




The Green Deal
What it means for you

Exploring the opportunities for creating viable, locally beneficial provision of the Green Deal

Watershed, Bristol | 13 October 2011


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The Low Carbon Retrofit Challenge and the Green Deal

Phillip Morris
Senior Scheme Manager, CSE




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What is low carbon retrofit?



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- Upgrading the existing domestic (and non-domestic) housing stock to reduce the amount of carbon emitted as result people living in or using those properties
- Includes improving energy efficiency as well as using low carbon technologies



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Why should we do it?



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Most of the houses we will have in 2050 are already built...



“Our housing stock - the oldest in Europe - is costing us the earth. So we have set up the Green Deal to bring our homes into the 21st century.”

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Most have low energy efficiency ratings

- 26 million homes in Scotland, England and Wales
- 80% of the homes we will live in 2050 are already built

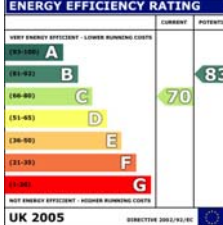
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EPC based on RdSAP




ENERGY EFFICIENCY RATING

UK 2005

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What the UK stock looks like

		National %	South West %	% Difference
Energy Efficiency Rating Band EHCS 2008	A	0%	0%	0%
	B	<1%	<1%	<1%
	C	10%	8%	-2%
	D	36%	31%	-5%
	E	38%	38%	<1%
	F	13%	15%	+2%
	G	3%	7%	+4%

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What this means in terms of bills....

- Average band 'B' bill is £530 – band 'G' is £2200
- Moving from 'D' to 'B' is likely to half your bills
- 91% of the properties in the south west are band 'D' or below

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Fuel Poverty

- CSE estimates that the recent bill increases have added an average £150 to people's bills
- This could add another 1.2 million homes to the 5.1 million homes already in fuel poverty
- This winter 10.5 million+ people could be living in homes they struggle to keep warm

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What has been done before?

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CERT

- Replaced EEC in 2008
- According to HEED:
 - 1.3 million cavity walls insulated so far
 - 1.7 million lofts insulated so far
 - 2.6 million homes treated – 10% of housing
- Has been replaced by CERT+, ending Dec 2012

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CERT+

DECC target is for 3.5 million more homes to be insulated


As of June this year <300,000 of this target had been achieved

Suppliers will need to double their monthly install rate over the next year or so

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However, we have not even got the simple stuff done yet....

DECC figures June 2011:

- Only 57% of lofts are properly insulated
- Only 58% of 'fillable' cavities are properly filled

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So why change?

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Politics.....

Greenest Government ever



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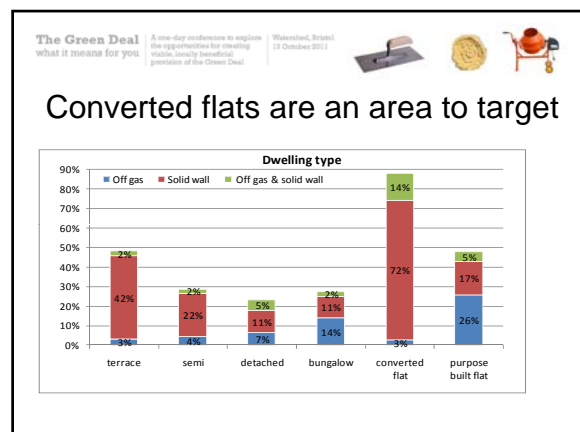
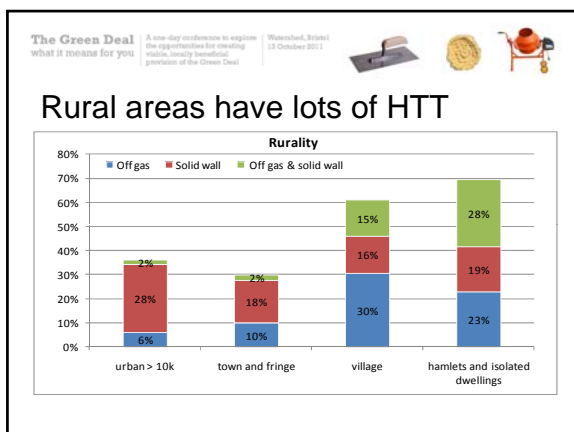
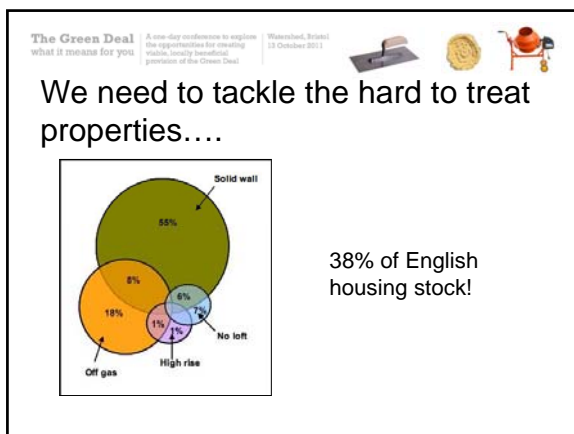
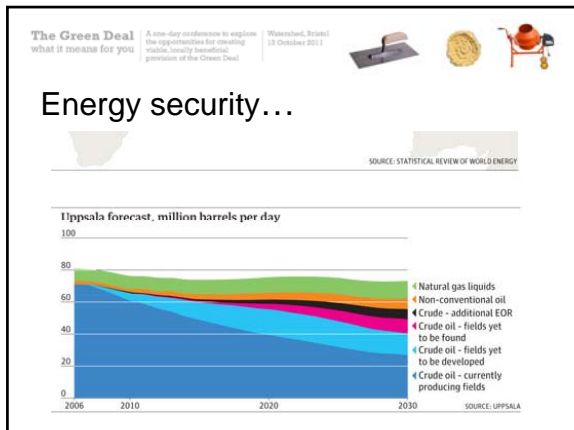
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Cutting carbon...

