

# The Green Deal and Energy Company Obligation consultation.

Please use the table below as a template to respond to the consultation. It will help us to record and take account of your views.

Also, please provide evidence for your answers and comments where possible.

PERSONAL DETAILS
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CHAPTER 1: Assessment
<p><b>Q1: Do you feel the proposed requirements on Green Deal assessors set out in the main body and at Annex A of the Code of Practice are clear and robust enough to support the Green Deal assessment?</b></p> <p>No</p> <p>Please explain: The experience of previous Government programmes has shown that the provision of accurate advice by people who are properly trained is vital to building a positive perception among the public. Given the complexity of the potential offer available under Green Deal this is even more important.</p> <p>We feel that the basic proposal for dedicated Assessors who meet a range of criteria is sensible. However, our preference would be for fully independent assessors funded by</p>

Government and not linked to anyone with a vested interest in sales. If the Government does choose to continue with proposals as they stand we believe it is essential that the process is closely monitored and action taken if the service is not delivering completely impartial advice to consumers.

**Q2: Can you think of any requirements that Green Deal assessors will need but that may not be covered by the suggested approach, combining National Occupational Standards (NOS) and Accreditation of Prior Experiential Learning (APEL)?**

Your answer: We agree that new qualifications will be required to meet the additional needs of the Green Deal. We feel that what is proposed meets these general needs but the effectiveness of these qualifications can only fully be judged when more details are available.

**Q3: In proposing to allow for the market to determine payment of assessors and cost of assessment, are there any further requirements we should be placing on assessors or providers in relation to (a) payment of assessors, (b) the cost of the assessment, or (c) declarations from the assessor?**

Your answer: The consultation refers to how assessors will be covered by existing selling and consumer legislation – all of which is essential to ensuring that the public have faith in the process. The ability of companies to operate in different ways and to sell other products as well as energy efficiency measures is acceptable, but special care should be taken to avoid the public being pressurised into buying additional measures they do not want, or companies using the Green Deal as a front for the sale of other goods. We appreciate some of these issues are dealt with in other parts of the consultation but would urge care here and that the situation is regularly reviewed to identify any shortcomings.

**Q4: Do you agree with our proposed approach to third party assurance and enforcing compliance for those providing Green Deal assessments?**

Agree

Please explain: We agree with the general approach but recognise the specific issues that may arise given the likely transfer of properties to other owners and the long timespan over which measures will be expected to work.

**Q5: Should the current EPC validity period for property transactions be used for Green Deal purposes or is a shorter validity period more likely to meet the needs of the Green Deal process?**

Your answer: A shorter period is required. We would suggest 3 years.

**Q6: Do you think that this approach to identifying and assessing non-domestic buildings, based upon the requirements and tools for Energy Performance Certificates, will capture all non-domestic buildings and business sectors for which the Green Deal is relevant?**

I don't know

Please explain: The ExHA only works on the domestic sector and does not wish to comment on this issue.

**Q7: Are there alternatives to the simple approach to providing running cost savings in the non-domestic assessment that we should consider?**

Your answer: The ExHA only works on the domestic sector and does not wish to comment on this issue.

## CHAPTER 2: Measures, products and systems

**Q8: Which measures should be added to the list of qualifying measures in Annex 1 for non-domestic properties, and what evidence is there that these measures improve the energy performance of buildings?**

Your answer: We believe that all measures that can contribute to better energy efficiency should be considered as part the package offered under the Green Deal. We feel that the list of measures in Annex 1 is in general complete, though we would like the Government to consider the inclusion of large scale/communal actions including extension of the gas grid and District Heating (as is being explored by BRE and DECC at present).

As noted in paragraph 20 it is important that new measures can be added to the list as and when they become available and we support the proposals for organisations to add new measures to the approved list through 'Appendix Q'.

**Q9: Will the existing Appendix Q process, which will allow new measures to be added to the Green Deal assessment tools, and to the list of qualifying improvements, support innovation in the market and how could the process be improved? In particular, what support could SMEs benefit from?**

Your answer: We believe that Appendix Q is in general an appropriate mechanism for the consideration of new measures. We support proposals for regular reviews of the process and think it must be designed to ensure that the market is open to and indeed encourages innovation and the introduction of new energy saving products.

**Q10: What innovative ways can the government use to encourage uptake of a package of measures and could our existing proposals support this.**

Your answer: As the consultation document notes, the most efficient way of delivering

improved energy performance is to introduce a package of measures to a property at one time – the so called ‘whole house’ approach. We strongly support this and ‘area wide’ upgrade work (as in the CESP programme) as again this has been shown in many cases to be more efficient and less disruptive. These should form the basis of GD/ECO.

