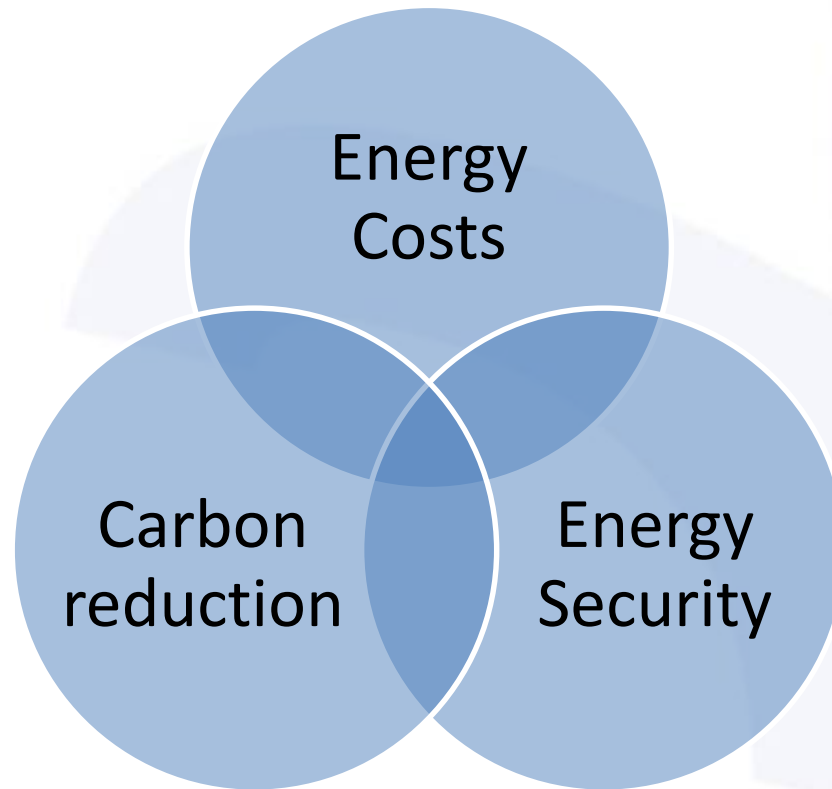


# Incentive Schemes

Tim Pollard

# Energy Trilemma



### Attraction

Energy efficiency measures are not high on priority lists when spending disposable income. Making energy saving personally relevant is seen as a 'primary challenge'

### Understanding

Almost all segments have little or no understanding as to their energy consumption and where the biggest impacts can be made. Not seen as a priority in property or product purchase

### Appearance

People express concern that energy efficiency measures will spoil the look of their home, this is particularly true of external measure like P.V. & E.W.I.

### Mythconceptions

36% of respondents to one survey had not installed energy efficiency measures as they believed it would make their homes less comfortable



### Inertia

Inertia is the easiest outcome. People discount the future, preferring a smaller reward today than a larger reward over a longer period of time. Small savings per annum are difficult to sell

### Hassle

Any activity seen as a burden, such as loft clearance, prevents uptake. Even offers of practical help have failed to break this barrier

### Social

People do not want to be first movers, they prefer the security of other peoples' experiences

### Cost

Long term financial arrangements are seen as being too risky, particularly in periods of economic uncertainty

# GREEN DEAL

BOILER BURNING  
MONEY?

# GREEN DEAL WITH IT.



The Green Deal, set up by Government, is a new way to pay for home improvements like insulation, double glazing or a new boiler. It lets you pay for some or all of the improvements over time through your electricity bill. Repayments will be no more than what a typical household should save in energy costs.

Find out more at [gov.uk/greendeal](http://gov.uk/greendeal) or call 0300 123 1234

UP TO  
**£1020\***  
CASHBACK  
(per home log)



## Pay As You Save

All measures

- insulation
- heating
- draught-proofing
- double glazing
- renewable energy

## Started – January 2013

HATE RISING  
ENERGY COSTS?

