

Green Deal Provider Guide

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I. Introduction

The aim of this guide is to provide a step-by-step practical guide on how to set up as a Green Deal Provider. Please note that this does not replace the more detailed Green Deal Provider Guidance, which will be available shortly.

What is a Green Deal Provider:

It is an organisation which plays a central role in the Green Deal process, enabling the implementation of Green Deal works for the customer. Its main functions are to:

- Offer a Green Deal plan to the customer based on recommendations from an authorised assessor;
- Provide a finance package that spreads the cost of measures over time;
- Contract with the customer for the Green Deal measures to be installed by an authorised installer, and;
- Be the counter-signatory to the Green Deal Plan, and the CCA agreement.

There are a number of other on-going obligations, including dealing with customer complaints, sending out annual statements that meet CCA requirements and providing information when the bill payer changes.

Green Deal Provider Business Models

There is no one size fits all in terms of a Green Deal Provider business model.

Some firms will want to deliver every part of the value chain in-house through their own staff. Others will wish to specialise in one function at which they excel and partner with other specialist organisations to deliver other functions. Here are a few examples of potential business models;

1. **One Stop Shop** – The Green Deal Provider could choose to carry out all aspects of the work themselves, from providing (or sourcing) the finance and carrying out the assessment, to supplying and installing the goods using their own employees.
2. **‘Partnership Model’** - This is a model in which the Provider would provide the finance package and cover all ongoing obligations to the consumer, but would work in partnership with contractors to carry out works and/or assessment.

3. **Customer Face** – The Provider would carry out all the work and provide the finance package, but would outsource the marketing and branding to another single company (e.g. an organisation which already has a trusted brand).

4. **Counter-signatory only** - The Provider would be the counter-signatory to the GD plan, putting in place the finance package and retaining formal responsibility for statutory provider requirements. However, all customer facing activities, including marketing, installation and ongoing customer services would be outsourced to other companies engaged in the Green Deal supply chain. Under this model SMEs could become 'agents' for providers.

How do I become a Green Deal Provider?

In order to provide confidence to customers and investors, it is important to ensure Green Deal Providers are operating to a high standard. Companies will therefore need to be authorised and abide by certain authorisation requirements to operate in the market. These requirements include:

- Complying with the Green Deal Code of Practice;
- Meeting the requirements set out in the Green Deal Framework Regulations (which we plan to make this summer, and will be published on the following website - <http://www.legislation.gov.uk/browse>)
- Signing up to the Green Deal Arrangements Agreement (GDAA), a contractual agreement between Green Deal Providers and electricity suppliers governing the payment collection and remittance process;
- Holding a valid Consumer Credit Act 1974 (CCA) licence (in order to offer Green Deal plans for domestic properties);

The Green Deal Registration & Oversight Body (due to be in place by early August) will administer the authorisation process for Green Deal Providers. A fitness test will be conducted to assess whether a Green Deal Provider is fit to hold a Green Deal license and operate in the Green Deal market. This will include looking at whether the Green Deal Provider has acted in a customer facing field before and assess how they behaved, and how they have handled customer complaints.

II. Setting up as a Green Deal Provider: The Route to Authorisation

Green Deal Code of Practice:

The first step to authorisation is to familiarise yourself with the Green Deal Code of Practice and ensure that you will be in a position to comply with it once authorised.

The Code sets out the minimum standards required of those participating in the Green Deal, whether as Green Deal Providers, assessors, installers or certification bodies, and supplements relevant legislation.

It also includes detailed requirements regarding the implementation of the Golden Rule (the principle that the charge on the property should not exceed the likely energy bill savings), use of the Green Deal quality mark and marketing material as well as information relating to minimum levels of redress they should offer to customers and information they should provide.

Green Deal Providers will be legally required to adhere to all parts of the Code relevant to them.

The Code will be managed, and compliance will be monitored on the Secretary of State's behalf, by the Green Deal Registration & Oversight Body.

A draft of the Code was published during the Green Deal & Energy Company Obligation Consultation period, and can be found using the following link:

<http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3585-draft-green-deal-code-practice.pdf>

We are expecting, subject to Parliament, to have the Code made publically available by June 2012, on the Department for Energy & Climate Change's website: <http://www.decc.gov.uk/>.

Green Deal Arrangements Agreement (GDAA):

Green Deal Providers will also need to sign up to the GDAA. This is an agreement between electricity suppliers, as collectors of the Green Deal charge, and Green Deal Providers.

All Green Deal Providers, and electricity suppliers bound by licence conditions to collect the Green Deal charge, must be party to the GDAA.

The final version of the GDAA will be available from the Green Deal Registration & Oversight Body by August. However, if you would like to see an early draft of the GDAA, please contact Rupert.Wilmouth@decc.gsi.gov.uk.

CCA Licence:

Organisations will almost certainly need a valid CCA licence, if they wish to offer Green Deal plans for domestic customers.