In terms of encouraging the uptake of a package of measures, experience has shown that owners and other occupants can be very attracted to certain measures, such as double-glazing, due to their perceived impact on the value of a property, even when SWI could deliver far greater savings. Housing associations and energy companies have found that these can be a useful ‘hook’ for other, more beneficial work. Installers and those working with owners and occupiers therefore need to be well trained in how best to engage people.

More widely the Government must develop an effective communication and engagement strategy. Again experience has shown that, to be effective, this has to go beyond leaflets and TV adverts and into more proactive face-to-face contact. With regard to the area based approach this high quality engagement is particularly important, ensuring that both private and social housing in the area is upgraded at the same time.

The ExHA also supports the use of other incentives to encourage uptake. Government (at UK and Scottish level) should explore various options (such as stamp duty rebates, council tax rebates and reductions in VAT on installations) that would provide a financial ‘carrot’ for action. We would propose that at least one of these measures should be introduced.

Underpinning everything, it is vital that the process of matching up Green Deal measures with work funded under ECO is as effective and efficient as possible.

**Q11: Please provide views on the potential inclusion of hard-to-treat cavities (and potentially other measures of a similar type), and proposals for how properties might be accommodated in the ECO without excessive complication or perverse consequences.**

Your answer: We support the inclusion of such properties into the ECO. We feel that assessors should be trained to look at this issue in detail as part of their overall assessment, even if it adds to the time required.

**Q12: We propose that the ECO Carbon Saving obligation should be achieved primarily by promoting and installing solid wall insulation. Should any other measures be supported, and how would these be defined?**

Your answer: We are concerned about this proposal. As the Committee on Climate Change have highlighted, and based on the Government’s own Impact Assessment (IA), the GD/ECO as proposed would only lead to 10% of remaining lofts and 30% of cavity walls being improved. The UK Government’s climate change target requires all these lofts and cavities to be filled by 2020 to achieve carbon reductions and support domestic renewable heat post

2020.

In Scotland, the latest Scottish House Conditions Survey (SHCS) shows that, while only 46,000 lofts have no insulation, more than 1 million dwellings have less than 200mm of insulation and that 38% of cavity walls are still to be filled (2010 figures). There is thus a need to support loft top up and cavity wall insulation.

The IA's conclusions are supported by the insulation industry and the experience of energy companies, who are finding it difficult to generate sufficient uptake of cavity wall insulation even when it is offered for free. It is therefore difficult to see how the GD will lead to the uptake of these measures that is required.

We therefore believe that Government must continue to offer funding for loft 'top up' and cavity walls as part of the overall package. As we have noted above the 'whole house' approach should be the basis of all work.

**Q13: For the ECO carbon saving obligation, we propose that any other carbon saving measures should only be eligible when delivered as part of a package with solid wall insulation. Do you have any suggestions for the criteria by which eligibility within packages should be restricted, explaining why you think any such restrictions should be included?**

Your answer: We do not support restrictions on what measures could be installed alongside SWI. It is also the case that in some circumstances SWI may not be appropriate or possible – for example in conservation areas. In these cases, and in line with our backing for continued support for cavity wall insulation etc (Q12), the GD/ECO must offer alternative measures.

Again, we believe that area based general upgrades of building energy performance should form the basis of the approach taken, with this drawing in GD/ECO funds alongside Scottish Government money and other support if possible.

**Q14: We propose that *any measure* should be allowed under the Affordable Warmth obligation, provided it allows eligible households to heat homes more affordably. If you disagree, or feel there are risks to this approach, please explain and set out any restrictions you believe should be put in place.**

Your answer: We strongly agree that any measure should be allowed as long as it assists in increasing affordability and cutting carbon. This is a particular issue in Scotland where many of those in fuel poverty live in dwellings that are hard to treat or are off the gas grid. Keeping the criteria as open as possible would greatly assist meeting their needs e.g. through external or internal cladding or the use of micro-generation.

**Q15: Do you have any suggestions for whether and how we should score, boiler repairs**

**under the Affordable Warmth obligation, such that where repairs are more cost-effective than replacement systems, without significant impact on efficiency, these can be promoted?**

Your answer: In principle we would support the inclusion of boiler repairs where this can deliver comparable efficiency gains in a more cost-effective way. However we believe there is a tension between the efficiency gains this may deliver and the need for a rigorous (and therefore time consuming and potentially costly) process to assess whether repairs could be preferable.