# GREEN DEAL WITH IT.



The Green Deal, set up by Government, is a new way to pay for home improvements like insulation, double glazing or a new boiler. It lets you pay for some or all of the improvements over time through your electricity bill. Repayments will be no more than what a typical household should save in energy costs.

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UP TO  
**£1020\***  
CASHBACK  
(per home log)



# Basic Principles

*Domestic & Non-domestic*

Private Finance through Green Deal Providers

Repaid on electricity bills from 5-25 years

Arrangement on the property not the individual

Golden Rule savings must be greater than costs

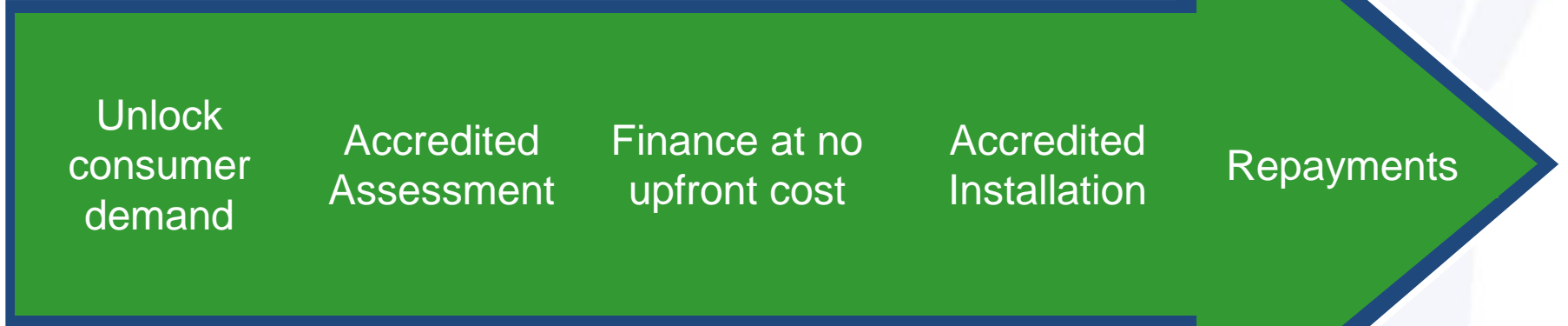
GD Accreditation for Providers, Assessors & Installers

# Green Deal Process

**Green Deal provider promotes the scheme**

**Finance is provided through GD provider**

**Capital recovered by energy companies**



**Accredited advisor surveys property & makes recommendations (Golden Rule)**

**Work carried out by accredited installer(s)**



# Green Deal Expectations



“I’ll **lose sleep** if 10,000 homes don't sign up for the **Green Deal** before Christmas.”

