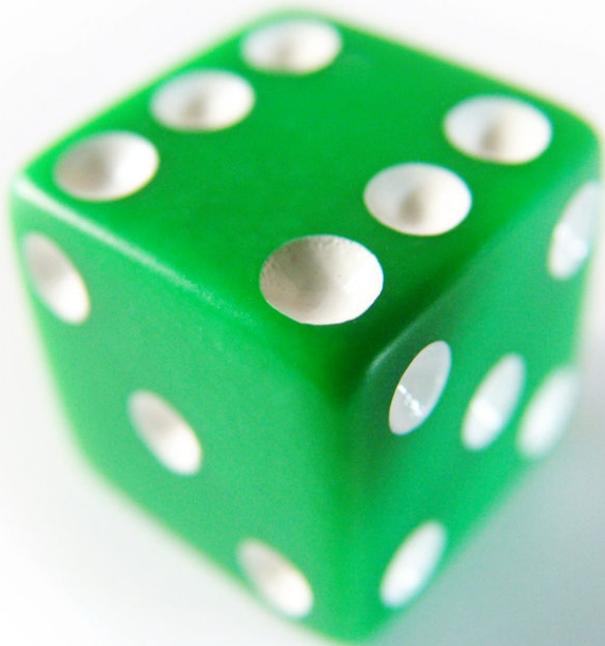


Green Deal

Patrick McKendry



What is the Green Deal?

Britain has some of the oldest building stock in Europe. Many of us live in draughty, poorly insulated homes. Consumers pay a high price for this in terms of energy bills and so does the planet.

The green deal will mean that energy bill payers will be able to get energy efficiency measures without having to pay cash up front through a loan of up to 25 years. The green deal is available for everybody and there will be extra help for the most vulnerable, those on low incomes and those with hard to treat homes through other funding streams such as ECO (Energy Companies Obligation).

The aim of the green deal is to solve the problems with our existing housing stock and to give us a nudge in the right direction helping us to help ourselves as energy bills are set to increase even faster in the future.

How does it work?

Under the green deal the loan will be lodged against the property not the occupier and repayments will be added to the property's electricity bill as an additional charge. The charge will be paid for by whoever pays the electricity bill which would be subsequent owners of the property or even tenants.

1.To take advantage of the green deal you will have to have your home or business assessed by a Green Deal Assessor (GDA) who will then produce a green deal report. (This report will give guidance and recommendations as to which energy efficient improvement your property would benefit the most from).

2.Then your Green Deal Provider (GDP) who will typically be an organisation who will provide an umbrella role: arranging quotes for all the works, managing the installation works and providing you with the loan.

To protect consumers against mis-selling, and to avoid loans being offered in inappropriate financial circumstances, both GDA & GDP will be strictly accredited and monitored.