**Q16: We are proposing that any heating measures should be allowed under the Affordable Warmth obligation, including for households off the gas grid, and extra incentives should not be put in place for air or ground source heat pumps. Do you have any evidence to bring to bear on the performance of heat pumps to improve the ability of vulnerable households to heat their homes affordably?**

Your answer: Heat pumps are a developing low carbon technology that the Committee on Climate Change believe have a key role to play in decarbonising our energy supply. There is particular scope for their use in communities that are off the gas grid, as is the case in large areas of Scotland. We welcome their inclusion under the Affordable Warmth obligation. Given the need to boost uptake of heat pumps and to develop more efficient and cost effective pumps we would support extra incentives being put in place.

**Q17: To what extent can existing product lists, such as the list of Microgeneration Certification Scheme compliant products be used as the starting point for the Green Deal Products list?**

Your answer: We feel that the MCS list and others can be a starting point. As the consultation recognises, the market is developing all the time with new products becoming available –the Green Deal should speed up this process of innovation. A mechanism is therefore required that allows new products to be available on an approved list as soon as they are adequately tested and their performance is understood.

**Q18: Do you agree that allowing enhanced product performance to be recognised in the Green Deal financing mechanism is useful? Do you have any specific views on how this approach could be implemented?**

Your answer: Yes. We feel that, if properly regulated, it will driver higher performance standards.

### **CHAPTER 3: Green Deal provider and plan**

**Q19: Are surety bonds the most effective, efficient way to ensure customers are protected**

**in the event a Green Deal provider becomes insolvent or has their licence revoked? What should be the minimum requirements of a Green Deal surety bond be and how much should Green Deal providers be required to insure?**

Yes

Please explain: We agree with this proposal. In terms of the exact level of surety bond we believe that a balance has to be struck between the need to provide the assurance that all work will be carried out in the event of liquidation, but not set so high that it precludes smaller businesses from the market.

**Q20: Does our proposed approach to authorisation and oversight of Green Deal providers ensure the necessary standards of consumer protection and proportionate redress without creating barriers to entry into the market?**

Yes

Comments: We feel that this level of regulation is necessary to give consumers the confidence they need to make this a success. However, thought must be given to how this framework is managed, with the aim of providing ease of entry to smaller providers where possible and where they meet standards.

**Q21: How much weight should be given to the argument for placing financial responsibility for late payment with the payee?**

Your answer: We agree with this basic proposal as long as it is conducted in a fair way that is not too punitive on the payee.

**Q22: What are your views on the government's proposal of requiring Green Deal providers to offer insurance-backed warranties for the entire repayment period?**

Your answer: We feel it is essential that warranties are provided for the whole payback period. If this is not done then major issues could arise – for example a new homeowner would be burdened with a repayment for measures which no longer work. This inequity would discredit the whole scheme.

**Q23: What are your views on the government's proposals regarding changes to the Consumer Credit Act for Green Deal Plans?**

Your answer: No comment

**Q24: What are your views on the Government's proposals regarding consumer protections for those Agreements which do not fall within the scope of the CCA?**

Your answer: No comment

**CHAPTER 4: The Golden rule**

**Q25: Is it necessary to afford consumers additional protections and extra comfort where they take out green deal plans in excess of £10,000? If so, is the proposed protection of reducing the saving estimate appropriate and is the 5% figure the correct adjustment?**

No

Please explain: We would propose that the same approach is applied to all Green Deal installations and not just those over £10,000 – depending on income even smaller amounts may prove difficult to pay if estimated savings prove to be erroneous. The ‘Golden Rule’ is already based on conservative fuel costs and so should provide some security for all users of the scheme.

In terms of calculating savings, the use of SAP based modelling rather than actual energy consumption figures is understandable though it does raise potential issues for low energy users. We would suggest that greater thought need to be given to this issue and how to protect the fuel poor from the higher costs that may result in their choosing to increase the comfort levels of what were underheated properties.

**Q26: Do you agree with the approach to the Year One charge that can be used in a Green Deal Plan?**

I don't know

Please explain: The ExHA is concerned with domestic properties and it is therefore not appropriate to comment on non-domestic issues.

**Q27: What would be the benefits of allowing Green Deal providers to vary the interest relating to a Green Deal plan in line with the most appropriate component of the fuel and light index?**

Your answer: We do not support this proposition but instead support the fixed interest rate deal as outlined in paragraph 37.

**Q28: Do you agree with the proposed approach to how the Green Deal charge can vary in subsequent years of a Green Deal Plan?**

I don't know

Please explain: The ExHA is concerned with domestic properties and it is therefore not appropriate to comment on non-domestic issues.