*(March 2013)*

# Green Deal Deployment

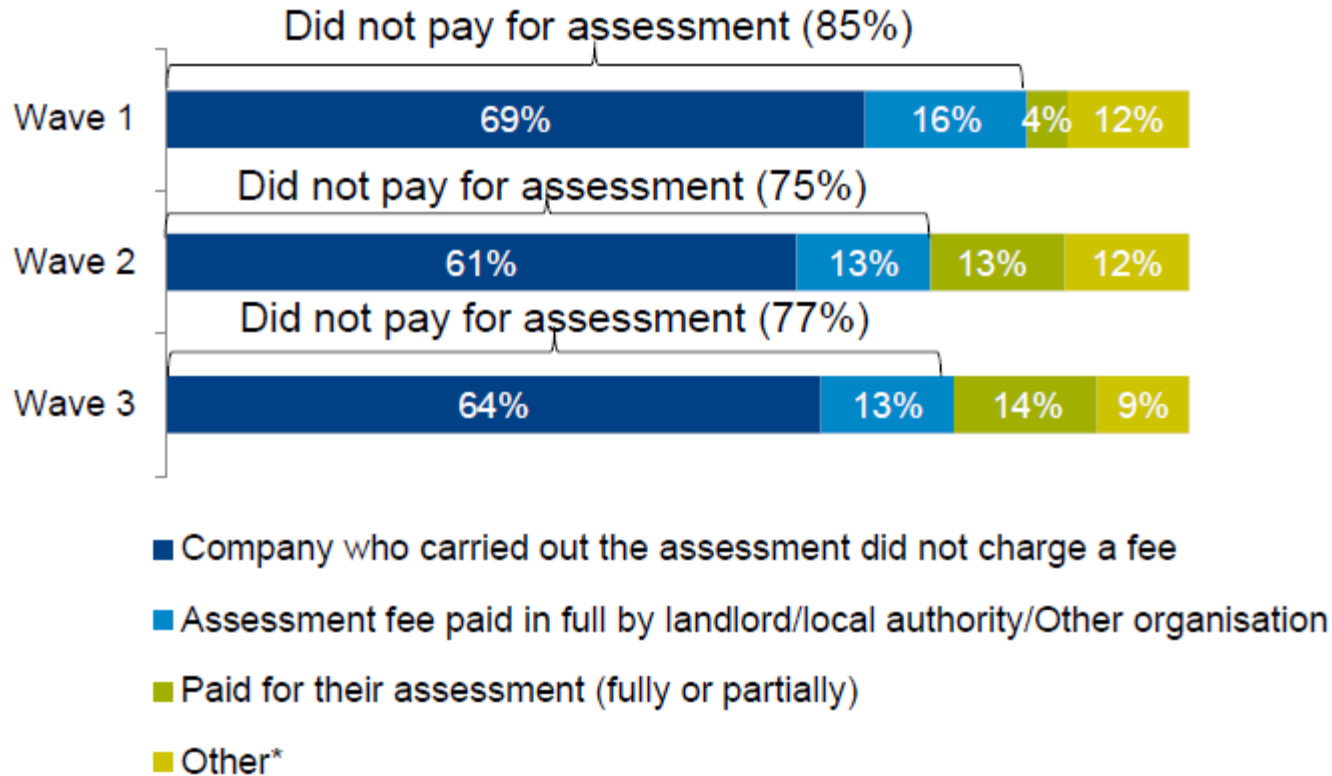
Month	'New' <sup>1</sup> Green Deal Plans	'Pending' <sup>2</sup> Green Deal Plans	'Live' <sup>3</sup> Green Deal Plans	'Total' <sup>5</sup> Green Deal Plans
May 2013	98	2	0	100
June 2013	270	36	0	306
July 2013	286	132	1	419
August 2013	293	372	12	677
September 2013	392	505	57	954
October 2013	360	594	219	1,173
November 2013	448	572	458	1,478
December 2013	493	493	626	1,612
January 2014	494	481	746	1,721
February 2014	445	426	883	1,754
March 2014	532	473	995	2,000
April 2014	756	505	1,178	2,439
May 2014	863	593	1,372	2,828
June 2014	986	661	1,587	3,234
July 2014	1,192	891	1,815	3,898
August 2014	1,547	1,098	2,092	4,737
September 2014	1,808	1,347	2,581	5,736



# The Cost of a Green Deal

- Green Deal Finance Company example loans at 7.9% APR to 10.3% APR.
- Transaction charges
- Warranties and Sureties
- Accreditation
- Registration
- Marketing
- Processes

# Paying for Green Deal Assessments



*\*Other category includes those who answered 'Don't know' and those giving 'Other' responses.*

# Feed In Tariff (FIT)

Most domestic technologies qualify for the scheme inc.

