

# The Green Deal

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# 1. Introducing the Green Deal

# VISION

An innovative policy designed around consumers;

A new, open and dynamic market for businesses; and

Investment driving economic growth.

**Our vision for the Green Deal and ECO is:**

## **Resulting in:**

Less carbon emitted

Fewer families in fuel poverty

Improved homes

# WHY WE ARE DOING THIS – THE BENEFITS OF GREEN DEAL



- Reducing energy demand and carbon emissions

- Consumer choice

- Opportunities for Green Growth



- Improving the thermal efficiency of properties



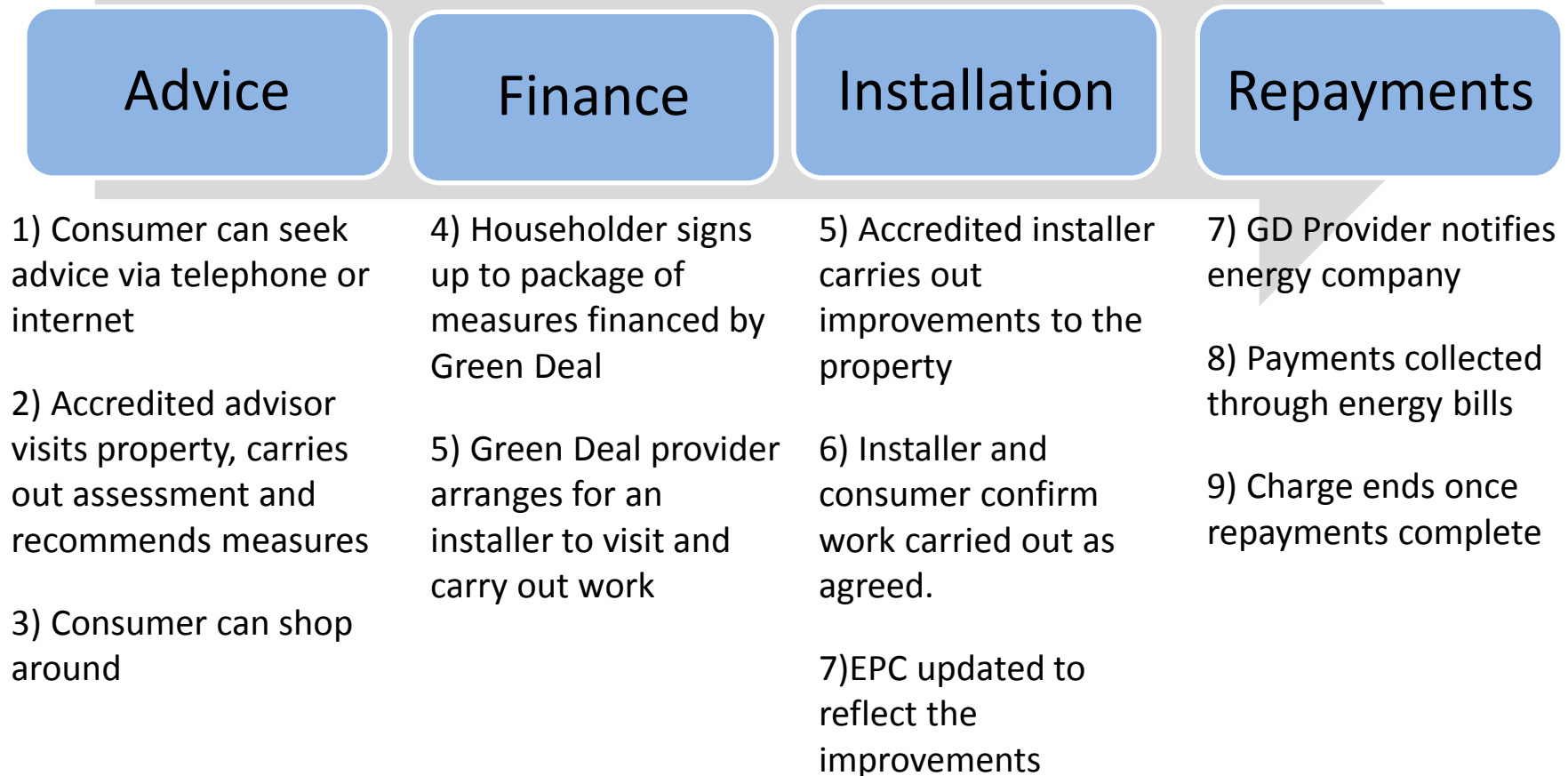
- Provide support where it is most needed

- Saving households and businesses money



## How it will work – the customer journey

*Although the customer journey will not always be the same, there are four predominant key steps...*