Where a licence is required, it is likely this will be a Category A licence (consumer credit business). If the Green Deal Provider undertakes other activities connected to the provision of credit, additional categories of licence may be required.

The CCA licensing regime incorporates a test of fitness, including competence to engage in credit activities.

Please see the guidance on credit licensing available on the Office of Fair Trading website and in particular the publication 'Do You Need a Credit Licence?' www.offt.gov.uk/shared_offt/business_leaflets/credit_licences/oft147.pdf for more detail.

To obtain a licence, you will need to contact the Office of Fair Trading at <http://oft.gov.uk/OFTwork/credit-licensing/apply/#named4>.

Green Deal Providers will also need to adhere to other relevant consumer protection legislation, such as the Sale of Goods Act, the Consumer Protection from Unfair Trading Regulations and the Unfair Terms in Consumer Contracts Regulations. Please also contact the Office of Fair Trading or Trading Standards Institute for more information.

Green Deal Registration & Oversight Body

The Green Deal Registration & Oversight Body will, on behalf of the Secretary of State, manage the authorisation scheme for participants in the Green Deal.

It will deal with applications for authorisation to act as a Green Deal Provider. It will also have a role to play in monitoring the conduct of Green Deal Providers.

The Green Deal Registration & Oversight Body will be in place by early August.

III. What is expected of me as an authorised Green Deal Provider

Developing the Green Deal Quote

Once the customer has their Green Deal assessment completed by a Green Deal assessor, they will be able to take the outcome of the assessment to any Green Deal Provider to obtain a quote and agree to a Green Deal Plan.

Green Deal Providers will be responsible for developing the quote for their customers, based on the outcome of the customers' Green Deal Advice Report (GDAR), produced by the Green Deal assessors. The GDAR will consist of an EPC and a bespoke occupancy assessment of energy use by the current occupier.

The quote will include the costs of the measures themselves, installation, cost of finance and any other associated costs.

Green Deal Providers must also estimate the likely savings on energy bills for the property as a result of having the measures installed, and the likely period over which the savings are likely to be made.

The Green Deal Golden Rule principle is that the amount of the instalments should not exceed the estimated savings, and the duration of the charge must not exceed the estimated lifetime of the measure.

The Green Deal Provider will be required to base their savings estimate for measures on the estimate set out on the customer's EPC produced during the Green Deal Assessment. If the occupancy assessment flags a lower than average energy user, the Green Deal Provider will have to consider this when developing the quote.

An online Adviser Tool can also be used by the Green Deal Provider to update and refine the savings estimate, and to work out how much finance can be offered under the Golden Rule and provide the customer with a quote. The Provider will need to enter the Report Reference Number (RNN) included on the customer's EPC into the Advisor Tool to start the process.

The Advisor Tool can be found at: <http://epcadviser.direct.gov.uk/epcadviser.html>

To help you understand how this works, we have created a mock RRN which can be entered into the Advisor Tool. The RNN is 8304-8255-5120-4526-4183.

The Code of Practice provides more detailed information on developing a quote, including guidance on ensuring any available support for customers eligible for ECO support is factored into the finance calculation.

The Green Deal Plan

If the customer decides to proceed with the Green Deal Provider's quote for the finance and installation of measures, the Green Deal Provider will need to set up a Green Deal Plan.

The Plan is the contract between the Green Deal Provider and the customer. It sets out the financial terms of the agreement, including the interest rate. It will also contain other key terms relating to warranties and ensure bill payers are not prevented from changing the intervals at which they pay their energy bills or switching energy suppliers.

Green Deal plans for domestic properties will be regulated consumer credit agreements under the CCA and will therefore need to comply with all relevant CCA provisions.

Certain other conditions must be met in order for the plan to qualify as a Green Deal Plan, with the effect that the obligation to pay instalments passes from bill payer to bill payer.

Please refer to the Green Deal Framework Regulations and the Code of Practice, where these requirements will be set out in detail. Once laid in Parliament, the Framework Regulations will be made publically available on the Government's legislation website (www.legislation.gov.uk), and the Code will be published on DECC's website (<http://www.decc.gov.uk>) by June 2012.

Use of the EPC Registers

There are two EPC register operators:

- Landmark Information Group - hosts the data of all EPCs generated in England and Wales;
- EPC Register Scotland - hosts the data of all EPCs generated in Scotland.

Green Deal Providers will need to register with the registers that cover where they intend to operate.

After the launch of the Green Deal, it will also host the occupancy data which will be generated as part of the Green Deal occupancy assessment, thereby allowing the generation of GDARs. GDARs will advise customers of:

- the energy efficiency of their property;
- their energy consumption behaviour at the property ("occupancy advice"); and
- make recommendations as to the energy efficiency improvement measures that are likely to improve the overall energy efficiency of the property and be suitable for Green Deal finance.