**Q29: Is £150 or 5% of the total Green Deal package (whichever is the least amount) an appropriate limit on the amount of cash incentives which can be offered by Green Deal providers?**

Your answer: Yes. We accept that there is evidence that such schemes can boost uptake but are keen to limit it to a reasonable amount.

**Q30 : Do you agree our proposed approach to the Golden Rule principle strikes the right balance between ensuring the necessary consumer protection mechanisms are in place whilst not unduly stifling ambition and investment in the Green Deal?**

Agree

Please explain: In general we agree with what is proposed with the caveats we set out in this section and elsewhere.

**CHAPTER 5: Delivering equitable support and tackling fuel poverty through the Green Deal and ECO**

**Q31: Do you agree that eligibility for Affordable Warmth measures should be restricted to households who are in receipt of the benefits and tax credits similar to the CERT Super Priority Group and who are in private housing tenures?**

Disagree

Please explain: The principle of targeting help at the most in need is one we very much support. However fuel poverty goes far wider than super-priority groups. As CERT has shown a focussing on Super Priority Groups excludes many suffering from fuel poverty—while in terms of an area-based approach, the CESP evaluation indicated that the creation of inflexible boundaries for work has also been a major issue. We would like to see a more open approach, based on priority (rather than super-priority) groups and area-based schemes with more flexible boundaries than applied under CESP.

Most fundamentally, the funding provided for action on Fuel Poverty needs to be far higher than that envisaged under ECO. As the consultation notes, ECO will only take around 10% out of fuel poverty by 2022 when the Government (in the UK and Scotland) has a target to eliminate fuel poverty by 2016. More funding needs to be committed to the fuel poor through ECO and/or other mechanisms and done so in a way that protects lower income households from punitive additional charges on energy bills.

**Q32: We propose seeking a voluntary agreement with ECO obligated companies as to how they commit to following up referrals. Do you have any suggestions as to what this commitment should consist of?**

Your answer: The ExHA believes that what is proposed is preferable to the ‘free market’

option in that all eligible households to which companies were alerted, including those in remote areas or hard to treat properties, would be offered something- at least one measure. However, we feel that this approach is still unlikely to lead to a full ECO package being available to those in homes which are seen as 'difficult'. It is in this sense inequitable – ECO should require energy companies to follow up referrals in a transparent and systematic manner.

In our response to Q33 we set out our support for a requirement on energy companies to ensure a good geographic spread in the measures that are provided, including remote areas of Scotland.

**Q33: Do you have any evidence or views to put forward on whether the benefits of ECO as a whole, or of the carbon saving obligation within it, are or are not likely to be distributed equitably to all income groups? If so do you think regulatory intervention is necessary to ensure a more equitable pattern of delivery and, in particular, do you have any comments on the likely effectiveness of setting a 'distributional safeguard' as a means of achieving this?**

Your answer: Evidence shows that when it is left up to the public to apply for grants and financial support, then the funding tends to be accessed most by the more affluent. For example, this was the case with the Low Carbon Building Programme (LCBP) as shown in the recent evaluation of the scheme.

We believe it is very likely that this will also be the case under the ECO Carbon Saving obligation i.e. that it will 'systematically skew delivery away from the lowest income groups' as suggested in paragraph 37.

We welcome the work being undertaken with the NEA to support local authorities in developing Green Deal/ECO ready delivery plans and hope this will provide some answers on how best to engage the less affluent. We also feel that Governments across the UK should:

- Recognise that the skewing of GD/ECO uptake towards the more affluent can be reduced by active engagement with those in poorer areas – leaflets alone will not be sufficient
- Commit to the setting of Minimum Standards of energy performance for all housing on change of owner/occupant or as part of major refurbishment – we propose all housing should meet a 'E' standard by 2016 and a 'C' by 2020 – this will help drive action across all housing including the private rented sector

In terms of the 'distributional safeguard' we recognise that, as has been shown by CESP and CERT, over-regulation can lead to anomalies and does increase costs. We do believe though that Government should adopt such a safeguard based around the same criteria as for Affordable Warmth eligibility. However, as we note above we would argue that this should be built around an area based approach with a degree of flexibility as to boundaries.

In terms of the geographical issues raised, we do feel that there are particular challenges

(related to cost, property type and availability of installers) that mitigate against fair uptake in Scotland's islands and remote mainland communities. While the commitment to solid wall insulation in ECO will address some of this, we still feel that Government should require a reasonable proportion of action to be undertaken in such communities. Government should require clear reporting at postcode level so that the distribution of funding is easily assessed.

Finally we are concerned that the approach outlined may not be properly supportive of action in the social housing sector.

