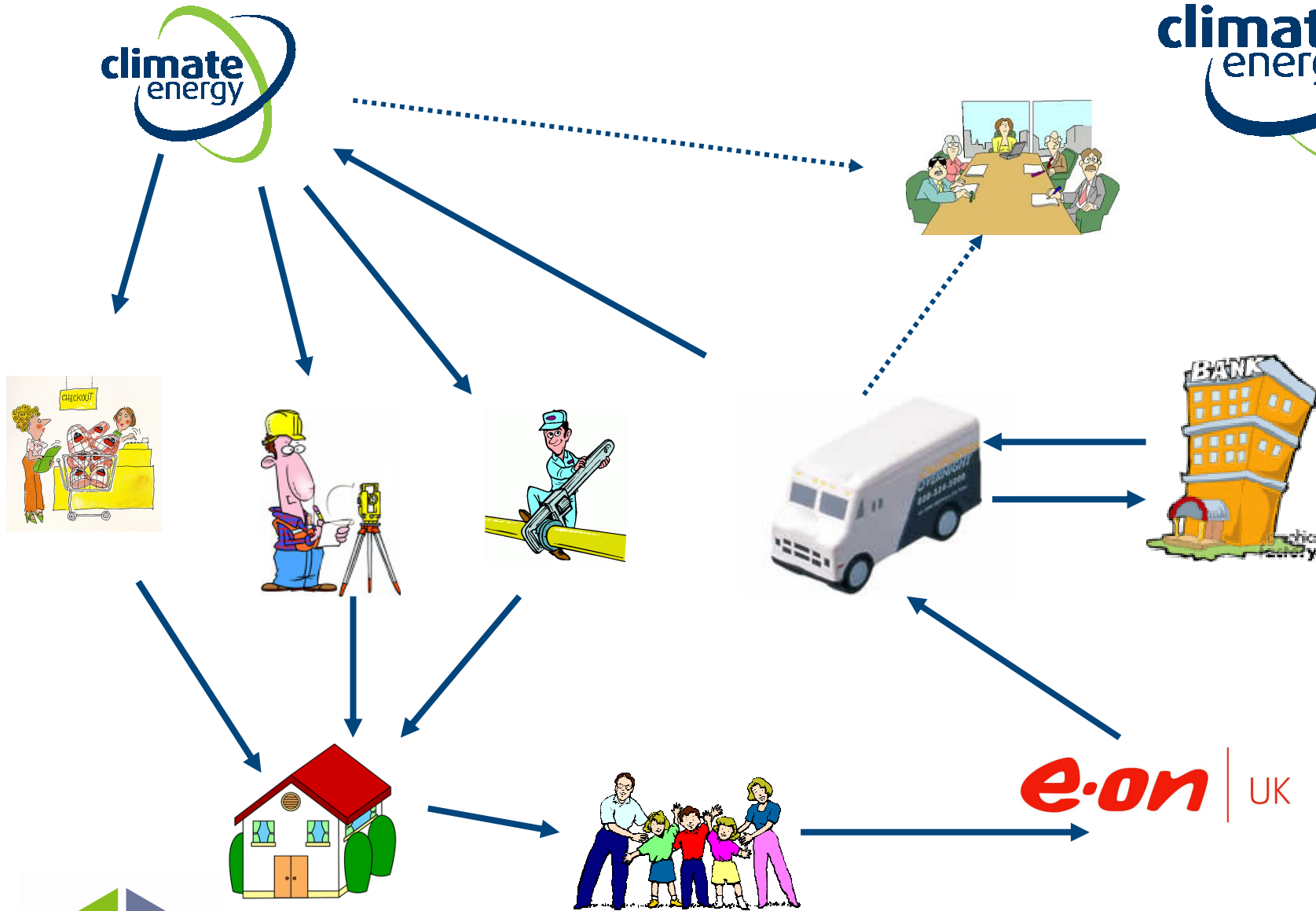




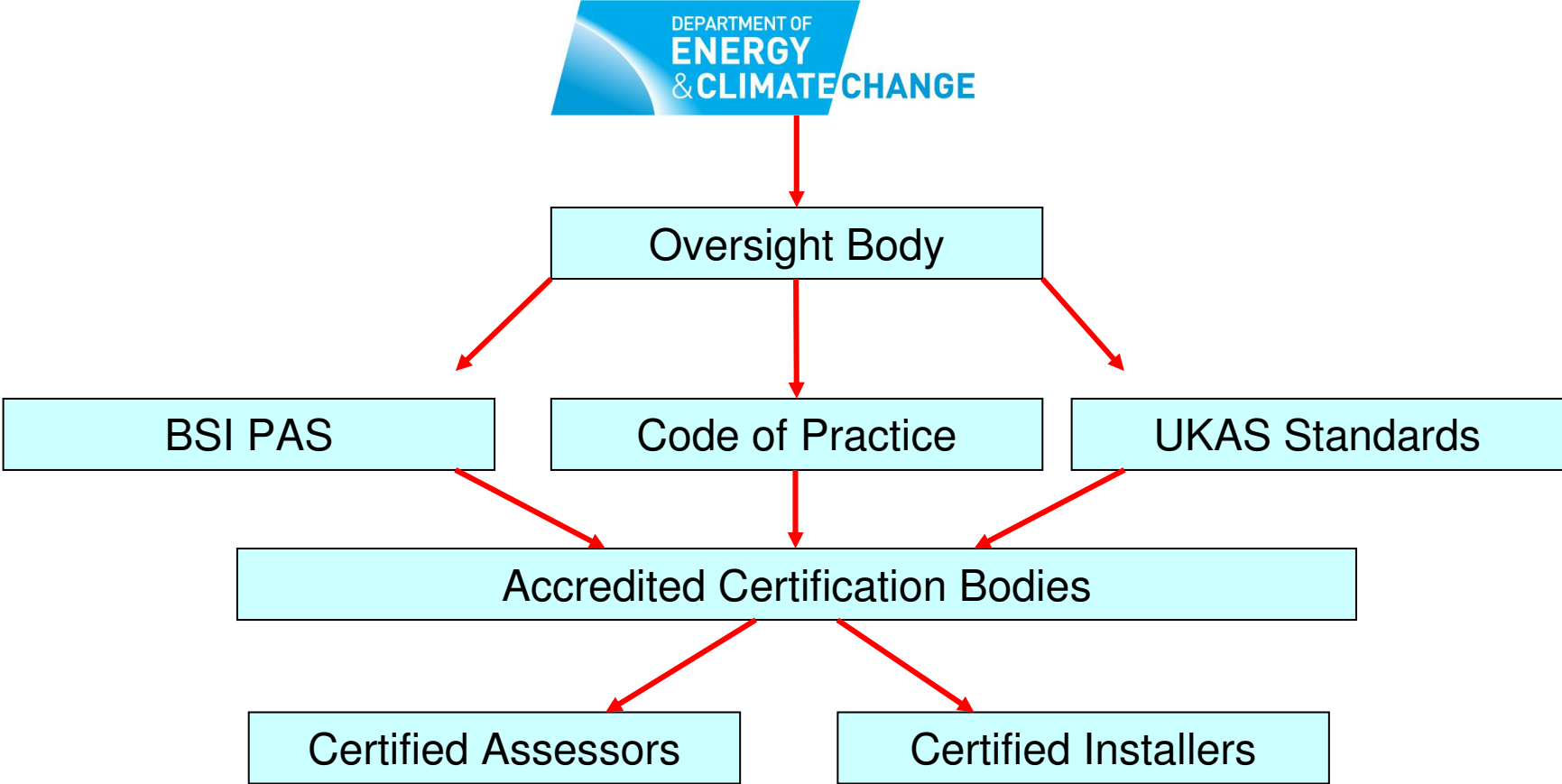
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# Keeping control