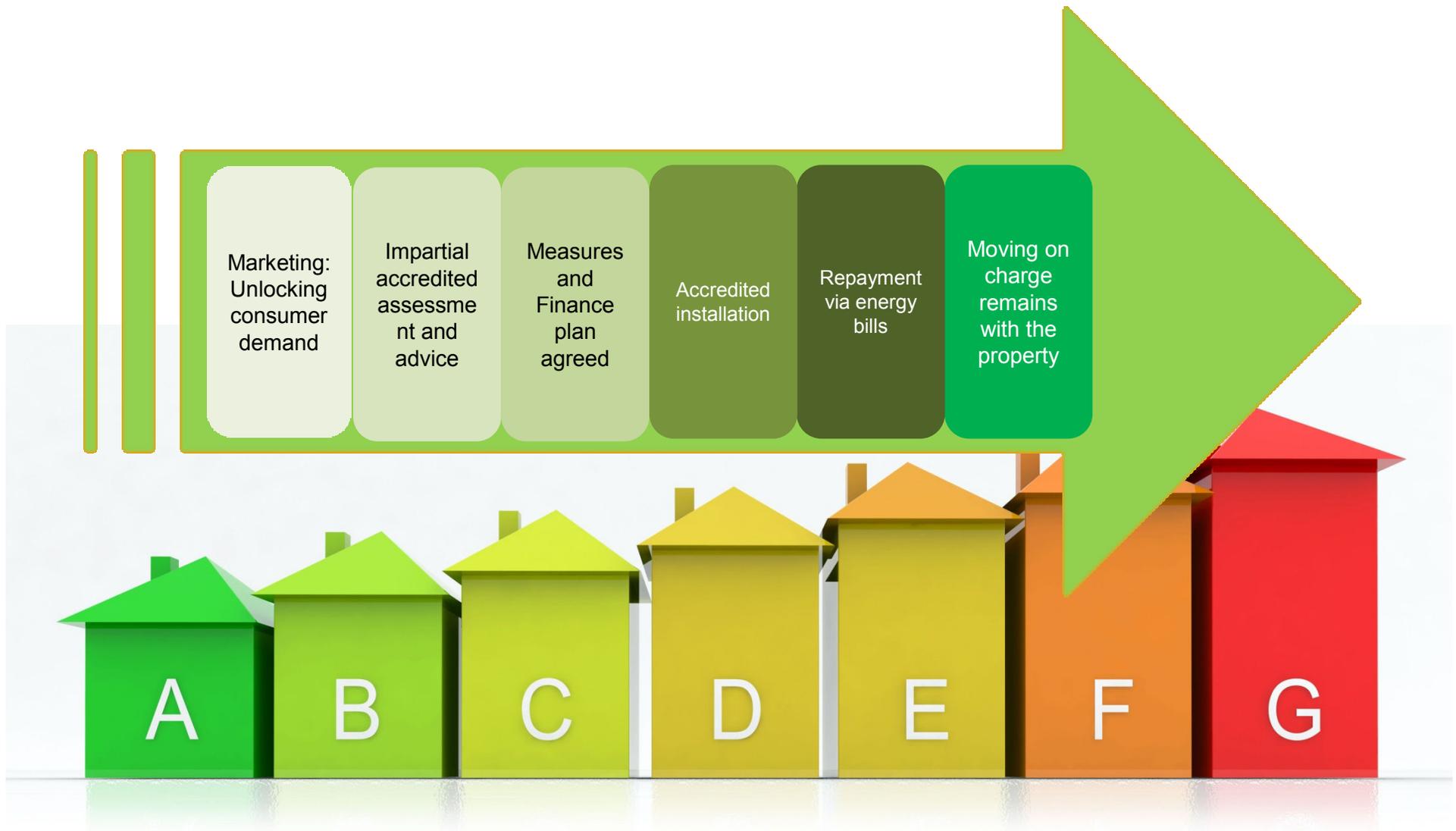
The Golden Rule!

Under the golden rule, the cost of any loan repayments must not exceed the deemed savings on energy bills. The theory is that the bill payer will always be saving more than they will be paying. *However, this will be based on a set of standard occupancy and standard heating patterns which may not match actual energy use.*

Where a product doesn't meet the golden rule even with the full 25 year load period, the customer has the option of paying some money in advance to reduce the costs of the works. So only applying a charge for the part of the cost of the measure up to the point where it breaches the golden rule. Certain measure such as solid wall insulation will receive heavy subsidy from energy suppliers under the new energy company obligation (ECO).

****it is worth bearing in mind that, with energy bills rising at above the rate of inflation annually, savings that are marginal now, are likely to become more and more significant year on year, with loan repayments staying fixed and costing less in real terms.****

Going ahead with a Green Deal package



Going ahead with a Green Deal package

Once you have your green deal report you can shop around for multiple quotes for the works, or allow the Green Deal Provider to manage the entire end to end process. It will be your responsibility to ensure that all relevant permissions are secured, including things like planning or in the case of rented property, the tenants (or landlord's) approval to have the green deal charge added to their electricity bill.