#### **CHAPTER 6: Consent, disclosure and acknowledgement**

##### **Q34: Do you think the framework for consent for the Green Deal charge and measures provides effective protection for the parties involved.**

Yes

Your answer: While we accept the basic approach outlined we do have significant concerns as to how the GD will operate in tenement dwellings in Scotland, where it may be the case that one occupant could block the wishes of all others to have energy upgrade work. Similar challenges were evident with the CESP scheme where an owner-occupier in a social housing block could restrict work undertaken. Clearly, in a tenement with multiple individual owners this problem could be greater still.

As noted above we believe that the setting of Minimum Standards from 2016 onwards would be part of the solution to this issue.

We also feel that, if evidence shows that this is proving a real barrier to action in particular housing types, Government in Scotland and elsewhere should consider legislation.

##### **Q35: What is the best way to draw the future bill payer's attention to the acknowledgement wording?**

Your answer: We feel the broad approach outlined is acceptable but would suggest that the public need to be alerted to this and other Green Deal issues through a public information campaign.

##### **Q36: What will property professions need to do to assist with the effective discharge of the disclosure and acknowledgement obligations? If property professionals assume a duty to discharge these obligations on behalf of property owners, should they face the same consequences as the owners, where they fail to do so?**

Your answer: Yes, we support a duty and the principle that property professionals will face consequences if they fail to act in accordance with this duty.

##### **Q37: Are there any other situations in which disclosure and acknowledgment should be required which might fall outside the proposed framework?**

Your answer: We cannot identify any.

**Q38: Do you think 30 days after receiving the first electricity bill is an appropriate time limit within which someone can dispute disclosure of the Green Deal?**

Your answer: We feel that this is appropriate but believe that consumers should be made aware of all issues around the Green Deal through an active public engagement process. This engagement should be very clear as to the benefits of the GD but also highlight issues that consumers and home owners need to understand.

**Q39: Do you agree with the Government’s approach to allowing Green Deal providers to require early repayment in certain circumstances?**

Your answer: Yes

**CONSENT CALL FOR EVIDENCE**

**How significant do you think consent barriers might be for uptake of the Green Deal in the domestic property sector?**

Your answer: As we noted in our answer to Q34: while we accept the basic approach outlined we do have significant concerns as to how the GD will operate in tenement dwellings in Scotland where it may be the case that one occupant could block the wishes of all others to have energy upgrade work.

**How significant do you think consent barriers might be for uptake of the Green Deal in the non-domestic property sector?**

Your answer: The ExHA work on the domestic sector only.

**Is there any relevant evidence from past or current retrofit schemes, or improvement/maintenance works suggesting that consent may be a problem under the Green Deal?**

Your answer: Similar challenges were evident with the CESP scheme where an owner occupier in a social housing block could restrict the work that could be undertaken. Clearly, in a tenement with a number of individual owners this problem could be multiplied.

**Are you able to propose any practical solutions to potential consent barriers, particularly drawing on voluntary and non-regulatory mechanisms?**

Your answer: We believe that the setting of Minimum Standards for energy performance from 2016 onwards would be part of the solution to this issue.

We also believe Government should consider whether existing models that require compulsory building work could be adapted to drive forward energy upgrade work. In Scotland it is already the case that a Local Authority can mandate work on a tenement if it is felt to be structurally unsafe or in need of repair to the building fabric. A similar approach

could be applied to energy efficiency – for example when 50% of residents of a tenement support energy upgrade it could become a requirement that everyone in a block has to commit to a ‘Green Deal’ agreement.

### Chapter 7: Installation

**Q40: Are there any government backed and accredited scheme standards which operate at present (in addition to the Microgeneration Certification Scheme and Gas Safe), that could be considered as meeting the new Green Deal standard already?**

Your answer: We are not aware of others.

**Q41: It is not yet clear what the accreditation requirements for GD/ECO will be and how they will impact on incumbent firms in the market. Further work is being carried out to understand and quantify the nature of the impact of these, particularly for those firms that are micro-businesses. We welcome views from incumbent CERT installers on what the potential implications of changes to accreditation would be.**

Your answer: It is essential to the success of the GD that installers are properly regulated. The process of accreditation must be rigorous and the work of installers properly policed.

We feel that Green Deal providers should be encouraged to use local and small businesses where possible. This has not in general been the case with CERT, although there are some examples of good practice in this regard.

Government skills bodies also have an important role to play in providing training that enables small businesses to meet the GD accreditation standards.

### Chapter 8: Payment collection

**Q42: Do you agree with our proposed debt thresholds? If not, please suggest alternative thresholds with appropriate supporting evidence.**

Agree

Please explain: No further comment.

