

DECC Green Deal Incentives: Announcement of Measures & Research with Homebuyers

Summary

In December 2013, DECC announced that they would be strengthening and extending the incentives offered as part of the Green Deal in part to drive uptake of the beleaguered Green Deal policy, but largely to mitigate for the carbon reduction ambition cut from ECO. £540m overall has been set aside for incentives to help drive the uptake of energy efficiency measures outside of ECO funding; today's announcement covers a potential incentive pot of £120, with £50m of that guaranteed at the rates of subsidy announced today. The Government proposal is for a new "Green Deal Home Improvement Fund" (GDHIF).

In addition to the proposals for the incentive, DECC released supporting consumer research which looked at homebuyers attitudes to energy efficiency financing, and in particular examined the three options for incentive that were proposed in December 2013. These three options were: Cashback, flat grant for installation of multiple measures, and incentives for improving the EPC level of a building. It is the second option, a grant for the installation of specific multiple measures which DECC has elected to choose.

Industry reaction to the proposals have focused on the list of specific measures that the Government has chosen to be eligible for the Green Deal Home Improvement fund; the decision to allow installers as well as Green Deal Providers to distribute vouchers to consumers; and an overall interpretation of DECC's policy decisions which advocates that DECC is moving away from a fuel poor agenda to one which prioritises home owners and the able to pay sector. Key details from the announcement are highlighted below.

Key Points

- 1. New £7600 maximum grant per household from June through Green Deal Improvement Fund (GDHIF)**
 - Of this, 100% of cost of installation, no greater than £1000 for installing 2 measures from an approved list of measures (see below). For homebuyers who moved within 12 months, this maximum is £1500 (see bullet below).
 - And/Or 75% of capex cost of installation, no greater than £6000 for SWI
 - And/Or up to £100 back for GDA
 - And/Or up to £500 for house movers who apply for the grant within 12 months of moving house.
- 2. Approved Measures for "packaging" grant:**

- Condensing gas boiler (on mains gas)
- Double glazing (replacing single glazing)
- Secondary glazing
- Replacement doors
- Cavity wall insulation
- Floor insulation
- Flat roof insulation
- Room-in-roof insulation
- Replacement warm air unit
- Replacement storage heaters
- Flue gas heat recovery units
- Waste water heat recovery systems

3. Eligibility/Process

- Installers or Provider can deliver vouchers.
- Consumer must have EPC or Green Deal Advice Report (no greater than 2 years old) to be eligible.
- Ringfenced funding- consumer's cannot have GDHIF with ECO, Cashback, or GD Communities Finance for same installation. However for ADDITIONAL improvements to those already funded by ECO, Cashback or GD Communities, if recommended by EPC or GDAR, consumers can get GDHIF grant.
- Installations must be installed within 6months of receipt of GDHIF voucher. Payment of Voucher will be within 10 working days.
- Rates published guaranteed for first £50m of fund, with up to £120m available.

4. Other Points

- Separate scheme in Scotland.
- Described as "money back on contributions the householder makes"
- Reference to the fact that GDHIF will target Small Businesses as well as householders. No further details
- Also applies to Private or social landlords, providing the landlord is paying for the energy efficiency improvement

Green Deal Incentives Consumer Research

Some of the most interesting information released today came in the form of the consumer research conducted by DECC into various proposals for subsidizing energy efficiency for home owners. There has been an implicit assumption that home buyers and recent movers would be more interested in installing and financing energy efficiency measures as part of the disruption of moving home which seems to be, at least in part, undercut by DECC's research.

Participants "were generally averse to financing energy efficiency measures through credit... and were positive about the overall proposition of a financial incentive to make energy saving improvements to their home but expected that these incentives would cover the majority of the cost of the measures installed".

While the sample of consumers tested is small, and the scope of the survey narrow, the findings raise some interesting questions about the structure of Green Deal and ECO and long-term approaches to energy efficiency roll-out moving forward.

Links to the relevant DECC documents can be found:

- <https://www.gov.uk/government/news/7600-to-make-your-home-more-energy-efficient>
- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307732/DECC_Green_Deal_Incentives_Research_with_Home_buyers_v1_0_Final_010514.pdf

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