- solar electricity (PV) (roof mounted or stand alone)
- wind turbines (building mounted or free standing)
- hydroelectricity
- anaerobic digesters
- micro combined heat and power (mCHP)

Launch  
1 /4/2010

FITs benefits :

**Generation tariff:** a set rate per kWh of electricity guaranteed for the period of the tariff (up to 20 years) index-linked

**Export tariff:** a further **4.64p/kWh** for electricity exported

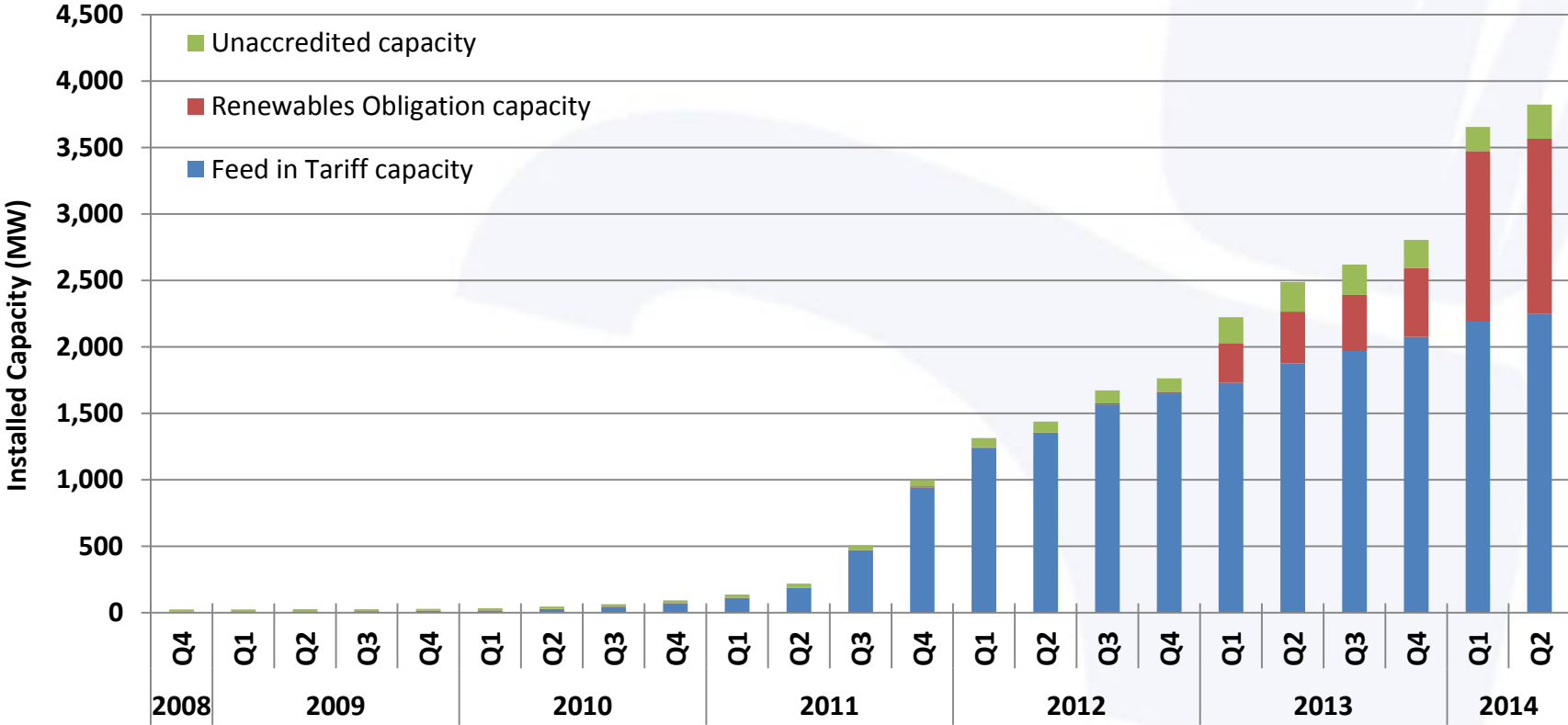
**Energy bill savings:** displacing grid electricity

