

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>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?</p> <p>No</p> <p>Please explain:</p> <p>EAS does not believe that there is sufficient clarity in the consultation document and the Code of Practice nor indeed is there a sufficient framework being proposed to support the link between Green Deal Assessor (GDA) and Green Deal Provider (GDP) as truly one of independence. By which we mean free from incentive or prejudice to provide the householder with a range of appropriate measures options. From the business models being proposed, we cannot envisage how a GDA could operate freely from the influence of a GDP. Whilst we are not fundamentally against this possible future, we need to be clear and accepting of the consequence that consumers are most likely to be guided into a Green Deal package, rather than the GDA being responsible for educating the householder to enable them to make their own informed choice.</p>

For the GDA, it is not clear about how they would obtain payment for assessment services. With no proposal for a “brokerage” system for Green Deal Advice Reports (GDAR), the GDA is reliant on either working independently of a GDP and seeking payment from property owners or representing a GDP and being salaried or paid per assessment.

Evidence from the Energy Performance Certification experience suggests that in a free market, the EPC becomes such a de-valued component that it would often be provided free with other services or as a loss leader to encourage purchase of other goods or services. We have no reason to expect that the Green Deal process should follow a different path and so would expect that truly independent assessors will have a difficult task to compete against a wider corporate market which has other means of drawing value out of the Green Deal assessment other than the value of the activity itself.

It should be noted that whilst Green Deal Assessors will not be responsible for the cost of a specific job, they will be using standardised cost estimates (DECC Impact Assessment Appendix A refers) to derive the value for money and ‘Green Deal affordability’ of the different suggested measures and will be providing these to consumers. Unless the Assessors have local knowledge to hand, it is unlikely that they will have a clear insight into reasons for cost variations that might impact on the financial viability of the recommended measures. This is likely to hold particularly true in rural and island communities where costs can be significantly higher.

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:

Consumers are of course free to “shop around” however that does not mean that we should adopt a system which allows free reign to mis-sell. In an ideal future everyone would have the confidence and knowledge to challenge and question the validity and authority of any goods and services that we buy or patronise, however how many people actually do this? Consumers must be protected against poor investments entered into in good faith on the advice of “professional” who may not have their best interests in mind. So whilst the GDA may not be directly involved in the specific arrangements regarding the finance package, they are in the position to direct householder’s views in this respect.

It is possible to look at this in the same way as the operation of independent financial advisors (IFA), and in some ways, GDA should have to observe many of the same constraints and safeguards as IFA’s currently have to, and will do post December 2012 under the Retail Distribution Review. However whilst the GDA could be in a position of trust in advising the householder on the long term commitment to a complex finance package, it would appear that they themselves are not expected register with the Financial Services Authority (FSA). More likely is that they may have to obtain a consumer credit licence from the Office of Fair Trading, however this is not currently proposed by the consultation.

As proposed in Chapter 3 of the consultation, GDP will have to “hold a valid Consumer Credit Act 1974 (CCA) licence (if they wish to offer Green Deal plans for domestic properties)”. The onus will therefore be on the GDP to ensure that GDAs in their

employment or those sub-contracted to deliver the Green Deal Advice Report (GDAR) operate in a manner which would not compromise any part of that licence agreement. That is to say that it should not be excusable for malpractice to occur where the GDA is not aware of the infringement.

It should be explicit within the Code of Practice that GDPs will be responsible for ensuring that all GDAs are fully aware of the licence obligations under CCA and that this responsibility should feature within the "Consumer Charter". NB The Consumer Charter referred to at Section 7.15 of the Code of Practice doesn't exist at this time.

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:

As discussed under Q1 we do not believe that there is currently proposed a sufficiently robust system which will maintain the value of the assessment activity and therefore the perceived public "professionalism" of the service. Current evidence points to Domestic Energy Assessors (DEAs) completing Energy Performance Certificates (EPCs) for less than £20, inclusive of the lodgement fee. At this rate, there can be no confidence whatsoever that due diligence in the survey process is being followed.

Paragraph 12 of the consultation offer three models for consideration:

- a salaried employee or sub-contractor of one or more Green Deal providers/installers;
- an independent Green Deal assessor commissioned directly by a consumer;
- a public/third sector official or representative of a civil society organisation funded (or self-funded) to deliver Green Deal assessments.

Further the consultation states at paragraph 13, "whatever the employment route for the assessor, the assessment and advice provided must be impartial and free from any commercial considerations or other biases." and we fully support this view. However paragraph 17 states "Some potential Green Deal providers are already indicating they are likely to offer assessments at no upfront cost as a way to engage with consumers." and so based on the observations of the marketing routes likely to be followed by "some" GDPs, we are to accept that this part of the process be left open to the whim of an industry which has already seen the devaluing of the process for EPC provision.

The GDP does not need to understand the complexity of the process nor does the GDP need to be in the position to query the output. Thus the views of the GDPs in this case are not relevant in terms of price controls on that part of the system. For the GDP, the provision of a GDAR is purely seen as a cost which must be met in order to get to the main part of the Green Deal, i.e. the provision of a financial agreement with the householder. The burden of professionalism is all on the GDA to produce a quality product and so the liability for the impact of a poor quality report lies also with the GDA, i.e. a GDP who provides a finance proposal based on a sub-standard GDAR will not be held liable.

The views of GDPs are relevant for route one of the three models proposed at paragraph 12, i.e. where the provider of the GDAR is also an employee of the GDP. Where the provider of the GDAR is an independent assessor, then the GDP would be likely to seek

the lowest possible price for a report. We need to ensure that the housing market is not systematically farmed by cheap speculative surveys and that the value of the product is retained within the activity.

We call upon the Government to seriously reconsider following a model which has been proven to be wholly unsuitable for engendering confidence in the EPC process. The Green Deal Advice Report has an intrinsic value representing the robust nature of the training, qualification, professional certification and registration at the front end of the process to become a GDA. This with the delivery of a professional service, and the scrutiny and on-going CPD after qualification are all features of a quality control loop which places the burden of excellence firmly on the shoulders of the GDA.

Ultimately, there is little clarity about what the true expense of the assessment process is likely to be (taking into account registration costs, training costs, accreditation, etc). Also little clarity about who pays for assessment if no measures are subsequently undertaken. Unless and until this is clarified, it seems likely that even if Assessors are assumed to be notionally independent, they will be entirely financially reliant on the Green Deal Providers and any 'declarations' will have to include that fact. DECC should perhaps consider having all of the costs that a Green Deal quote comprises broken down for the customer, so that high assessment costs can't be disguised and 'free' assessments are exactly that!