Green Deal Providers will be given access to the register to view EPCs. With the permission of the customer, Providers will also be able to access occupancy data, in order to calculate quotes and develop proposals for Green Deal Plans.

Once Green Deal measures have been installed and signed off, the Green Deal Provider will need to give the customer a new EPC which reflects the changes that have occurred to the property and records the existence of the Green Deal Plan.

The Green Deal Provider will also need to ensure that the new EPC, including information about the plan, is placed on the EPC register. The EPC will then be used to disclose the

existence of the Green Deal charge on the property, as well as the measures that have been installed, to any potential future bill payer.

In short, Green Deal Providers will need to use the Register to:

- View EPCs and occupancy data for potential customers;
- Commission the EPC assessor to produce a new EPC in order to reflect measures installed;
- Add Green Deal Plan information to the EPC.

From time to time, Green Deal Providers will also be required to amend information about the Green Deal Plan on the EPC when, for example, a customer chooses to pay off a lump sum of the remaining finance, when measures are added or taken away, or when the Green Deal is paid off. This will ensure that the EPC holds the most up-to-date information.

More information, including guidance on how to handle a possible change of use at a property, is set out in the Green Deal Provider Guidance.

Gathering and Storing Consents

Before the work can go ahead, the Green Deal consumer may need to gain consent for:

- the Green Deal measures to be installed from, for example, a freeholder or the local planning authority, and;
- the Green Deal charge to be attached to the electricity bill from both the electricity bill payer and the owner of the property (if different, for instance in rental properties).

Whilst it is the responsibility of the customer to check relevant consents are in place, the Green Deal Provider will be required, through the Code of Practice, to advise improvers of the likely consent requirements at the earliest opportunity including the types of consent and form these should take and any possible sanctions they face if they do not obtain the correct consents, or provide fraudulent consents. Please refer to the Code of Practice for further details.

The customer will supply the Green Deal Provider with documentation from all relevant consenting parties demonstrating that consent(s) to the specific improvement(s) has been granted. The Green Deal Provider will be required to ensure the documentation related to the charge is attached to the Green Deal Plan before it is entered into. The Green Deal Provider must also collect and store the documentation related to the measures.

Working with Others

Whether you choose to keep all the functions in-house, or out-source certain aspects of the delivery chain, as the counter-signatory to the Green Deal Plan, it is the Green Deal Provider's responsibility to ensure that the services you provide to your customer meet certain standards.

Green Deal standards for installers and assessors will be implemented through certification bodies. To ensure a robust and consistent application of the new standards, we have

appointed UKAS (the United Kingdom Accreditation Service) as the independent third party body that will accredit the installer and assessor certification bodies.

The Green Deal Code of Practice sets out in full the requirements installers and assessors will need to abide by, in order to operate under the Green Deal.

On-going contact with customers

Green Deal Providers will be obliged to maintain regular contact with their customers. For example, for Green Deals regulated by the CCA licence (including domestic properties), Providers will be required to:

- provide customers with periodic statements that set out how much they have paid off, and how much is left to pay;
- respond promptly to requests from customers for information about their agreement;
- include additional information with statements, to remind customers that the Green Deal is a credit arrangement where collection takes place via the electricity bill.

Further information regarding on-going contact with customers, including customers not regulated by the CCA licence (such as non-domestic properties), is set out in more detail in the Green Deal Code of Practice.

Dealing with Customers Complaints

The Green Deal Provider is the first point of contact for customer redress, and will have an obligation to investigate any problems that arise.

Green Deal Providers should make every reasonable effort to rectify problems relating to a Green Deal Plan on behalf of the customer, working through their sub-contracts with installers and assessors (where appropriate), and with installer and assessor certification bodies to resolve disputes between them, if appropriate. More details can be found in the code.

If this stage is unsuccessful, Green Deal Providers may direct their customer to consider using the Financial Ombudsman Service, Energy Ombudsman Service or a Green Deal ombudsman service, depending on the nature of the complaint.

It is crucial to note that the Green Deal Provider must handle the complaints in accordance with the complaints handling procedure set out in the Green Deal Code of Practice.

Where a complaint gives rise to the need to take disciplinary action against the Green Deal Provider, we would use the civil sanctions regime which we have put in place. It provides for a stepped process, and where possible, it will be operated in line with existing practices and regulatory regimes. This could be used where there are breaches of the authorisation requirements in the framework regulations or breaches of provisions in the code of practice. Green Deal Providers will be given ample opportunity to comply before enforcement action is taken.

Obtaining finance

As stated above the Green Deal Provider, as counter signatory to the Green Deal Plan, is responsible for providing the finance for the Green Deal works. DECC is keen to see innovative financing solutions supporting the Green Deal and Green Deal Providers are able to raise the underlying finance to support Green Deal Plans however they choose. Financing options can be either on or off balance sheet or delivered in partnership with financiers.

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