# Feed In Tariff (FIT)

Total installed capacity (kW)	Higher Rate	Middle Rate	Lower Rate
<4kW (new build & retrofit)	14.38p/kWh	12.94p/kWh	6.61p/kWh
>4-10kW	13.03p/kWh	11.73p/kWh	6.61p/kWh
>10-50kW	12.13p/kWh	10.92p/kWh	6.61p/kWh
>50-100kW	10.71p/kWh	9.64p/kWh	6.61p/kWh
>100-150kW	10.71p/kWh	9.64p/kWh	6.61p/kWh
>150-250kW	10.25p/kWh	9.22p/kWh	6.61p/kWh
>250kW other than stand-alone	6.61p/kWh	6.61p/kWh	6.61p/kWh
Stand alone	6.61p/kWh	6.61p/kWh	6.61p/kWh
Export Tariff	4.77p/kWh	4.77p/kWh	4.77p/kWh

If no evidence showing the **EPC has D** or higher then the lower rate will apply.  
The tariffs reviewed every 3 months and revised according to deployment rates.  
Middle rates for >25 sites

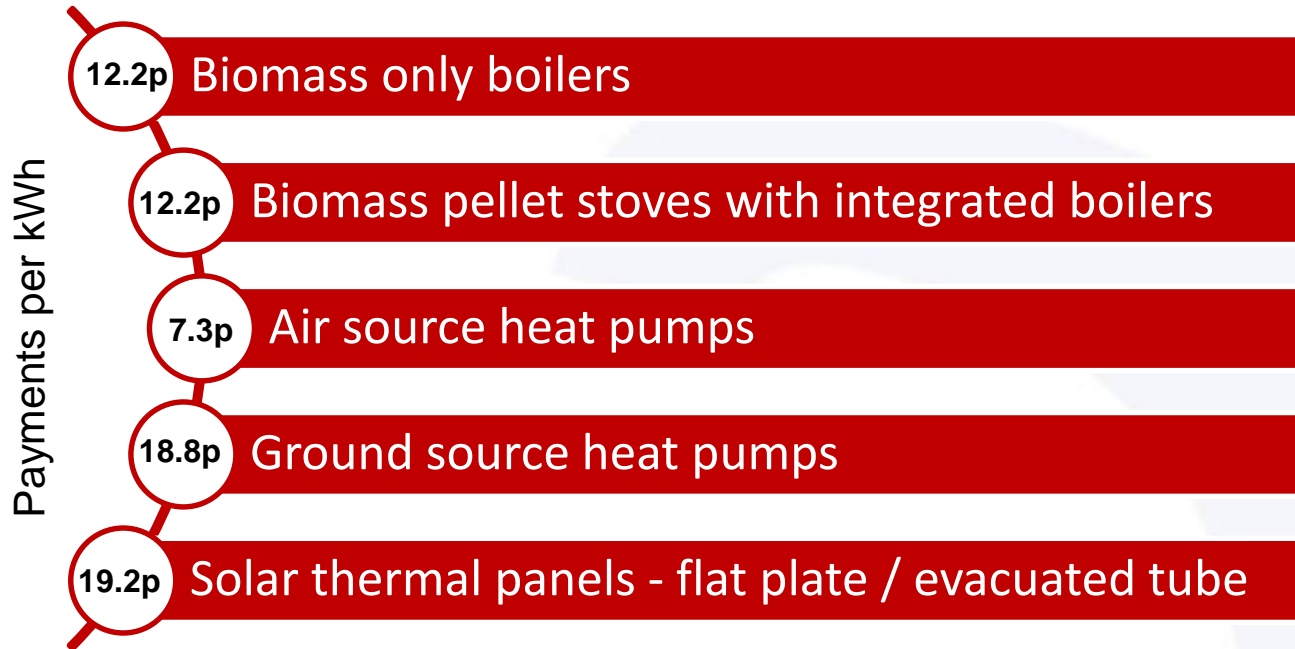
# Solar PV Deployment



# Renewable Heat Incentive (RHI)

- 7 year scheme
- Tariff paid per kWh of renewable heat produced
- All products and installers must be MCS
- All installations require a Green Deal Assessment
- Deemed performance unless selected, bivalent or 2<sup>nd</sup> home
- Administered by OFGEM
- Launched in Spring 2014