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

Agree

Please explain:

EAS believes that the system of provision of Green Deal Advice Reports (GDAR) should be a system which is robust and accountable. Robust enough to ensure that two different assessors visiting the same property with the same occupants would provide the same GDAR. Accountable to ensure that any failure in the provision of a GDAR can be resolved effectively with corrective action being taken not only to ensure that the correct assessment is lodged, but that the reasons for failure can be clearly attributed and the GDA provided with CPD support.

The principles behind such an approach to quality control and indemnity were to underpin the process for EPC provision. However whilst assessors providing EPCs are required to hold indemnity, what doesn't appear to work effectively is the quality control on the outputs of the assessors. EAS calls upon the Government to ensure and enforce a minimum standard of quality control for assessors through the Certification Bodies, any Certification Body found lacking in diligence in their scrutiny of members should face having their operational licence suspended pending an audit of their systems with the potential for them to be completely removed should their systems and/or the delivery of that system be found to be sub-standard.

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:

NB Paragraph 22 makes note that “We also intend to allow for a full SAP assessment for those properties where it is not appropriate to use RdSAP, where the necessary data is available and it is carried out by a full SAP assessor.” There is currently no mandatory role for a “SAP Assessor” within the Scottish Building Standards system. There are “Certifiers of Design” for Section 6 of the Building Standards; however the use of these certifiers is currently voluntary. Thus the term “SAP Assessor” is not legally recognised in Scotland.

The validity of an EPC is compromised as soon as the occupier does something to change the specification of the heating and hot water system, or that they do something which improves or diminishes the fabric of the building. However legally there is nothing which compels a boiler installer or insulation contractor to re-calculate the EPC on a property if they change it. E.g. a boiler service engineer is not compelled to re-calculate an EPC when they condemn a boiler.

Similarly the Green Deal Advice Report should be invalid as soon as the occupier changes the specification of the heating and ventilation services in the building or changes the characteristics of the fabric of the building. However again there is no legal compulsion to ensure that anything which can impact on the energy performance of a building would trigger the need to recalculate the GDAR. Thus we will only see the need to re-calculate should the current occupier wish to use the GDAR in order to obtain a finance package.

It is highly likely that GDPs will perform some kind of cursory pre-check on the GDAR before going forward with a proposal to the occupant. For this purpose they will need to gain access not only to the GDAR itself, but also the base survey data used to generate the building energy performance. Outside of the provision in the Energy Act 2001 s74 and s75 we cannot see how it is that potential GDPs will be able to make judgements on the validity of an older GDAR based on observations of property condition being made at the time of enquiry. If occupiers are to be truly free to “shop around” in the market for Green Deal products, how will disclosure of the GDAR and the data required for the GDAR be handled assuming that permission to distribute would need to be sought from the owner of the GDAR at every enquiry?

Property condition aside, a GDAR should automatically be invalid should the composition and financial standing of the household change e.g. where a homeowner retires and becomes a pensioner whilst holding an active GDAR. Also it is considered normal to expect that the occupancy of a property in the owner occupied sector changes every 7 years. This term is likely to be much shorter in the private rented and social rented sectors. Thus based solely on the occupancy assessment, a GDAR should be invalid after 7 years and perhaps less in the rented sector.

We have no statistics for the turnover of measures which could impact on the energy performance of a property and so have no evidence to support shortening the validity period of the GDAR based on their lifespan. It is however very likely that a GDA will in their duties to provide a GDAR place conditions on its usage such that the GDAR represents the condition and occupancy of the property at the time of survey. Subsequent use of the GDAR in relation to a Green Deal finance proposal will likely come with the transfer of the liability for its content. The quality of a GDAR which leads directly to a Green Deal proposal will be the sole responsibility of the GDA, however should that report be used by a prospective GDP in the future; the point at which the agreement is signed, the GDP should assume the responsibility for confirming its quality. The originator of the GDAR may not be in the position to reflect any significant changes, or indeed be paid to do so.

We recommend that validity should always be a question when any GDAR is being utilised

for the purpose of generating a Green Deal finance package. Ideally the GDA that produced the GDAR should sign off its validity and this could be part of any future fee arrangements with GDPs. Where the original GDA cannot be engaged, another qualified GDA should be allowed to sign off that the original report is still valid. In any case, it should not be considered reasonable to amend a GDAR on the advice of the occupant.

Thus setting a valid time period for the GDAR is an irrelevant question. With quality of the Green Deal being high on the agenda we would recommend that GDARs be reviewed for every instance of a proposed agreement, there are dangers for all parties involved should there be no clear line of responsibility for the GDAR. However in order that we do not impose too many administrative barriers into the path of the Green Deal process, we would suggest that we adopt a short period of around 3 months or so from the point of lodgement of the GDAR where the occupant can utilise the report for the purpose of seeking quotations for Green Deal finance. After this point, GDARs must be signed off by a qualified assessor as being representative of the present position.

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?

No

Please explain:

EAS doesn't have any strong views on the position outside of domestic buildings; however we would like to raise at this time the following points.

There needs to be a better degree of understanding over the distinction between what a domestic building is and when the building should be considered a non-dwelling. Many non-domestic buildings are used as residencies but for whatever reason due to their reliance on shared amenities or that they share a heating system, they need to have their energy performance assessed as non-domestic using SBEM. In this case we would have some concerns about the use of SBEM to generate an energy performance assessment on a building which is in essence being occupied as a dwelling.

What issues have DECC considered when a building with an active Green Deal finance goes through a "change of use" from domestic to non-domestic or vice versa?

SBEM is the default methodology for non-domestic buildings, what consideration has been given to the use of more complex dynamic simulation models?

Would the Green Deal be an appropriate finance model for the upgrading of an existing district heating scheme with more efficient boilers, or the provision of a new scheme where the new system would be replacing expensive high carbon electric storage heating? The operator of the plant would benefit from lower running costs, is it equitable to expect the properties serviced by this system to pay for the capital costs of these improvements via their electricity bills when they themselves will never be the "owners" of the system? Would it be reasonable to expect that the owners of the properties serviced by the system to become shareholders by virtue of the fact that they are paying for part of the capital of the system via their electricity bills?

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

Your answer:

EAS doesn't have any strong views on the position outside of domestic buildings; however we would like to raise at this point the following points.

There is a significant body of research work which has been done and continues to be taken forward by the Building Standards Division in Scotland which keeps in focus the validity of SBEM against more complex dynamic simulation models (DSM). It may be of use to review these findings in relation to the assessment of non-domestic energy performance. In particular a 2009 report on "Assessing the costs of proposed changes to non-domestic energy standards in 2010"¹ in Section 8 compares the performance of SBEM against the predictions using a DSM. Some of this has been used to inform a revision of the SBEM completed in December 2011² however there remains some fundamental issues when utilising a "simple" calculation methodology over a more demanding DSM in some building geometries and complicated building services. We would recommend that certain building configurations are not well suited to the SBEM route and in those cases for the purposes of establishing a realistic estimate of building energy performance, that a DSM be the preferred route over the SBEM.