*****Failure to get these permissions could invalidate the green deal package and leave you footing the entire costs of works in one go.*****

Once the contract is signed with the GDP, the green deal charge is centrally registered. This will ensure that, regardless of who supplies the electricity to the property, the charge will be added to the bill and the money passed over to the GDP. The green deal charge must then be notified in writing to any new tenant or owner of the property as part of the convincing process or again the costs could fall entirely back on you.

So what's available?

- Condensing boilers
- Heating controls
- Under-floor heating
- Heat recovery systems
- Mechanical ventilation (non – domestic)
- Flue gas recovery devices
- Cavity wall insulation
- Loft insulation
- Flat roof insulation
- Internal wall insulation
- External wall insulation
- Draught proofing
- Floor insulation
- Heating system insulation
- Light fittings
- Lighting controls
- Innovative hot water systems
- Water efficient taps and showers
- Ground and air source heat pumps
- Solar thermal
- Solar PV
- Biomass boilers
- Micro-CHP
- Energy efficient windows and doors

Consumer Protection

With any new opportunities there are a small number of companies and individuals that can be 'rogue traders'. These key rules will prevent this abuse;

- **The golden rule** – the expected financial savings must be equal to or greater than the costs attached to the energy bill.
- **Measures must be approved** – the claimed bill savings must be those applied to the bill.
- **Accredited independent adviser** – measures must have been recommended for that property.
- **Accredited installer** – measures must have been recommended for that account of individual circumstances.
- **Consumer credit act** – green deal providers must give advice according to CCA and take account of individual circumstances.
- **Consent gained** – consent of the current energy bill payer must be obtained
- **Green deal disclosure** – subsequent bill payers e.g. new owners or tenants must be made aware of the green deal cost and savings.
- **Existing regulatory safeguards** – energy companies must collect and pass on the green deal and pass it on with safeguards – which include protection for the vulnerable.

Green Deal Assessor Organisation (GDAO)

St Vincent's are soon to become an independent GDAO under the green deal banner, certified by Stroma. 

Which basically means we will be able to undertake Green Deal assessments, then calculate the amount of carbon the measures will save. We can then use this information to access possible funding streams such as ECO, which could contribute towards the cost of the improvements under Green Deal.

This funding is limited and will not be available for all improvement measures.

Green Deal FAQ's

Q: Will the GDP run credit checks on me or am I guaranteed to get the works?

A: It is possible that the GDP will run a credit check but there will be currently a large fund being established back by major banks and the hope is that everyone in Britain will get access to the green deal at the same low rate regardless of their credit rating. *(Subject to affordability and responsible lending)*

Q: What if the product breaks down or fails in some way whilst I am still making loan payments?

A: It is likely that DECC will insist that all works installed will be required to have an insurance backed warranty covering breakdown and premature failure. This warranty will not however cover fair wear and tear of parts within a boiler for example. Equally there may be conditions in the green deal plan that will require the bill payer to service products or risk invalidating the warranty.

Q: I pay through a key meter; can I still get Green Deal upgrade?

A: Yes – Green Deal charges can be added to a key meter but if there are any arrears on the account it could affect your ability to benefit from a package.

Q: What if the property is empty for a year, who will pay the charge then?

A: At this stage it is likely that the owner of the property will have to pay the charge which will require a large central database to be established for landlords.

Q: What if the energy saving turn out to be lower than repayments, can I stop paying the charge?

A: No. unfortunately there is no guarantee that the savings will be made and that the Green Deal charge cannot be separated from the rest of the bill. If you choose to withhold part of the payment for your electricity bill the energy company will still be obligated to pay over a pro rata amount to the GDP so you will end up in arrears on your electricity bill too.

Q: Will it be more difficult to sell my home with the green deal charge attached?

A: DECC hopes not! It is hoped that the saving on energy bills will be beneficial and may make the home sell more easily. If however the purchaser demands the loan is cleared there will be an option to do this and the GDP will be obligated to provide a settlement statement.