

ECO Funding

Overview

Carbon Reduction Target

- A carbon budget places a restriction on the total amount of greenhouse gases the UK can emit over a 5-year period. The UK is the first country to set legally binding carbon budgets.

The target carbon emission reduction rates set by the UK government are:

80% reduction by 2050 based on 1992 Kyoto Protocol

The [2008 Climate Change Act](#) established the world's first legally binding climate change target. The aim is to reduce the UK's greenhouse gas emissions by at least 80% (from the 1990 baseline) by 2050.

How?

- One way is the fitting of home insulation measures e.g. loft, cavity and external wall insulation.
- The Green Deal
- Energy Company Obligation (ECO)

The Green Deal

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 Green Deal

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

www.greendealorb.co.uk

The Green Deal

The Green Deal process has four stages.



The Green Deal

Step 1: 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.

The Green Deal

Step 2: Finance – the Green Deal Plan

- 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.

The Green Deal

Step 3 – Installation of energy saving measure

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.

The Green Deal

Step 4: Repayment – “Pay as you Save”

- You pay back the cost of the improvements over time through your electricity bill. Repayments are less than the savings you make.
- 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.
- 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.

The Green Deal

The Green Deal hinges on the operation of the “Golden Rule”.

“The expected financial savings must be equal to or greater than the costs attached to the energy bill.”

i.e. you must save more than you pay for the energy saving measure.

The Green Deal

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.

The Green Deal

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.

ECO Funding

- There are 6 main energy providers in the U.K.
- British Gas
- EDF Energy
- Npower
- EON
- Scottish & Southern Energy
- Scottish Power

ECO Funding

The Energy Company Obligation (ECO) is a legal requirement for the big 6 energy companies to reduce carbon emissions by certain targets set by the Government.

- If they do not meet these obligations they are subject to large fines from the Government.
- OFGEM has the power to fine these companies up to 10% of their global annual turnover.
 - » EON's global turnover in 2012 was £9 billion.

ECO Funding

- How do they achieve this?
- By funding the fitting of energy savings measures e.g.
- Loft, cavity and external wall insulation
- Who is eligible for the funding?
- All private home owners or tenants in the private sector

ECO Funding

There are currently 3 main ECO Funding Schemes:

- 1) Home Heating Cost Reduction Obligation (HHCRO) – “Affordable Warmth”
- 2) Carbon Emissions Reduction Obligation (CERO)
- 3) Carbon Saving Communities Obligation (CSCO)

Affordable Warmth (HHCRO)

To provide heating and insulation improvements for low-income and vulnerable households (but social housing tenants are not eligible for affordable warmth).

Must be on qualifying benefits e.g. Child Tax Credit with income of less than £15,860, Pension Credit, Income Support (plus qualifying component)

Cavity size does not matter if in receipt of qualifying benefits

Carbon Emissions Reduction Obligation (CERO)

To provide funding to insulate solid-walled properties (internal and external wall insulation) and those with 'hard-to-treat' (HTT) cavity walls.

Hard to Treat cavity walls (HTT) are those cavities that have not been insulated in the past e.g. narrow cavities (40 – 49mm).

Carbon Saving Communities Obligation (CSCO)

All areas of the U.K. are classified according to a deprivation rank. The most deprived areas have a lower deprivation rank.

Everybody qualifies for free CWI in these deprived areas, regardless of cavity size, income, benefits etc.

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.

ECO Funding

- How is the funding distributed?

The big 6 distribute the funding. One example of how they distribute it is through Insulation Providers who have contracts with the energy provider.

- E.g. the Mark Group

They draw down funding for every property they insulate from the energy provider.

The energy provider pays for the work to be done so the customer gets it for free.

How much is ECO worth?

- The ECO is worth around £1.3 billion every year. The ECO Affordable Warmth and Carbon Saving Community obligations will provide support worth around £540 million per year to low-income households.
- The ECO Carbon Saving Obligation is worth around £760 million per year.

Any questions?

Code of Conduct for Surveyors

- The following Code of Conduct is required by Mark Group for all Surveyors.
- must be well dressed and presentable to customer's at all times;
- must clearly identify themselves by providing their full names and showing Principal's photo identification which must be carried at all times;
- must clearly state which Agent they are working for and that they are representing the Principal;
- must not claim to be working for a local authority, council, energy provider or the government;
- must adopt an appropriately polite, friendly and professional approach towards all customers or prospective customers;
- must not use any techniques that could be considered as pressure selling;
- should respond to any queries that the customer may have and endeavour to ensure the customer understands and is confident with the product and the Principal;
- should not use aggressive selling techniques, must not mislead the customer and must leave a property promptly if they are asked to do so;
- should not pursue prospective customers who have indicated that they are not interested in or do not require the Principal's products or services;
- must be aware of "No Cold Calling Zones" and adhere to "No Cold Calling" notices that will be found on prospective customer's doors and windows;
- must consider whether the customer or prospective customer has the capacity to understand the product being offered. If necessary the agent can leave details with the customer or prospective customer and request that a family member or carer calls to arrange a further appointment;
- must not eat, drink or smoke in or around a customer's property; and
- must inform their agency immediately if an incident or issue arises with a customer or prospective customer.