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:

EAS doesn't have any strong views on the position outside of domestic buildings; however we would like to raise at this point the following points.

- Other heat pumps (exhaust air, water source)
- Energy efficient glazing to be band 'A' www.bfrc.org
- Automatic charge controls for storage heating systems
- "Cylinder thermostats" should read "Hot water cylinder thermostats"
- "Lighting systems, fittings and controls" should read "Low energy lighting systems, dedicated low energy lighting fittings and controls (including voltage optimisation)"
- Flat roof insulation
- "Micro-wind generation" is normally considered to be up to 1.5kWp, we suggest that this should be both micro and small wind generation up to 15kWp.
- For clarity the term gas should include for both mains and LPG gas fuels
- "Room in roof insulation" should cover mansard roof like constructions and also comb/sloping ceiling insulation

NB "Underfloor heating" is too wide a category and does not necessarily indicate that the system would be energy efficient. In one sense it could cover electric underfloor tile heating

¹ <http://www.scotland.gov.uk/Resource/Doc/217736/0096297.pdf>

² <http://www.ncm.bre.co.uk/newsdetails.jsp?id=57>

and in another it would be the installation of a new wet heating distribution system. This terminology need to be clarified.

EAS would also like to see the scope for community scale district heating and combined heat and power systems included in the list of qualifying improvements to encourage the development of domestic/non-domestic partnerships to satisfy local energy demand.

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:

It may be helpful for product developers to have a clearer understanding of the time taken to produce an Appendix Q procedure from validated test results. It would also be helpful for developers, specifiers and the general public to be able to recognise products that have an approved Appendix Q procedure in place. Most developers have their own "Appendix Q Approved" branding, however this is easily simulated. A nationally approved logo and registration scheme would help give confidence of the product claims and provide a degree of assurance that products installed are in fact the same as the products specified at the design stage. It would also make identification of these products easier for Green Deal Assessors. The authorisation for Appendix Q branding and a unique code would be provided on successful inclusion of the product in the Appendix Q database.

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:

In Scotland there are a number of ways that householders are able to get simple measures such as loft insulation (LI) and cavity wall insulation (CWI) installed for free. However despite this incentive, it can still be difficult to get permission in the private sector to allow the insulation to be fitted.

This is not a new phenomenon, and many of these issues surrounding the uptake of free measures are explored in some research conducted by National Energy Action (NEA) in March 2006¹.

Some of these themes have been more recently reflected upon in the DECC publication "Evaluation synthesis of energy supplier obligation policies"²

"69. Key barriers to uptake included perceptions of high up-front costs, often due to lack of awareness about offers, costs of measures, and/or eligibility for free or subsidised measures. In contrast, householders who had installed measures said that once they were aware of the low or subsidised cost (and predicted fuel cost savings), they felt they had little to lose in taking up measures. Lack of awareness about energy efficiency measures generally, and what would be appropriate for a particular household, was also identified as a barrier."

"70. Other barriers to uptake of measures included concerns about aesthetics of measures - particularly raised by those living in properties which would require solid wall insulation,

and 'hassle-factor' - particularly in relation to clearing and sorting items stored in the loft before insulation could be installed. Interviews with stakeholders and householders suggested that loft clearance services (offered with some CERT schemes) could partially address this barrier for some (but not all) householders."

Incentives

The UK Treasury should support this industry with tax rebates for investment in energy efficiency products through the Green Deal. As close to 0% VAT as possible would be the preferred rate for energy efficiency products. There are also perhaps other things that could be done with stamp duty at the point of sale of a home if a Green Deal finance package is taken out within the first year of ownership.

Enabling Funds

In many cases improvement measures are not able to be installed due to simple to resolve technical issues e.g. cavity wall insulation should not be installed where the following are present: fractures in the outer skin of a cavity wall, presence of penetrating dampness or missing or blown external render. For the installation of something like loft insulation it can be simply the added labour of clearing out the loft space. We urge the Government to take steps to provide an "enabling fund" to remove these simple barriers to the energy efficient improvement of homes.

The Green Deal doesn't save any money

Innovation shouldn't be limited to measures or the application of measures; it may be a very difficult job to convince tenants and owners that energy saving measures will save very little money until the end of the period of the Green Deal finance. The main thrust of any argument for the installation of energy efficiency improvements has always been around the idea that it will save you money as soon as it is installed. In the case where the occupier has paid the capital for the measures themselves, the saving is evident immediately on the fuel bill. They may even have taken a loan to provide the capital for this; however the repayment for that loan is not coupled with the savings shown on the fuel bill.

That said, in an economy where it is expected that the future trend for fuel prices is upwards, Green Deal Providers will have to be able to explain clearly how with the installation of energy efficiency measures under Green Deal that the full impact of any future price rises can be mitigated as and when they happen.

Blockers in Flatted Buildings

There needs to be some provision to address blockers. This is where a willing occupant is unable to take advantage of an energy efficiency measure due to the prejudice of another occupant of a flat in the same block.

Role of Social Housing Providers

Social housing providers have a key role to play in facilitating effective Green Deal and ECO delivery: developing local partnerships; identifying and reaching those most in need; delivering integrated and locally-appropriate schemes; maximising benefits to the community. Some may choose to become Green Deal Providers. They may be able to access finance at low rates of interest and would be best placed to facilitate/co-ordinate area-based programmes and benefit from some economies of scale. Greg Barker MP has already indicated that he wanted local authorities to become Green Deal 'champions'. However, DECC has indicated that local authority participation may become compulsory³.

If this is to be the case, DECC must act now to inform and advise local authorities, so that they have a reasonable degree of control over their role before scheme start-up rather than having their role dictated after Green Deal and ECO have begun. Housing providers will need sufficient time to determine whether Green Deal costs are manageable or whether other approaches such as investment from reserves or borrowing recouped via rents/service charges would be more viable. If participation is to be made mandatory, the social housing sector should also have access to the £200m incentive funding that has been made available – accessing this funding will not be an option if they are not given what little opportunity there is left to be ‘early movers’.

NB Due to the Concordat arrangements with the Scottish Government and Scottish local authorities it may be very difficult for authorities in Scotland to be compelled to achieve Green Deal targets in their area. This is further compounded by the repeal of the Home Energy Efficiency Act (HECA) in Scotland and Wales via the Energy Act 2011 (s.118)⁴, which now removes the power which the Government had to direct local authorities in Scotland to meet energy saving targets.