*For this process to work it must be backed up by the right level of consumer protection...*

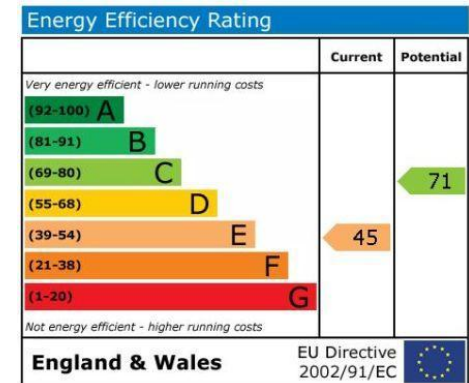
# DELIVERING GREEN DEAL: PUTTING THE CUSTOMER IN CHARGE

Flexibility

Competition

Choice

Renewable heating and micro-generation



# DELIVERING THE GREEN DEAL: GROWING THE SUPPLY CHAIN

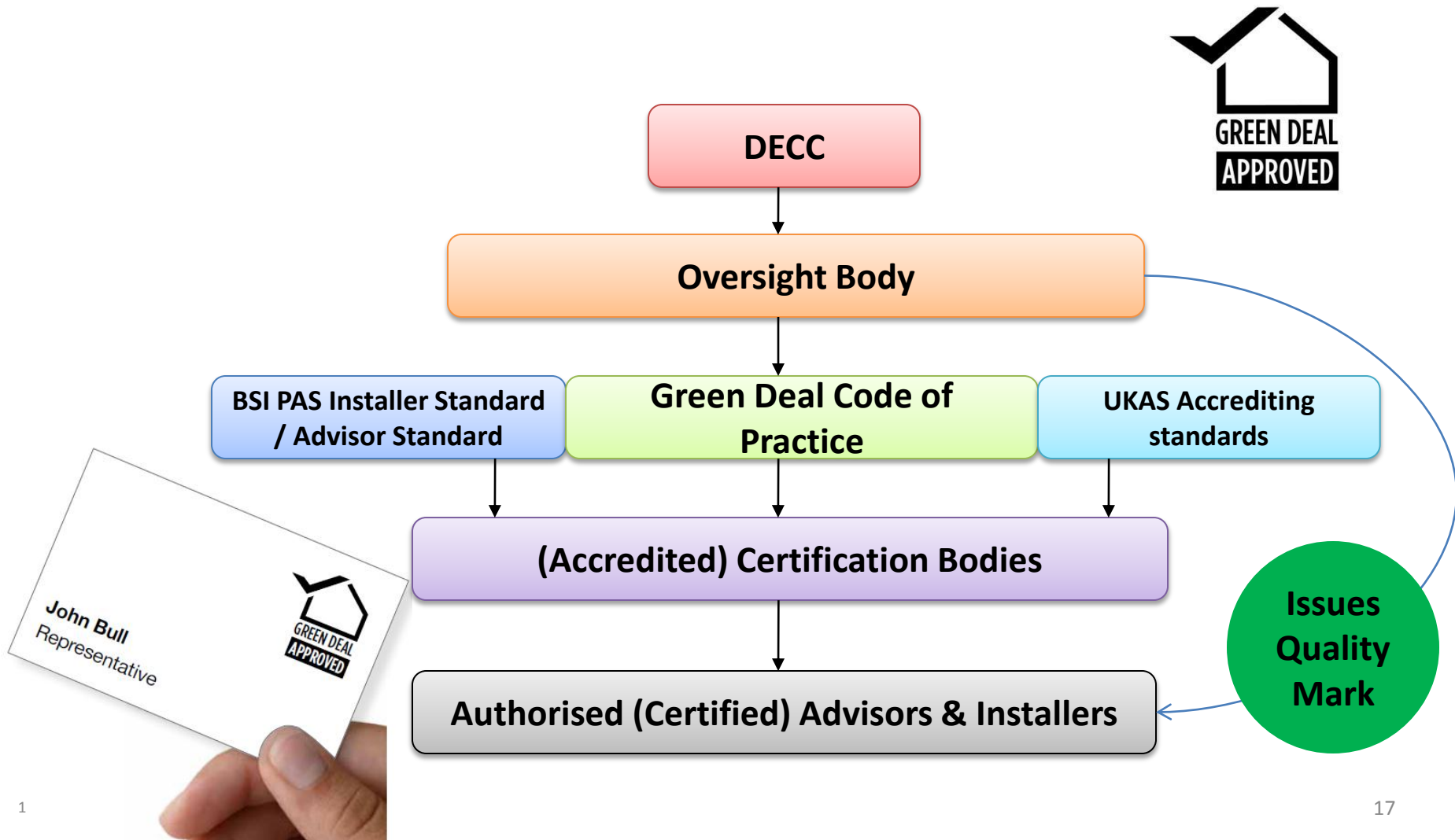
**Huge potential market:** could be worth billions of pounds over the next decade

