

Green Deal and ECO

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The Green Deal is an innovative financing mechanism that lets people pay for energy-efficiency improvements through savings on their energy bills.

Green Deal was launched in January 2013 and applies to both the domestic and non-domestic sector. It replaces current policies such as the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP).

The government has appointed a Green Deal Registration and Oversight Body. Part of their role is to register the organisations that are approved to deliver the Green Deal – Advisors, Providers and Installers.

How the Green Deal works

The Green Deal process has four stages:



Assessment

This is carried out in your home or business premises by a Green Deal Advisor or Assessor, and may be subject to a charge. They will:

- use standardised software to identify what energy efficiency or microgeneration improvements you can make and what the financial savings would be
- outline how the payments will work
- identify which improvements are likely to be cost effective
- produce a Green Deal advice report outlining your options
- declare any links they have with Green Deal Providers.

Finance

Once the Green Deal Advisor has given you your report, you can take it to one or more Green Deal Providers who can arrange and fund the improvements. If you decide to take up a Green Deal offer you will then sign a Green Deal Plan, which is a contract between you and the Green Deal Provider.

Installation

The Green Deal Provider will arrange for a [Green Deal installer](#) to come and carry out the work you have agreed to. The installer will have been vetted to ensure they meet the standards set out for the Green Deal.

Repayment

You pay back the cost of the improvements over time through your electricity bill. Your electricity supplier will pass your payments on to your Green Deal Provider. The amount you pay back will be no more than a typical household will save on heating bills, so you are likely to be better off overall from day one.

Although the cost of the improvements is repaid, this is not a conventional personal loan as the charge is attached to the electricity meter in your house and paid back through your electricity bill. If you move out, the new occupant will pick up the charge while also benefiting from a more energy-efficient property.

Interest will be charged on these payments, but the rate will be fixed and you will be shown a full schedule of all the payments before you sign up to the plan. It is up to the Green Deal Providers to decide on the interest rate, so it will be worth shopping around to find the best deal. You will be able to pay off the plan early if you choose, though the Provider may charge a fee for this.

Details of the Green Deal

How do I apply for a Green Deal?

The first step is to have an assessment carried out on your property. A Green Deal assessor or provider can arrange this for you. You can [search for assessor or provider companies](#), or you can call the Energy Saving Advice Service on 0300 123 1234.

What improvements will the Green Deal cover?

There are 45 measures or areas of home improvement approved to receive funding under the Green Deal, covering:

- insulation
- heating and hot water
- glazing
- microgeneration (generating your own energy).

For the non-domestic sector lighting, mechanical ventilation and heat recovery measures can also be covered. More areas may be added as technology develops.

Incentives to kick-start the Green Deal

The Government have recently launched the [Green Deal Cashback Scheme](#), an incentive to encourage people to make improvements during the early days of the Green Deal. Eligible customers will receive cashback payments once they have measures installed, with the highest rates going to the earliest applicants.

Where can I get more information?

Independent advice services provide impartial advice around energy saving and the Green Deal, funded by the Department of Energy and Climate Change and the Scottish Government. These advice services currently refer customer into free and discounted insulation schemes but in future will be able to refer them to Green Deal Advisors and Providers.

- In **England and Wales**, call the Energy Saving Advice Service on 0300 123 1234.

The ECO (Energy Company Obligation)

The ECO for the big six energy suppliers is also being launched in early 2013. It is in three parts:

Affordable Warmth Obligation

To provide heating and insulation improvements for low-income and vulnerable households (but social housing tenants are not eligible for affordable warmth). There are complex eligibility criteria for this means-tested scheme. Details for this criteria can be found on the [Affordable Warmth Scheme](#). You can also call the Energy Saving Advice Service on 0300 123 1234 to check whether you might be eligible and to apply if you are.

Carbon Saving Obligation

To provide funding to insulate solid-walled properties (internal and external wall insulation) and those with 'hard-to-treat' cavity walls. This is not means-tested but can be used in conjunction with the Green Deal. The aim is to provide enough support to make these relatively expensive measures cost-effective.

Carbon Saving Communities Obligation

To provide insulation measures to people living in the bottom 15% of the UK's most deprived areas. It is expected that this element of ECO will particularly benefit the social housing sector. Through ECO, the government aims to help 230,000 low-income households or those in low-income areas. Of the expected investment by suppliers of £1.3bn per year, there will be a 75:25 split between the carbon and affordable warmth obligations.

Timescales for Green Deal and ECO

All elements of the Green Deal and ECO Framework are now available, and assessments and ECO surveys are now being carried out.

Green Deal FAQ

Are there guarantees that savings will be achieved and the Golden Rule will be met?

No, but the savings estimates used by Green Deal Providers to calculate the amount of finance they can offer a customer will be reduced by a set percentage (called an 'in-use factor'). This approach was also taken in the CERT Scheme. The in-use factors have been recommended by a team of experts and are different for each measure.

Is there a cap on the amount of Green Deal finance available?

No, there is no cap on the amount of finance a customer can receive through Green Deal, but the total amount available will generally be limited by the Golden Rule.

Can Green Deal be used with Feed-in Tariffs or the Renewable Heat Incentive?

Green Deal packages can include energy efficiency, renewable heat and energy generation products together. However, you will not be able to use expected income from the Feed-in Tariff, for example, to help you meet the Golden Rule.

Renewable Heat Incentive payments will be conditional on making 'Green Deal-able' thermal efficiency improvements to the property, so that renewable heat is not wasted.

What is the Green Deal Finance Company?

The Green Deal Finance Company is a private-sector consortium looking to provide Green Deal finance to a wide customer base. It has submitted a business plan to the government for investment but the service has not been procured by government. Members of the Green Deal Finance Company include British Gas, Carillion, Clifford Chance, E.ON, EDF Energy, Goldman Sachs, HSBC, Insta Group, Kingfisher, Linklaters, Lloyds Bank Corporate Markets, Mark Group, npower, PwC, RBC Capital Markets and SSE.

What protection is being put in place for consumers?

The government has put in place a range of consumer protections including:

- new accreditation and standards so customers can have confidence in those authorised under the Green Deal
- strengthening cold-calling protections by introducing a cooling-off period of one day
- only allowing cross-selling of products where the customer has agreed to this in advance
- ensuring that assessors outline any commission they receive or ties they have to Green Deal Providers and disclose when they are moving from the impartial assessment stage to a sale
- making Green Deal Providers offer minimum periods of mandatory cover: five years for warranties, 10 years for building damage cover and 25 years for cavity or solid wall insulation

Can customers on pre-payment meters take out a Green Deal Plan?

Yes. However, the current design of prepayment meters does not allow for the collection of the Green Deal payment as a standing charge, therefore the charge will be collected in the same way as arrears are collected.

Can customers that take out a Green Deal Plan still switch energy supplier?

Yes, providing that the new supplier is participating in the Green Deal payment collection mechanism.

How can I get my product included within Green Deal?

The process for adding new measures to RdSAP (and as a result to the Green Deal) is called 'Appendix Q'. It enables the testing and verification of measures to ensure that they are able to reduce energy consumption. If they can, they can be modelled in the software, recommended during a Green Deal Assessment, and added to the list of eligible measures.

[Green Deal Cashback Scheme](#)

The Cashback incentive scheme is open to any household in England or Wales making energy saving improvements under the Green Deal, after 28th January 2013.

FREE help and advice

For independent, expert advice on saving energy in your home, call The Energy Saving Trust
On 0300 123 1234

- Monday to Friday 9am to 8pm
- Saturday 10am to 2pm

Or visit their website at :- www.energysavingtrust.org.uk