¹<http://www.nea.org.uk/assets/PDF-documents/RRFPSG-Researchintothebarrierstouptakeoffuelpovertymeasures.pdf>

²<http://www.decc.gov.uk/assets/decc/11/funding-support/3340-evaluation-synthesis-of-energy-supplier-obligation.pdf>

³ A DECC official is quoted as saying that local authorities will either be ‘asked or required’ to take a role – <http://www.insidehousing.co.uk/eco/councils-could-be-forced-to-take-green-deal-role/6519502.article>

⁴ <http://www.legislation.gov.uk/ukpga/2011/16/section/118/enacted>

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:

EAS considers that the issues being presented in the consultation for including “hard to treat” cavities are no different from the arguments being proposed for the prioritisation of “solid wall insulation”. Clearly the adequate and appropriate treatment of cavity constructions with very small or very wide cavities and those with an irregular or randomly blocked cavities will be more expensive to treat than a standard uniform width cavity wall. The issue for the Green Deal and the “Golden Rule” will be that how do you predict the savings where it is not known or cannot be predicted how much insulation material will be incorporated into the building fabric?

In the case of treating “hard to treat” cavities we would recommend that a post competition adjustment to the GDAR be carried out using the evidence of the amount of insulation that has been applied to the property. This may adjust the re-payment rate up or down for the occupier.

There are also many examples of “non-traditional” housing in Scotland supplied to meet a

critical housing demand in the post war years. We would urge the Government to work with the industry to standardise a methodology of improvement in these properties which can be applied nationally as part of the Green Deal approved measures list.

Another issue which is relevant in this section is dealing with energy efficiency improvement in cavity properties that are located in known flood risk areas. Whilst these may be simple standard width cavity properties, the risk of flooding puts them into a category which will require a more expensive insulation solution. Again we would urge the Government to treat these properties with the same considerations as "hard to treat" cavities.

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:

The use of the term "Solid Wall Insulation" SWI is not helpful in defining the types of buildings prevalent in Scotland. There are many examples of "non-traditional" building styles which are still in use that don't have a cavity which could be filled and are also not solid in their construction e.g. Swedish/Weir Timber, BISF and Wilson/Lawrence Block homes. It would be preferable to have a more practical definition for properties which cannot be improved with standard cavity filling techniques. Properties which are "hard to treat" should be used rather than SWI. The definition of this could be taken as "properties where the fabric of the building cannot be improved with standard cost effective measures".

The letter from the Committee on Climate Change (20th December 2011) presents a compelling argument for the inclusion of standard cavity wall insulation (CWI) and loft insulation (LI) work within the carbon saving obligation of the ECO for all properties. EAS agrees with the view that we should not remove support for these measures via a supplier obligation. Support will be made available for CWI and LI under the Affordable Warmth element of the ECO, however this will be limited to low income (super priority group) households in the private sector. We don't not believe that it is helpful for either the fuel poor in social rented properties or the insulation industry at large to exclude this sector from subsidised work so quickly.

We agree with the spirit of the letter from Lord Adair Turner and consider that it would be helpful for the industry to have a more gradual removal of this subsidy over the initial 3 years of the operation of ECO rather than removing this route on the 1st October 2012. We also believe that customers of fuel companies in this country have been contributing to a supplier obligation in one form or another since 1994 regardless of their tenure, that this represents a significant investment for a low income household for little or no return. This Government and the energy industry tasked with achieving the Government's carbon targets needs to recognise this social investment and should not feel that it is necessary to place arbitrary barriers to access to energy efficiency investment for low income households.

EAS supports the view that CWI and LI measures should be made available to all households regardless of tenure for the first 3 years of the operation of ECO and be eligible for the carbon saving obligation. This extension for CWI and LI measures should be limited to households considered to be at risk of fuel poverty i.e. the priority group as is currently defined and not just the super priority group. In this way we can continue to support area

based operations which seek to target both the at risk fuel poor in an area and also the able to pay sector who can take advantage of agreed rates for CWI and LI through Green Deal finance packages.

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:

EAS does not believe that limiting the Carbon Saving obligation under ECO to “solid wall insulation” is helpful in terms of achieving the overall aim of the policy. Each SWI property which is subsidised by the ECO represents a considerable drain on this funding pot. It is very likely that as the powers to place a levy on customers’ bills to fund a supplier obligation will remain with fuel utilities, that customers will continue to be the major source of this type of funding. Whilst we agree that something should be done to address poor energy efficiency in the “hard to treat” sector of housing, we do not believe that it should be as unilateral as proposed in the consultation.

Whilst means testing is not expected to be a feature of access to ECO support for SWI, we believe that there needs to be some level of funding ceiling introduced in order to protect the ECO against oversubscription by the private sector able to pay market. This ceiling should represent a proportion of the overall cost of the Green Deal finance of less than 50% and should also be limited by the perceived value of the carbon saving provided by the measures. If it is not possible to meet the “Golden Rule” with ECO subsidy where proportional and carbon value ceilings are observed, then we would expect that the property owner should source additional finance themselves.

We do however agree that the primary measure under the ECO Carbon Saving obligation should be one which reduces overall energy demand i.e. that it is a measure which impacts on the rate of heat loss in the property.

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:

EAS agrees that only measures which demonstrably reduce energy demand or measures which make the delivery of heating space and water more efficient should be considered for the Affordable Warmth target of ECO. However we don’t agree that this should exclude professionally installed draught-proofing or hot water cylinder jackets where these measures are being installed alongside other cost effective measures.

There is a body of evidence which demonstrates the impact that good draught-proofing on windows, doors and the loft hatch has on reducing air infiltration. So much so that this measure can now be modelled by the GDA rather than having to accept the default position which was that only double or better glazed windows were draught-stripped. This

is recognised as part of the RdSAP changes for 2012. In addition to this physical impact, effective exclusion of draughts has a behavioural impact which discourages occupants from overheating rooms because of the perception of a “chill from the draught.”

It makes perfect sense to include a hot water cylinder jacket as an accountable measure in as much as it will reduce heat loss from a hot water cylinder, reducing the energy required to maintain the set temperature. However the fact that it is such an easy measure to install should mean that there are not that many hot water cylinders left that don't have some level of insulation wrapped around them. We recognise that the accountancy for this type of measure may have been open for abuse in the past and many jobs could not be verified due to the hot water cylinder now being “boxed in”. However this should not detract from its usefulness as a complementary measure for other heating improvements, with some obvious exceptions e.g. a new combination boiler will not need a hot water cylinder jacket.

We would support the inclusion of draught-proofing and hot water cylinder insulation where this is being carried out as part of a package of measures, e.g. cavity wall insulation and draught-proofing or boiler controls upgrade and a hot water cylinder jacket. However these measures should not attract carbon scoring together or separately.