**An open market:** enabling both established players and new entrants to innovate around customer needs

**‘Brokerage’:** we are proposing a ‘brokerage’ function for the ECO



# DELIVERING THE GREEN DEAL: Overview



## **2. ECO and the Green Deal**

# The role of ECO

- There will be households for whom Green Deal cannot be (the whole) story
- ECO to integrate with the Green Deal, with a focus on:
  - hard to treat properties; and
  - vulnerable and poor households



# DELIVERING THE GREEN DEAL: (V) EXTRA SUPPORT WHERE IT'S NEEDED – THE ECO

## Energy Company Obligation (2012 – 2022) Objectives:

### Deliver carbon savings

Step change in energy efficiency across all housing

### Support the vulnerable

Thermal improvement for poor & vulnerable household

### Support equitable delivery

Ensure Green Deal works for all, encouraging innovation

Green Deal and ECO subsidy will significantly increase private sector spending



**Green Deal alone** will support the remaining low cost measures:

- further loft insulation
- cavity wall insulation

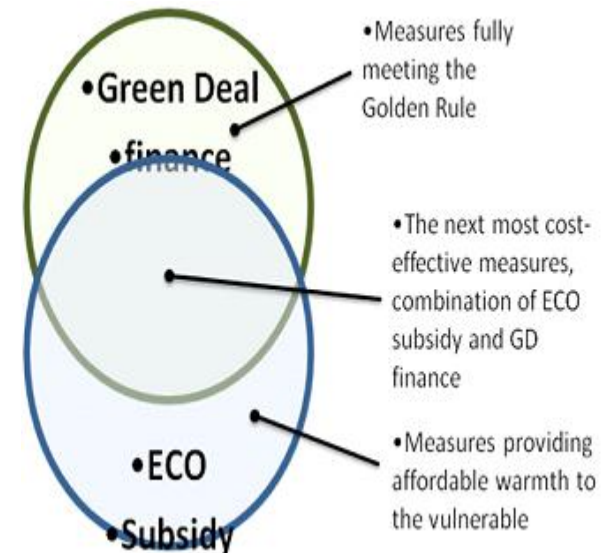


**Green Deal and ECO subsidy** will deliver measures to hard to treat housing and help poorer households:

- up to 2m solid wall insulations



**ECO subsidy alone** will be there to help the fuel poor through heating measures and insulation



# DELIVERING THE ECO AND GREEN DEAL



- We expect the Green Deal and the ECO will frequently work in partnership.
- Green Deal providers will therefore be incentivised to seek out contributions towards a measure from suppliers seeking to fulfil their obligations under ECO.
- We propose that energy suppliers receive credit for the full carbon or cost saving benefits of each measure which they are involved in promoting and installing.
- Thus leverage in as many other types of funding as possible, and in the case of the Carbon Saving obligation this is primarily expected to be Green Deal finance .

# 3. Stimulating Demand

# Barriers to delivery

**Inertia and  
awareness of  
need**



**Knowledge of  
benefits**



**Understanding  
of process and  
costs**



**Getting consent**



- 20% of people with no basic insulation are completely unengaged
- Householders uncertain about the benefits and 'discount' future savings
- Householders overestimate costs and concerned about quality of work & hassle factor
- Housing providers will need to obtain consent to the GD charge from sitting tenants (as energy bill payers)

# DELIVERING GREEN DEAL: STIMULATING DEMAND



*Green Deal will release demand for energy efficiency measures, but there is more we can do...*



**Establish trust**



**Provide advice and information**



**Encourage local promotion**



**Use cross-promotion**



**Improved Energy Performance Certificate**



**Private rented sector**

# DELIVERING GREEN DEAL: STIMULATING DEMAND



- We have announced big injection of Government funding - £200m to help boost early take up of the Green Deal
- It is about ensuring the Green Deal hits the ground running
- This delivers on our commitment set out in Budget 2011
- We are currently looking at how best to use this money

## **4. Consultation and next steps**

# PURPOSE OF THE CONSULTATION DOCUMENT



**The consultation document has three main purposes:**

To explain the context for the development of Green Deal and ECO

Set out our proposals for the Green Deal and ECO

Consult on key issues around our proposals on the operations/delivery and monitoring of the Green Deal and ECO

A number of other documents will be published alongside the consultation:

- detailed impact assessment
- customer insight studies
- draft statutory instruments

**More information on the Green Deal at:**

**[www.decc.gov.uk](http://www.decc.gov.uk)**

**Thank you**