



Green Deal

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What are we



What is the Green Deal?

Green Deal Finance

- Building assessed for feasibility of energy efficiency measures
- Customer agrees to package of measures at no upfront cost
- Measures installed
- Charge applied to meter point at that house, recovered through energy bills
- “Golden rule”: GD charge must be less than or equal to projected saving on bills
- Charge passes to new bill payer on change of occupancy

Energy Company Obligation (ECO)

- Carbon target
- Home heating cost reduction target

What's SSE got to do with it?

SSE has three main roles

1. An OBLIGATION to provide a billing route for GD charges
2. An OBLIGATION under the ECO
3. A VOLUNTARY role as one or more of GD Provider / Finance Provider / Assessor

ECO & Green Deal: what could it do?

Assume 6% interest, 25 year term	SWI – 3 bed semi	SWI – 3 bed mid terrace	SWI – 2 bed flat
Capex	£12,500	£10,000	£7,000
Annual payment	£978	£782	£548
Admin fee	£65	£65	£65
Total annual payment	£1,043	£847	£613
Energy bill savings	£400	£210	£200
Max capex within Golden Rule	£4,282	£1,854	£1,726
ECO “top up” required	£8,218	£8,146	£5,274
Assumed proportion of houses	28.6%	42.3%	29.1%

⇒ 1.6m houses treated by 2020 at £1.7bn annual cost
 £45/t subsidy cost

ECO questions

What is the right size of ECO?

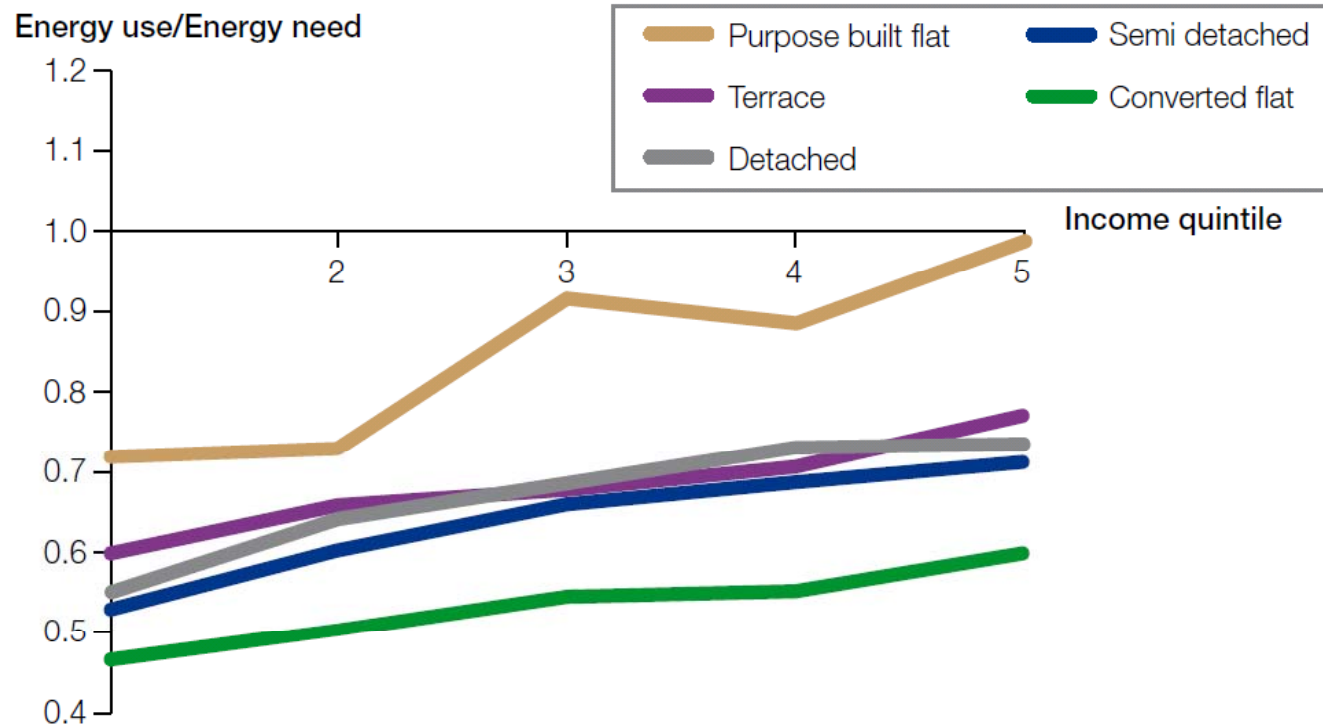
What is the right balance between fuel poverty and able to pay market?

Who can access ECO and how?

Will ECO define the Green Deal market?

Assessment and the Golden Rule

Figure 1 Heating energy use vs Energy need for households in different property types across different income quintiles



A solid wall story



A solid wall story



A solid wall story



A solid wall story

- U value improved from ~ 2 to ~ 0.6
- Marginal cost $\sim \text{£}15/\text{m}^2$
- Simple payback ~ 5 years
- Meets Golden Rule based on marginal cost



Green Deal Finance questions

How sophisticated does the assessment need to be?

How accurate will the assessment be?

How will the assessment be funded?

How will opportunities from “trigger points” be maximised?

How will customers respond to the Green Deal offer?

What supporting framework do we need?