# The business sector



- As a customer
  - All owner occupiers, landlords and tenants
- As a Green Deal Provider
  - Liaises with clients, supports in design and Golden Rule
- As an Assessor, Installer and/or supplier.
  - “The Green Deal is a massive new business opportunity which has the potential to support up to a quarter of a million new jobs as part of our third industrial revolution”



# What role for LAs?



- No role at all
- Consortium member
- Scheme partner
- Scheme provider
- Part of the supply chain



# LA – Consortium member



- Support and facilitate Green Deal provision
- Endorse, marketing, sign-up
- Commission revenues
- Prioritise areas
- Low/no risk
- No OJEU process?
- Local objective – jobs, community, public buildings



# LA - Partner



- Partnerships with commercial companies and Providers
- Retain influence on scheme
- New finance flows into the region
- Re-assurance for local residents
- Some risk and investment needed



# LA - Provider



- Raise finance – TGDFC, Public Works Loan Board – full or part
- Control over planning and delivery
- Re-investment opportunities
- Local supply chains and employment
- Significant OJEU process
- Significant risk and reward
- Big!!



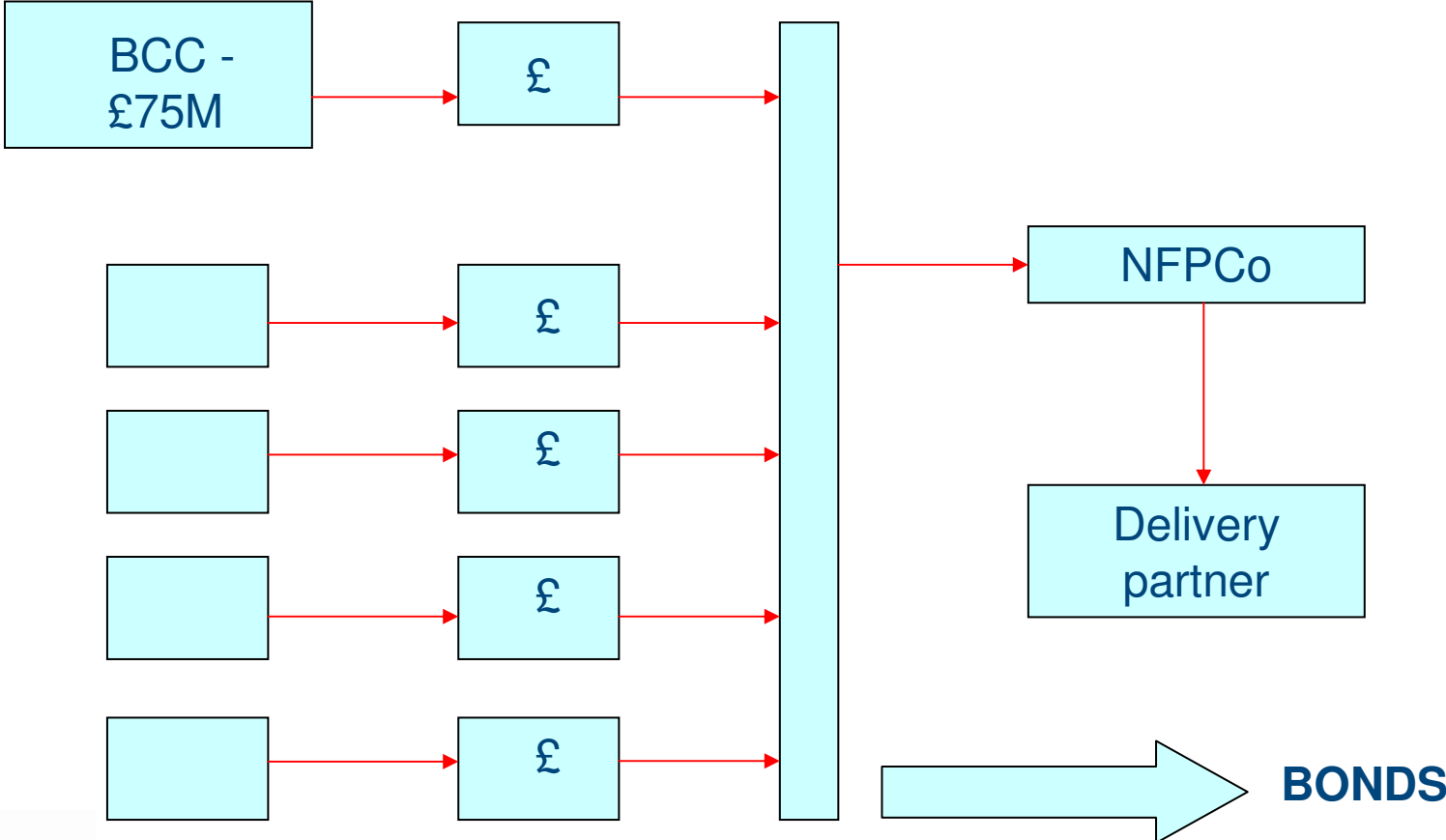
# Supply chain



- Lead generation
- Call centre
- Assessor
- Installer
- Funder/finance management