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:

EAS agrees that boiler repairs should be included under the Affordable Warmth obligations, for many people this will be the most cost effective measure enabling them to heat their home quickly and with less disruption than full boiler replacement. However experience of the same measure made available in the Scottish Government's Central Heating Programme suggested that a cap be placed on the total value of any one repair, that this should be guaranteed and that subsequent repairs should not be allowable.

NB Most if not all the “big 6” have their own in-house heating system servicing provision. As such limiting the price per job should not be such a big issue what is really important is the value of carbon that the utility can claim per repair.

We also recognise that it would not be in keeping with the principles of the policy if we were to allow energy inefficient boilers to perpetuate longer than their natural life span would allow. Therefore we would suggest that only boilers at Band 'D' or above should be considered for repair. We also don't agree that the carbon credit for boiler repairs should be based upon the differential between the property heated with the working boiler and the same property heated with portable electric heating.

To establish a notional value for carbon credit, we would suggest that a baseline value be determined for a band 'D' boiler, this to be based upon the difference between the RdSAP carbon emissions with the repaired boiler and what the emissions rate would be if the property was heated with the lowest efficiency at band 'D' (78%). In this way we should discourage the repair of lower banded boilers and maintain the onus on band 'A' and 'B' boilers.

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:

EAS agrees that any measure which is demonstrably more efficient at delivering space and water heating should be an allowable measure under the Affordable Warmth obligation. However we would like to some conditions placed upon the proliferation of heat pumps.

Where feasible and cost effective, properties should be made as fabric energy efficient as possible. In addition where the property allows, the distribution system coupled to the heat pump should be a system suited to a low flow temperature e.g. underfloor heating.

There is an interesting debate on-going as to whether recipients of micro-renewable systems via ECO should also be eligible for domestic RHI tariffs when they are implemented. The policy aim of RHI is both to contribute to the Government's binding target to have 15% of energy from renewable sources (12% of heating from renewable sources) by 2020 and also to reduce carbon emissions. The aim of the ECO is the provision of affordable warmth, reducing fuel poverty and carbon emissions. That being the case there is a danger that a fuel utility could be claiming the carbon saving element twice for the same measure, i.e. once for the ECO Affordable Warmth and again by way of the RHI tariff payment for renewable heat generation.

Renewable energy and renewable heat targets are not a concern for the ECO, however these would be unintended consequences of meeting ECO via renewables. Therefore would we support the view that utilities should be given some uplift benefit for meeting the ECO via renewables such as heat pumps, this uplift should be commensurate with the value of meeting the Government's binding renewables targets by 2020. This additional uplift would help to ensure that basic insulation measures are installed in the home and/or that underfloor distribution is specified over an easier to install wet radiator system.

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:

EAS supports the view that existing product certification schemes could be used to fast track Green Deal approval for measures, but only where the existing product certification is no less onerous than the system proposed under Green Deal product certification. It would be in the best interests of schemes such as the Microgeneration Certification Scheme (MCS) to demonstrate Green Deal compliance with their own protocols. Therefore it would be beholding upon Gemserv to ensure that the Certification Bodies operating within the MCS are in a position to concurrently register their approved products on the Green Deal list without excessive administration, i.e. it should be possible for a deemed approval route

to be established between Gemserv (the operator of the MCS) and the Green Deal Oversight body.

NB We would also encourage the Government to ensure that issues with approval on a partner scheme should automatically result in similar action on the Green Deal assurance scheme.

We are also aware that construction industry approval bodies such as The British Board of Agrément (BBA) are in a position to support the industry to obtain CE marking for construction products, particularly those already holding a BBA Agrément Certificate.

We agree that compulsory CE marking for products prior to the Construction Products Regulation coming into force on July 2013 is a prudent safeguard ensuring uniform product deployment across the period of Green Deal operation. However we would like to raise the point which the Health & Safety Executive states “However, the CE mark is not a quality mark, nor a guarantee that the product meets all of the requirements of relevant EU product safety law. Suppliers who install work equipment and users should make reasonable checks of any new products looking for obvious defects.” therefore Green Deal approval must also take into account any local UK Health & Safety regulations not covered by the minimum EU member state criteria for CE marking.

In addition, CE marking only covers a particular product and the responsibility for ensuring that a product has the correct characteristics for a particular application rests with system designers, contractors and local building authorities. We agree with sections 70 and 71 that the performance of “systems” will need to be independently assessed and certified. We are particularly concerned as there have been issues with approval for internal insulation systems in the past which has resulted in a very slow development in this market. We would also urge the Government to adopt a flexible approach to system testing as we should not be placing unduly burdensome barriers in the path of progress. In many cases very small changes to an approved system could bring benefits in terms of safety and performance. Having to re-assess the whole system because of a small change would not encourage product development and innovation.

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:

EAS supports the idea that innovation in products and systems can be driven by recognition of performance which exceeds a default or nominal average. We are however concerned about the proposed development of an “in-use” factor to adjust the performance of the *in situ* product or system and would urge the Government to consult with the industry at large on this issue as soon as possible as there are many factors which can result in sub-optimal performance which may not be fully considered by a small more focussed group.

We fully support the view that theoretical performance and *in situ* performance can deviate quite significantly. SAP and RdSAP are models of the domestic environment relying on the basic assumption that properties have a main area or “zone 1” which is heated to a higher temperature than the rest of the property “zone 2”. This idea of a main living area and other less occupied rooms may now be less of a reality for modern family units. Meaning that

from the very beginning, the outputs of the model would not reflect the actual building usage.

SAP was designed originally as a comparative tool for compliance assessment of new buildings, as such the usage of the building was never a concern and the standard assumptions were sufficient to allow an accurate comparison of performance. It was never designed to accommodate for real world predictions. Since its inception, the SAP has gone through a number of revisions based on empirical evidence and expert observations to bring its estimations closer to the real world. However they fundamentally remain as estimates of performance and as such creating ad hoc deflators to adjust results means that future revisions of SAP to bring the estimates closer to the real world will also have to adjust this deflator accordingly.

The consultation rightly states that performance of measures can be adversely affected by failures in the installation stage as can sub-standard material quality on site, product failures, inappropriate usage of measures and an inability of the model to reflect the real world cost of energy at specific locations (e.g. oil) and also an inability of the model to reflect the awareness and knowledge of the user (e.g. occupant understanding of off-peak times for electric systems). There are very many reasons as to why predictions deviate, however it is very likely that the reasons for deviation will not be uniform.

We would recommend that before any "in use" factor is to be adopted, that a very comprehensive study be conducted on occupied properties, across the country to determine the extent of the performance variance, the possible reasons as to why and the extent to which proper advice and education can help with the behavioural elements of the deviation, and also what impact robust quality control on the Green Deal processes from assessment to installation can have on post installation performance.