**Q43: Do you believe that electricity suppliers as well as Green Deal providers should have the right to prevent customers from taking out a Green Deal finance arrangement if these thresholds are exceeded? Please give reasons for your answer**

Yes

Please explain: No further comment

**Q44: Do you think additional infrastructure is required to facilitate payment remittance?**

Your answer: No comment

**Q45: Do you agree with the proposed 72 hour period for the transfer of payments? If not, please suggest an alternative with appropriate supporting evidence.**

Agree/Disagree/ I don't know (please delete as appropriate)

Please explain: No comment

**Q46: During this 72 hour period, should the electricity supplier maintain an account balance at least equal to the total value of Green Deal payments being held?**

Your answer: No comment

**Q47: Do you have an alternative suggestion for reducing the burden on smaller suppliers that would not lead to a potential reduction in the number of electricity suppliers available to Green Deal customers?**

Your answer: No

**Q48: Do you agree with the proposed threshold for the smaller supplier opt in? If not, please suggest an alternative threshold with appropriate supporting evidence.**

Agree

Please explain: No further comment

**Q49: Do you agree with the proposed level of the annual administration fee? If not, please give reasons for your answer and, if relevant, provide additional evidence of likely cost impacts.**

Agree

Please explain: No further comment

**Q50: Do you agree with retaining the existing £200 arrears limit (including Green Deal repayment arrears) for prepayment customers with a Green Deal plan? If not, please suggest an alternative limit with appropriate supporting evidence.**

Agree

Please explain: No further comment

### Chapter 9: Delivering Green Deal and ECO

**Q51: Do you agree that stipulating strict regulatory quotas for partnering with specific types/numbers of third party delivery agents might be unduly burdensome, and the development of a brokerage model may be a more effective means of achieving the desired outcome?**

Agree

Please explain: We would support brokerage but only if suppliers are given a clear and demanding target for delivering in partnership with others. We would propose that a review of how this system is working is undertaken after 2 years – if it does not appear to be leading to an open market that supports small as well as large delivery agents then a quota system should be introduced.

**Q52: Do you agree that it is desirable that energy suppliers should have to fulfil some or all of the (carbon) obligation by spending money promoting measures through those organisations who are able to provide the most cost effective delivery options?**

Agree

Please explain: The energy suppliers should be encouraged to use external organisations and to choose the best delivery option even if that is an external rather than an internal body. Best delivery option should not just be dependent on cost – energy companies should also be encouraged to use local and smaller suppliers where possible and to opt for the highest quality work.

This is often of greatest benefit to local economies and also helps build community support for the scheme, as has been shown by the recent evaluations of the CESP and CERT schemes.

**Q53: Do you agree that we should seek a firm commitment from the ECO suppliers that they will use brokerage for a defined and significant percentage (e.g. 50%) of their obligation? If so, what level do you consider this should be?**

Agree

Please explain: We feel that 50% is an acceptable minimum target for brokerage.

**Q54: Do you have any further comments on the detailed design of a brokerage, or any alternative mechanism that ensures the most cost effective delivery?**

Your answer: No further comment

**Chapter 10: Consumer protection**

**Q55: Do you agree the Energy Ombudsman should have a role in helping customers secure redress in the Green Deal? If yes, what further powers will the Energy Ombudsman need to investigate compliance by Green Deal Providers and householders? If no, please explain why not.**

Yes

Please explain: No further comment

**Chapter 11: Setting the ECO and target metrics**

**Q56: Do you agree that targets of 0.52 million tonnes of CO<sub>2</sub> per year saved, and £3.4 billion reduction in notional lifetime costs of heating by March 2015 represents the correct balance between ensuring high levels of delivery and minimising costs that could potentially be passed through to consumers?**

Disagree

Please explain: Green Deal/ECO will be the main UK wide programme to cut building emissions and fuel poverty. We do not believe that the target for carbon or heating costs is sufficient, even in tandem with other government programmes, to come close to meeting the 2016 fuel poverty target or to properly contribute to the 2020 carbon target in Scotland. As the consultation recognises, expenditure on domestic energy delivers huge economic, social and environmental gains. We therefore believe that government must either set more ambitious targets for GD/ECO or provide greater evidence on what other measures it intends to use to meet the 2016 and 2020 targets.

**Q57: Do you agree with the estimated costing of this scale of ECO at £1.3bn p.a. as set out in the Impact Assessment? Do you have additional evidence on the costs and benefits of the proposed targets for consideration in further analysis?**

I don't know

Your answer: We have no additional evidence apart from that presented by government.