# BCC Model



# Potential Benefits - LA



- New revenues for energy efficiency
- Reduced fuel bills for residents and businesses
- Local economic and physical regeneration
- Wider strategic priorities – health, fuel poverty, climate targets
- Local jobs and skills
- Public and community buildings



# GLA Options



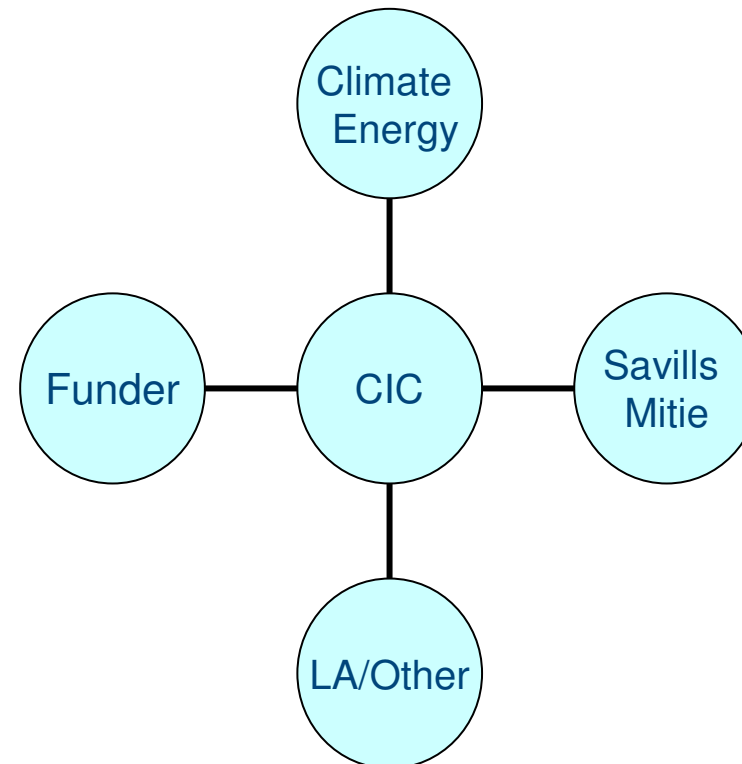
- Get involved or not?
- Individual or county-wide scheme?
- Decision based on what you want out of it
- Scheme provider? Borrow money? OJEU
- Player in a consortium – lower risk, own benefits.



# Regional CIC Option



- Scheme design and approval
- Legal Model
- Marketing and allocation
- Support, endorse and priority
- Community and legacy
- Delivery: survey and install
- Fund and loan management
- 25 year management



# LA/GLA Role



- Member of the CIC
- Scheme design, set-up and objectives
- Lead generation – public buildings, offices, employees, schools – commission based revenue
- Demonstration and sign-up – Green House
- Own commercial and public buildings
- Community benefit – job creation, business development, skills development, environmental



# Preparing for Green Deal



- Understand Green Deal and ECO
- Consider the options
- A Provider role may need OJEU – 12 m
- Understand the size, scope and potential





Thank you

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