With this kind of evidence base it should be possible to develop an equitable "in use" factor which itself can be adjusted where due diligence can be assured e.g. if air source heat pumps are not providing the savings expected, how much of this is to do with the climate that year and how much is to do with the householder's lack of operational knowledge and over use of supplementary heating?

As we have questioned the validity of the "in use" proposal, we are not supportive of its use in terms of a means for accommodating adjustments for enhanced product performance. It is not clear from the consultation if what is being proposed in this section compromises or would supplement the existing Appendix Q process as referred to under Question 9. As it stands presently the SAP will account for better performance via the Product Characteristics Database for appliances such as boilers, heat pumps and ventilation equipment. This is a feature built into SAP and normally accessed via the assessment software. Anything which is not included in the PCD can have its performance included in the SAP assessment via the Appendix Q process e.g. under SAP 2005, the better than nominal performance of a range of heat pumps could be accommodated via an Appendix Q process, this has now been incorporated into SAP 2009 and no longer requires an Appendix Q procedure.

Therefore enhanced product performance should either be incorporated into the PCD or it should be subject to the accreditation process for Appendix Q. All other products not subject to entry in the PCD or Appendix Q should not be considered as eligible for listing on the Green Deal approved products list.

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?

No

Please explain:

It is essential that consumers are protected at every stage of the Green Deal process. The appointed oversight body would seem best placed to instigate action in the event of GDP insolvency/licence revocation. GDPs will pay an annual fee to the oversight body. This should incorporate an amount to be set aside as a 'surety fund' for use in appropriate circumstances.

In the event that DECC opts for surety bonds as a requirement, these should be subject to actuarial assessment to ensure that no unnecessary additional costs are applied.

For non-domestic installations, a surety bond for the full value of the installation should be in place for each individual measure.

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?

No

Comments:

The costs of training and accreditation, the cost of meeting the proposed warranty requirements, other potential costs – none of which are known yet - and complex processes may make it difficult, unprofitable or financially unviable for smaller organisations to become providers.

Monitoring of and compliance with the various processes is mentioned frequently throughout the consultation. What is not sufficiently clear is the enforcement process.

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

Your answer:

EAS believes that financial responsibility for late payment should remain solely with the payee. Any alternative option would seem likely to place an unwarranted burden on either all Green Deal customers (i.e. if built into the initial cost of GD finance) or on all utility customers (if changes to administrative and billing systems were required).

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:

There is already little definitive information about the total cost of a Green Deal package. Whilst some measures might confidently be expected to last for the duration of the repayment period, others might not. Before committing to an insurance-backed warranty, more would have to be known about the cost implications.

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

Your answer:

EAS agrees in general terms with the proposed changes to the Consumer Credit Act for Green Deal Plans. There must be more information, however, about how the GDP will be monitored – for example in terms of how they calculate the amount necessary to cover 'objective loss', especially if the objective loss calculation includes an opportunity cost element. If a GDP can immediately reinvest the full sum repaid early, or can reinvest at a higher interest rate (unlikely, but potentially possible), the debtor should not incur any financial penalty.

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:

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:

If the assessment process is sufficiently robust, and the subsequent savings estimate is sufficiently accurate, there should be no need for additional safeguards in the form of reduced savings estimates. The additional safeguard that is required for all consumers - regardless of the value of the Green Deal package - is the facility for a re-assessment if there are significant changes in a consumer's circumstances (i.e. to the extent that the Golden Rule no longer applies, or that the consumer becomes 'ECO eligible').

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

Disagree

Please explain:

Making an apparent 'concession' during year 1 in terms of charges will only be a useful, protective and confidence-building measure if there is a clear intention to address any issues arising from failure to make savings broadly in line with the Green Deal assessment i.e. where the assessment is accurate, but influencing factors other than 'normal' consumption impact. The basis for assessing the benefits of proposed measures will be based initially on 'standard occupancy'. Occupants who overheat their homes may end up taking on board a Green Deal package that costs them more than it saves. It is not clear how this issue will be addressed. DECC states that 'consumers will be given clear advice on the possible impact on energy savings if they change their behaviour', but not what will happen if someone (not eligible for ECO measures) overheating their home continues to do so.

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:

There may be benefits accruing to a GDP, but it is difficult to see how customers will benefit from varying interest charges. This could also overburden a billing system which has already received criticism over the complicated nature of consumers bills and that a significant proportion of consumers report that they are unable to understand the information presented on their fuel bills.

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

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

Please explain:

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:

EAS is not convinced that cash incentives (5% or £150 - whichever is lower) should be encouraged. If the package on offer is sufficiently good, a cash incentive won't be necessary.

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?

Disagree

Please explain:

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:

EAS while accepting the principal of supporting those in greatest need would comment that fuel poverty affects many more groups than the narrowness of the current super-priority group (SPG). There is clear indication in Scotland that fuel suppliers struggle to find significant numbers of vulnerable households that fit into the CERT SPG. EAS believes that using the super priority eligibility will exclude significant numbers of people and groups of people who suffer from fuel poverty. Further, EAS believes that the eligibility for CERT (priority group) and not the SPG should be the basis for establishing eligibility.

EAS is also concerned that an area based approach along the CESP model will again miss many people who live in remote communities as the reliance on only the income domain of Super Output Areas (Datazones in Scotland) does not adequately take into account rurality excluding these communities at the expense of inner city communities. More flexible boundaries than those applied under CESP are required.

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:

As with any "voluntary agreement" EAS would suggest that the delivery of this is kept under review and performance against the intention should it be monitored. It should be understood that failure of the voluntary agreement to deliver the intended effect will result in the Government pursuing a statutory obligation.

EAS would suggest that there is a need for an agreed minimum level of support for ECO

obligated companies, for example basic insulation measures and an appropriate heating system and that obligated companies must follow up any referral within a given time frame to provide at least the agreed minimum level of supported measures.

EAS is conscious that in many parts of rural Scotland there is in effect only one supplier as most companies have little or no customer base in these remote locations, for example the Islands or the Highlands of Scotland. This may mean that this single supplier will have a disproportionate burden placed on them for work that will undoubtedly be more expensive than similar work undertaken in areas of high population density such as inner cities. Nonetheless all households eligible for ECO should expect to have the same level of service no matter where they live.

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. EAS believes that to prevent any skewing of ECO uptake towards the more affluent there needs to be an active engagement with those living in poorer areas – leaflets alone will not be sufficient to ensure significant uptake.