**Q58: The division of the overall ECO between energy companies could be based on share of customer accounts, or sales volume. Do you have a preference as to which metric should be preferred, taking into account possible impacts on distributional equity? Please provide evidence for your views.**

Your answer: We support an approach based on sales volume as this is more equitable.

**Q59: We propose that savings calculated through the SAP-based Green Deal Assessment methodology be used as the basis for ECO targets and scoring. Can you envisage any undesirable or inadvertent effects, that this approach might result in? If so, please provide details and evidence**

Your answer: We accept the use of SAP.

**Q60: Should targets and scores for the Carbon Obligation and/or the Affordable Warmth Obligation be expressed on the basis of the annualised savings of measures or the lifetime savings?**

Your answer: Lifetime savings

### Chapter 12: Green Deal monitoring and evaluation and ECO administration

**Q61: Is there other information the Government should collect in order to enable effective monitoring, evaluation and reporting on the performance of the Green Deal and ECO?**

Your answer: We have not identified any other information requirements.

**Q62: Should DECC be responsible for administering the ECO, with technical functions outsourced to the private sector, or should Ofgem administer the scheme? Please provide evidence to support your views**

Your answer: We believe DECC should be responsible. CESP and CERT scheme evaluations found weaknesses in the service provided by Ofgem – the administering of the scheme by DECC would also ensure greater accountability for the delivery of the scheme.

### General comments

**Q63: In addition to the specific questions asked throughout this consultation document, do you have any other comments on any aspect of our proposals?**

#### The Existing Homes Alliance Scotland: Introduction

The Existing Homes Alliance Scotland is a coalition of organisations calling for urgent action to transform Scotland's existing housing stock and make it fit for the 21st century. It includes representatives from WWF Scotland, Energy Action Scotland, the Scottish Building Federation, Scottish Federation of Housing Associations, the Energy Saving Trust, Chartered Institute of Housing, Association for the Conservation of Energy, Consumer Focus Scotland

and Camco.

Home energy use accounts for around a quarter of climate emissions in Scotland and action in this sector is therefore crucial to meeting the Climate Change (Scotland) Act's target of a 42% cut by 2020. Coupled with the need to cut emissions is a requirement to address fuel poverty. The Scottish Government is required under section 88 of the Housing (Scotland) Act 2001, to eradicate fuel poverty by 2016. Despite this current trends are going in the wrong direction – following recent fuel bill price rises almost a million Scottish households are now in fuel poverty.

To address these serious challenges the Existing Homes Alliance Scotland (ExHAS) calls for three actions from the Scottish Government to improve Scotland's housing:

- A commitment to a National Retrofit Programme
- Investment of at least £100m per year over the next decade in improving the energy performance of housing
- A roadmap for the implementation of minimum standards of energy efficiency for all housing by 2015

We believe that these actions are affordable and will lead to multiple economic, social and environmental benefits. The budget and spending decisions for housing infrastructure and investment taken over the next few years will be crucial to the achievement of climate change and fuel poverty goals.

### **The Green Deal and ECO**

We believe that the Green Deal and ECO has the potential to contribute significantly to action on domestic energy over the coming decade. If properly structured, it can support a National Retrofit Programme for Scotland and add to the £100M p.a. of Scottish Government funding we wish to see to deliver the scale of resources required for transformational change.

However, the proposals as they stand will not deliver this transformational change. We have set out our views on individual consultation questions above: here we wish to provide our overall view on how the impact of GD/ECO can be maximised. Our recommendations are to both the UK Government and to the Scottish Government where they have the powers to act:

#### **a. Loft and cavity wall insulation should be included in ECO**

Loft and cavity wall measures are amongst the most cost effective available and there is still huge potential for them – after 2013 around 6 million lofts and 6.3million cavity walls across the UK will still need to be done. However, as the CCC has recently noted, the current

proposals for ECO are geared towards solid wall insulation, while the estimates of the draft Impact Assessment are that GD will only result in 700,000 lofts (10%) and 1.7m cavity walls.

This is a huge issue as it is assumed under the UK carbon budgets all lofts and cavities will be insulated over the next decade. This insulation is also required to support the roll out of domestic renewable heat in the 2020s.

In Scotland many hard to treat buildings are not suitable for external solid wall insulation. We also have around 1 million homes with insufficient loft insulation and about 40% of cavity walls still unfilled. A greater degree of flexibility is therefore required.

***In line with the CCC, the ExHA recommends that loft and cavity wall measures are included within the ECO alongside SWI. The overall funding available to ECO should be increased to ensure that there is adequate support for SWI (to develop a large scale industry) and to maintain and increase levels of activity on cavity walls and insulation.***

#### **b. Make GD/ECO work for Scotland**

Scotland faces particular issues with regard to the GD in relation to the specifics of our housing stock, geography and climate.