- Legal obligation to reduce carbon emissions by 80% by 2050
- The domestic sector will need to reduce emissions by 29% by 2020






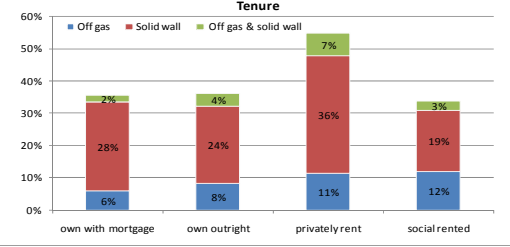
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Private rented also important




Tenure Type	Off gas	Solid wall	Off gas & solid wall
own with mortgage	6%	28%	2%
own outright	8%	24%	4%
privately rent	11%	36%	7%
social rented	12%	19%	3%

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Solid walls need to be insulated....

- Represent nearly 30% of the English housing stock
- In these homes up to 45% of heat loss can be through the walls
- Insulating the walls can save as much as £475 per year on bills
- BUT costs are from £5,500 - £13,000+ according to EST

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What is the Green Deal?

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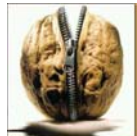
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In a nutshell.....


You install an energy efficiency measure at no upfront cost as the cost is recovered through your electricity bill



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How is this possible?

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The 'Golden Rule'

Your *overall* energy bill should not go up as the monthly bill savings from installing the measure should be greater than the repayment on the loan

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Looks a bit like this...


Figure 3: Green Deal repayment – illustrative only

Annual energy bill before the initiative	Annual energy bill after the initiative
£800	£340
	£430
	Energy costs including energy saving

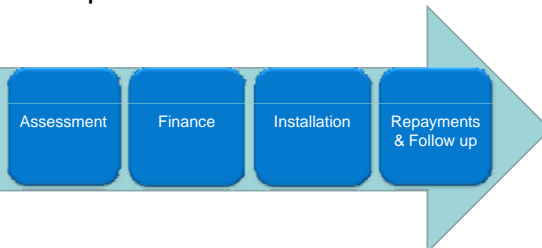
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The process



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So what is so different then....

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Not personal debt....

The charge is tied to the electricity meter – so you only pay if you're benefiting from the measures, and not if you move out....



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How big is the Green Deal?

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Big...


"the Green Deal is the largest and most ambitious home improvement programme our country has seen since the second world war"



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And how does this fit with the ECO?

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The Energy Company Obligation


- Will be a major part of the Green Deal
- Helping complex measures meet the 'Golden Rule'
- Providing Affordable Warmth for vulnerable customers




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Fits something like this...



Note: Diagram is not to scale

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And finally.....

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Non-domestic premises will be included in the Green Deal

Many of the 2.8 million business working out of commercial premises will also be able to benefit



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The Green Deal Local Incubator


A possible local delivery model

Simon Roberts
Chief Executive, CSE

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Potential barriers to local delivery

- Heavy regulatory framework
- Extensive accreditation systems
- Complex finance mechanism (loans/ECO)

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Only for the big fish?



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Current refurbishment market

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Current refurbishment market

- Local builders - familiar with local housing
- Local reputations underpin repeat business
- Local promotion / word of mouth
- LAs and RSLs – a trusted brand

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The Green Deal Local Incubator

The Aim


A Green Deal offering which:

- Strengthens local economies
- Is welcomed by local communities
- Offers solutions suited to local housing

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The Green Deal Local Incubator

Our Vision

- A new social enterprise
- Simple access for local contractors/schemes to finance, products & materials, QC, accreditation & back office functions....
- Available on an 'unbranded' basis
- Priced to ensure financial sustainability

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Exploring viability

1. Local contractor networks
2. Contractor training and quality control
3. Product procurement and supply chains
4. Independent advice and customer support

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Exploring viability

5. Finance facility
6. Integration with the ECO
7. Marketing, promotion and neighbourhood activity
8. Role of local groups and councils

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If viable...

9. Business plan – explore financial, ownership and investment models
10. Design business systems, legal frameworks, back office functions

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