In terms of the ‘distributional safeguard’ EAS recognises that over-regulation can lead to anomalies and does increase costs, as has been shown by CESP and CERT. EAS does believe that Government should adopt a safeguard based around a robust identification of low income and vulnerable households for the carbon saving obligation.

In terms of the geographical issues raised, EAS feels, as stated in questions 31 and 32 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. We are not in the position to provide robust quantitative analysis within the time frame of this consultation, however we urge the Government to require a reasonable proportion of action to be undertaken in such communities which is at least equivalent to the rate of uptake in mainland urban environments.

“Government recognises that as suppliers are likely to recover the cost of delivering the ECO from consumers’ bills, it is important to consider how the benefits of the obligation will be distributed, to ensure the scheme is delivered with a reasonable degree of equity. The Government does not believe that on the whole, intervention in the natural distribution pattern of ECO is necessary.” *Summary of Chapter 5 – Green Deal & ECO Consultation*

EAS also believes that the levy impact on consumers’ bills should be scrutinised, and we would not support further burden being placed on the bills of fuel poor households where they are not able to get equitable access to support funding for measures to reduce fuel

costs. It is for that reason that we strongly advise for the need for distributional and regional safeguards as experience from past supplier obligations suggests disproportionately low uptake in fuel poor households and in rural areas.

If there are to be proxies for fuel poverty to determine ECO eligibility, it will not be until these are set that a natural distribution pattern will be slightly clearer. Regardless of individual eligibility, EAS believes that there must be proportional distribution of ECO on a geographic basis. Worryingly, DECC has already indicated that they are not going to commit to taking this approach (the DECC/Green Deal webchat 15th December refers).

ECO is clearly seen as a replacement for the Warm Front in England. Whilst Scotland will still have some alternatives to tackling energy efficiency and fuel poverty (in the form of the Scottish Government's on-going commitments to the Energy Assistance Package etc.), it must not be allowed to suffer from a reduced ECO 'allocation'. Scotland already has higher levels of fuel poverty, and the fuel poor will pay disproportionately more for supplier obligations. They must benefit at least proportionately and harmoniously from the measures ECO offers.

NB Whilst there is a duty to inform householders of ECO eligibility which has been incorporated into the performance criteria of the Green Deal Assessor, there is no similar duty placed upon Green Deal Assessors to disclose the availability of other local or national schemes. We would not want to see the reputation of Green Deal and ECO tainted with press stories of pensioners denied access to free central heating in Scotland, but readily signed up for lengthy Green Deal packages.

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.

No

Your answer:

There may be a need for additional protection for some tenants i.e. those who pay non-inclusive rents. Private landlords are prevented from overcharging for domestic fuel (and VAT) by the Maximum Resale Price regulations⁵. The consent framework may well offer a similar protection, but there may be Housing Benefit claimants who, as tenants of a private landlord, consent to Green Deal measures without fully realising the potential implications i.e. Housing Benefit doesn't include services, so notional deductions are made for energy charges before determining eligible rent or Local Housing Allowance levels. Tenants need to know the specific amount of the additional costs and how their landlord expects this to be paid.

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

Your answer:

⁵ <http://www.ofgem.gov.uk/Consumers/Documents1/1837-mrpdecision07.pdf>

The approach suggested for sales and lettings seems appropriate. In addition to receiving an EPC, EAS believes that each new tenant/buyer must sign acknowledgements that are separate from but form part of the contract, thus ensuring that they are able to retain a copy, are aware of the Green Deal and the charges that apply.

There should be a formal requirement for private landlords who let out properties via colleges and universities to highlight the existence of a Green Deal via the Accommodations Officers at each educational establishment that they deal with.

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:

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

Your answer:

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:

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

Your answer:

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:

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

Your answer:

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:

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

Your answer:

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:

The Scottish Building Standards system operates a “Certifier of Construction”⁶ scheme for certain elements of the Standards. These organisations would appear to be ideally placed to demonstrate a standard of competency for their particular area of expertise. Examples of these schemes can be found here:

SELECT – Certification of Construction (Electrical Installations to BS 7671)⁷

SNIPEF - Certification Of Construction (Drainage, Heating and Plumbing)⁸

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

⁶ <http://www.scotland.gov.uk/Topics/Built-Environment/Building/Building-standards/publications/pubcert>

⁷ <http://www.select.org.uk/sectionindex.php?sectionid=2&subsectionid=51>

⁸ <http://www.snipef.org/approved-certifiers.htm>

accreditation would be.

Your answer:

If Green Deal is going to be market-led, it needs to be fronted by an army of people and organisations that are trusted – community, charity and voluntary groups and local tradespeople. In general terms, the public has more trust in these than in an energy company or supermarket. However, the costs of training and accreditation, the cost of meeting the proposed warranty requirements (how much protection will be offered to consumers before the expense of insurance and indemnity compromises scheme viability?), other potential costs and complex processes may make it difficult, unprofitable or financially unviable for smaller organisations to become providers.

We have very little confidence that despite the attempts by Government to highlight alternative routes to the provision of Green Deal via social landlords or social enterprise companies, that this type of model would be in a position to compete directly with fuel companies and the “DIY Sheds” of the country. More likely is the model that these community focussed organisations will either partner with a larger corporate provider or that they will be in the position to trade (broker) Green Deal ready properties and occupants.

Chapter 8: Payment collection

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

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

Please explain:

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/No/I don't know (please delete as appropriate)

Please explain:

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

Your answer:

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:

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:

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:

All suppliers should be part of the Green Deal, otherwise some consumers potentially face reduced opportunities. Also, consumers with Green Deal packages in place may not have the option of switching to a smaller supplier if the supplier has not opted in.

However we understand that placing undue burden on smaller suppliers may constrain competition thereby having the unintended consequence of increasing fuel bills across the customer base. Therefore we agree with the "opt-in" approach however we would like to see some targets placed on opted out suppliers regardless of their size to promote ECO to their own customer base.

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

Please explain:

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

Please explain:

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.

Disagree

EAS believes customers Green Deal Debt should not be included in the £200 limit suggested. This would be exceptionally limiting to most customers with even a modest debt. To have that increased by a Green Deal debt and prevent a move to a fuel supplier with a better tariff and lower fuel prices would be counterproductive.

In any case the Green Deal finance is attached to the meter and therefore is designed to move with the customer regardless of who is their supplier. Whilst existing electricity consumption and the Green Deal finance are paid by the same mechanism, fuel debt and Green Deal debt should be considered as two different debts. It is easier to visualise this situation where the Green Deal Provider (GDP) is not a fuel supplier. In this case why would a non-supplier GDP have a concern about the debt that a customer has with their fuel supplier? Therefore if the non-supplier GDP shouldn't have concern then by the same token, neither should a supplier GDP.