Many Scots live in tenements. There is a real concern that the need to get agreement from multiple owners will be a significant barrier to GD work.

In our remote communities the lack of local installers may add to costs and the remoteness may make energy companies reluctant to commit ECO funding when they can get more carbon credits for the same funds elsewhere. The experience of CESP and CERT supports this view. We are concerned that current proposals could lead to rural Scotland losing out on funding unless safeguards are put in place.

Scotland is also colder, wetter and windier than the rest of the UK. While we welcome plans for RdSAP to take account of climate we believe it equally important that the impact of altitude and wind speed, which impact significantly on heating costs, are also factored into calculations.

#### ***We recommend:***

##### ***On tenements/shared buildings – the Scottish Government should legislate to:***

- ***Consider legislation to require all residents of a block to enter into a Green Deal agreement if more than 50% of residents support it***

##### ***On rural/remote communities:***

- ***The UK Government should ensure that the GD/ECO includes targets for GD/ECO***

***action in these communities***

- ***The Scottish Government should continue their work in promoting appropriate skills. The availability of skilled assessors and installers to all in Scotland should be regularly reviewed and action taken if it is shown that rural communities are at a disadvantage***

***On climate we recommend:***

- ***Altitude and wind speed should be factored into RdSAP***

**c. Delivering adequate GD/ECO support the fuel poor**

The affordable warmth obligation would appear to be too low to contribute properly to the 2016 fuel poverty target.

We understand why the Government is reluctant to be too prescriptive as to how the GD/ECO operates. However, the meeting of fuel poverty targets is essential; at the same time the GD/ECO must be shown to be equitable and progressive in its support for the less well off.

We are also concerned by proposals that the Affordable Warmth element of ECO should only be directed at those in private rented accommodation. Given that those on low incomes in social housing will pay for ECO through their fuel bills, we believe it is only right that social housing is eligible for support

***We recommend:***

- ***Government at the UK and Scottish level should set out explicitly how GD/ECO, along with other funding sources, can lead to the elimination of Fuel Poverty and the achievement of the 2020 carbon target. The Affordable Warmth target and the overall funding available to ECO should be fixed with this in mind***
- ***Government (Scottish and UK) to set out plans as to how GD uptake can be maximised among harder to reach groups – through e.g. the use of incentives and more proactive marketing***
- ***Funding under the Affordable Warmth element of ECO to be made available to social housing tenants***

**d. Public engagement**

There is already a degree of scepticism as to how great the uptake of the GD will be. Such funding mechanisms have been tried on a smaller scale before and have not been universally popular.

Feedback from a recent seminar ExHA Green Deal has highlighted how the public are more

likely to trust GD advice from community organisations such as local authorities, housing associations and NGOs than energy utilities or private companies. Trust is essential to the effective delivery of the Green Deal, as has been shown by a Consumer Focus Scotland study on micro-renewables<sup>1</sup>.

- ***Government (at both a UK and Scottish level) should set out clear plans for the engagement of the public. The success of this engagement should be regularly monitored and reviewed if shown to not be working***
- ***Government must work to maximise the role of community organisations in the delivery of the Green Deal. In Scotland elements of the EAP and UHIS have proved very effective at engaging the public and providing an integrated service. We believe the lessons of these should be integrated into the approach to GD delivery.***

#### **e. In Scotland, linking Green Deal/ECO with other funding sources**

The Scottish Government runs a number of schemes that support action on fuel poverty and domestic energy, including the EAP and UHIS. The challenge for coming years will be to ensure that the total funding allocated is sufficient to meet Scotland's fuel poverty and carbon targets and to maximise uptake of the Green Deal across all parts of Scotland.

We appreciate that this is a UK-wide consultation and that the Scottish Government is currently considering how best to achieve these ends. We would propose the following as the basis for effective delivery:

- ***The Scottish Government to publish a National Retrofit Programme for Scotland that sets out how GD/ECO, Scottish Government funding and other sources such as FITS and RHI can be best combined to deliver action across the country***
- ***Invest at least £100m per year of Scottish Government funding over the next decade in improving the energy performance of housing***
- ***Scottish Government to set out a roadmap for the implementation of minimum standards of energy efficiency for all homes. The roadmap should be published this year with standards in place from 2015***
- ***Scottish Government to continue to work with local authorities and other partners to deliver innovative schemes such as those being developed in Birmingham and Newcastle***

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<sup>1</sup> Consumer Focus Scotland – Affordable Heat for Off Gas Consumers: The Experience of Social Landlords and Their Tenants (to be published February 2012)

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