# Renewable Heat Incentive (RHI)



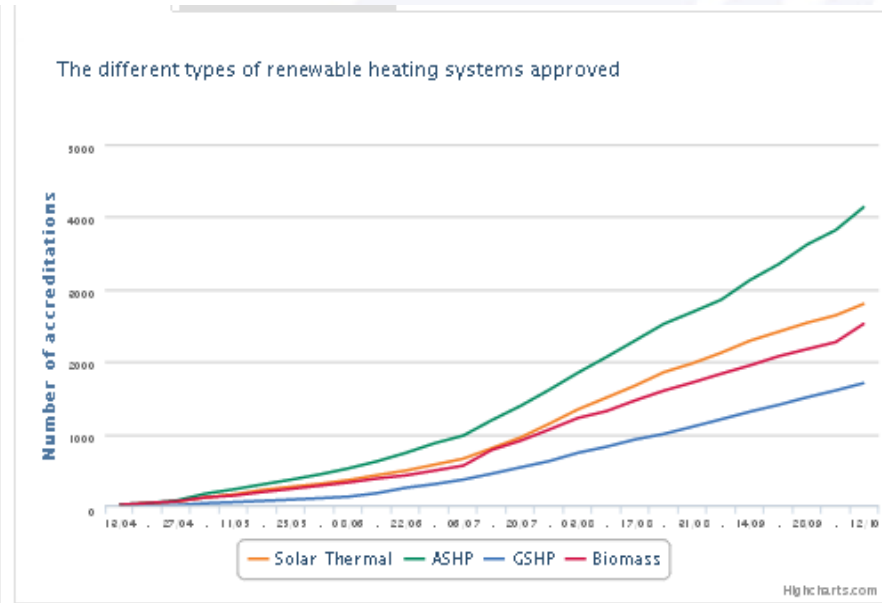
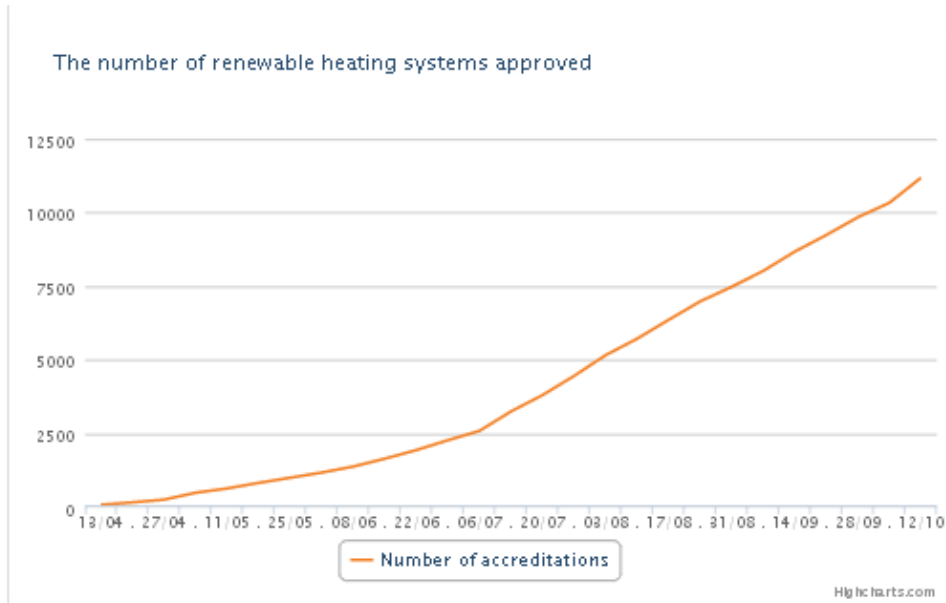
# Renewable Heat Incentive (RHI)



- Loft (to 250mm) and cavity required where recommended
- Must have had system installed on or after 15<sup>th</sup> July 2009
- Any part of the heating system must be new – not used before commissioning date
- If system installed on / after launch date, must apply within 12 months of commissioning
- If already received RHPP grant, staggered application dates will apply



# RHI Accreditations to Date



11,188 at 12/10/14

Thank you

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