We would not want to limit the ability of a customer to pay for any Green Deal debt by limiting their switching options (and therefore access to cheaper tariffs) because of the size of the Green Deal debt.

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?

Disagree

Please explain:

Despite the models proposed, it is not entirely clear how brokerage will be made to work effectively. Delivery of supplier obligations in the past including CERT/CESP have naturally led to partnership working approaches with trusted local organisations. We would not want to see these effective local enterprises disrupted by a more centralised delivery model.

What is important is that local and trusted delivery agents can become part of the framework for delivery as this brings with it more than just the delivery of measures, but also access to other key services and advocacy. Delivery schemes need the flexibility to be able to respond to the wide variety of needs and conditions that exist in the community. This requires locally community focused schemes with short enough management chains to be able to respond to a variety of circumstances.

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?

Disagree

Please explain:

We can't see the point of imposing a target to work with organisations that are able to provide "the most cost effective delivery options". The need to work with such organisations is implicit within the ECO target overall, thus suppliers will naturally focus on working with these organisations to balance working with organisations delivering the less cost effective measures.

This target would therefore be counter-productive to working with organisations where delivery is not expected to be economic i.e. rural and island communities.

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?

I don't know (please delete as appropriate)

Please explain:

As the system of brokerage is moving into new ground for everyone, it would be unhelpful at this stage to impose a volume target on it. It may be easier to tackle this question once more evidence of the operation of ECO is made available after years 1 and 2 of the scheme. In the meantime, EAS would prefer to see a target placed upon ECO obligated companies to work with community focused not-for-profit organisations in the delivery of the ECO. This target should be set as a minimum percentage based upon the size of the supplier customer base.

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:

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:

Despite the various levels of protection for Green Deal and ECO consumers, there is a key role for the Energy Ombudsman as an independent 'last resort' source of support. This is particularly important in light of the UK Government's decision to allow disconnection from supply for those who don't maintain Green Deal payments, even when fuel bill payments are maintained.

The powers of the Energy Ombudsman must be reviewed, revised and upgraded to enable them to be more proactive in ensuring that things don't go wrong in the first place - building quality into the processes instead of waiting for it to be 'inspected in'. Integral to this is a requirement that there is a clear distinction for the Ombudsman regarding which are supplier issues (and that the Ombudsman will already be largely familiar with) and which are issues that come under the remit of the Green Deal Provider. The Energy Ombudsman must have the ability/authority to enforce its decisions.

Chapter 11: Setting the ECO and target metrics

Q56: Do you agree that targets of 0.52 million tonnes of CO₂ 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 GB wide programme to cut domestic carbon emissions from housing and address fuel poverty. EAS does not believe that the target for carbon or heating costs is sufficient to meet the 2016 fuel poverty target or to properly contribute to the 2020 carbon target in Scotland even taken in tandem with other government programmes,. As the consultation recognises, expenditure on domestic energy delivers huge economic, social and environmental gains. EAS therefore believes that government must provide greater evidence on what other measures it intends to use to meet the 2016 and 2020 targets.

The letter from the Committee for Climate Change (20th December 2011) sets an ambition for both the ECO and the Green Deal of between 4-5 MtCO₂. We agree that the inclusion

of cavity wall insulation and loft insulation across all tenures within ECO makes this a viable target. We believe that increased area penetration for these types of measures under ECO will help to stimulate the take up of Green Deal measures. Working across areas, street by street with the ability to be able to provide something for everyone will realise enormous benefits for both the private and the public sector.

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?

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

Your answer:

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:

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:

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:

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:

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:

Administration of ECO should **not** be provided by DECC if this requires outsourcing of technical functions. Outsourcing will add to the overall costs of ECO, reducing the number of measures that can be delivered.

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?

- There doesn't appear to be a discussion on what happens if a householder takes out a Green Deal finance on their property for something that meets the Golden Rule and so therefore is not subject to ECO subsidy. What happens if this person subsequently becomes ECO eligible, could there be a trading option for that householder to be able to "sell" off the carbon saving of their home contained within the Green Deal package to a ECO obligated company? In this way we could help to alleviate the potential hardship which could arise due to a person becomes fuel poor having to also carry the burden of a Green Deal package on their home.
- Monitoring of and compliance with the various processes is mentioned frequently throughout the consultation. What is not sufficiently clear is the enforcement process.
- Advice seems to be limited to pre-assessment provision and delivery during assessment. Post-installation advice is equally important but doesn't feature. It should be an integral part of the Green Deal and ECO processes.
- On a 'first come, first served' basis, ECO will end up supporting mainly the educated and relatively affluent, rather than those genuinely in need. There is a very real concern that ECO will ultimately pay for measures in households that can genuinely afford to pay to make their homes more energy efficient, with or without a Green Deal intervention. DECC states that 'the Administrator will need to be satisfied that the ECO contribution is material to the financing of the measures', but does not give any explanation of how this will be determined.
- ECO funding needs to be set at an appropriate level to permanently lift low-income households out of fuel poverty by enabling whole-house approaches.
- Most Green Deal measures will not pay for themselves through energy bill savings at current prices and ECO will help significantly fewer people in fuel poverty than the schemes it replaces. Green Deal and ECO substantially reduce the rate of home energy improvement in the UK (spending to address fuel poverty and winter hardship in the UK will fall by £1.8 billion). Unless substantially higher levels of support are provided for vulnerable and low-income households, the regressive nature of this policy will in effect

give government approval for the able-to-pay to benefit at the expense of the fuel poor.

- The Carbon Reduction element of ECO, provisionally assessed at 75% of expenditure, must be allocated to provide improvement works in hard to treat homes occupied by low-income households across all tenures.
- It is not entirely clear how DECC has arrived at their estimates of the number of jobs that will be created by Green Deal and ECO. Whilst there might be a shift in the nature of the jobs available (for example, because of the emphasis on SWI or because of the number of Assessor and administrative posts required), far fewer jobs are likely to exist than is currently the case because the number of energy efficiency installations that will be undertaken by Green Deal and ECO is significantly lower than those undertaken for CERT, CESP and Warm Front. Do the DECC estimates take account of the number of people likely to lose their jobs because of reduced programme funding overall?
- At the implied interest rates (DECC's Impact Assessment gives a central rate of 7%, which is obviously substantially higher than the 3% indicated in early communications about Green Deal) very few measures will pay for themselves either within their expected lifetime or the 25 year Green Deal timeline. With a 7% interest charge applying, those taking on board a 25-year Green Deal package will ultimately pay more than 50% in interest. This means that the time in which a measure effectively has to pay for itself is effectively 12 years, not 25 years! Even with interest at half the DECC central rate, a new energy efficient boiler is unlikely to pay for itself in its 12-15 year lifetime.