

PROGRESS ON SETTING UP THE GREEN DEAL FRAMEWORK

11 June 2012

Progress on setting up the Green Deal Framework

The Government remains on track, subject to Parliamentary approval of the necessary secondary legislation, to have put in place the framework for the Green Deal and Energy Company Obligation (ECO) by October 2012. We set out here the elements of the framework that are already in place and specify those that will follow over the coming months. Much of this is informed by the helpful responses we received to our consultation. The intention is to provide the clarity and certainty that all those wanting to participate in the Green Deal – whether as assessors, installers, funders or facilitators – have sought.

This will open the door for this ground breaking new initiative to build steadily over the next 18 months and go on to meet the Government's ambitions for a major programme of national energy efficiency retrofit across the next 10 years and beyond. We aim to establish a framework that will allow Green Deal to be a vibrant and innovative new market with plenty of consumer choice. We also want it to be synonymous with a good customer experience from day one.

Progress So Far

The significant achievements so far include:

- **Legislation:** the primary legislation providing the powers to bring forward the Green Deal are set out in the Energy Act 2011 which received Royal Assent last October. We consulted on the arrangements for implementing the Green Deal in November 2011 including the detail of secondary legislation. On 11 June 2012 we are both publishing the Government response to the consultation and laying the first regulations before Parliament (with more to follow within a fortnight). Subject to Parliament's time and approval, we expect the regulations to be finalised before summer recess.
- **Managing and supporting the Green Deal framework:** in establishing the Green Deal framework we have wanted to be both transparent and provide good value for taxpayers' money. We have also wanted to signal the extent to which the Green Deal represents

market opportunities. We are therefore outsourcing the delivery of Green Deal services through competitive tendering wherever possible. Key developments include:

- A **new national energy saving helpline** opened for business on 2 April with the Energy Saving Trust appointed as the contractor. This service will be essential to the Green Deal as it will support consumer confidence by providing impartial advice as well encouraging take up of energy efficiency measures.
- We will shortly sign a contract to put in place **the Green Deal Registration and Oversight Body (GD-ROB)**. The GD-ROB will have a key role in terms of Green Deal administration as it will register assessors, installers and providers, report on Green Deal activity and act to protect the Green Deal Quality Mark brand, for instance through mystery shopping. The GD-ROB's registers will be open from August 2012.
- The ECO Order, amongst the secondary legislation being laid before Parliament this week, appoints **Ofgem to act as the ECO Administrator**. Ofgem will have the important role of ensuring that energy suppliers meet their targets under the Energy Company Obligation.
- We are in the process of procuring the **Green Deal Ombudsman and Investigation Service** function and intend to make an announcement shortly. This function will provide a redress route for customers that have unresolved complaints relating to their Green Deal.
- **Further procurements** will follow and are likely to include administration of the incentive scheme for Green Deal take up, a brokerage function for the ECO and management of a system allowing companies to demonstrate the specific energy saving benefits of their products for use in the Golden Rule calculations.
- Beyond DECC procurements, the Master Registration Agreement Service Company signed a contract with C&C on 1 May, on behalf of the energy suppliers, which will deliver the **Central Charge Database (CCD)**. The CCD will be crucial to the Green Deal as it will act as a repository of data and allow the collection and remittance of Green Deal loan payments.
- **Setting the right standards for the Green Deal participants:** the previous section sets out key elements of the framework that are being put in place but we are also taking specific steps to give consumers confidence in the installation of energy efficiency measures under the Green Deal by ensuring work is carried out to high standards:
 - We have consulted on a new and binding **Green Deal Code of Practice** to provide clarity and robust standards for all participants and customers .
 - The first wave of Green Deal **accredited certification bodies for assessors and installers was approved by UKAS on 17 May** in readiness for launch. More

bodies will be approved over the summer. Certification bodies will be the gateway for all Green Deal professionals (assessors and installers) and will ensure only competent and qualified firms and individuals can operate under the Green Deal.

- The Publicly Available Specification (PAS) 2030, to be used as **the standard for all Green Deal installers**, was published in February and is available on the BSI website. Based largely on existing standards and best practices, the specification is designed for installing, managing and providing energy efficiency measures in existing buildings.
- Full **National Occupational Standards (NOS)** and syllabus are available for both domestic and non-domestic Green Deal advisors. A number of awarding organisations have already developed Green Deal advisor qualifications with training already rolling out across the country.
- **New assessment tools** are available online for training of Green Deal assessors in both the domestic and non-domestic sectors, with full offline versions and third party software expected soon.
- In March we announced £3.5m of funding for **training Green Deal assessors and installers** and ‘train the trainer’ events will soon be rolling out to ensure consistency and quality in the training of assessors.
- **Green Deal Providers and Finance:** the Green Deal is a market based mechanism and this major programme of retrofit will be delivered and funded by the private sector. Government will continue to work with providers and others to support their entry into the market:
 - A group of **Pioneer Green Deal providers** have signed a Memorandum of Understanding with DECC to take action to become the first Green Deal providers. This group has committed to work with DECC to develop and test the business processes and data flows necessary for a successful Green Deal, ensuring the move from testing to implementation works seamlessly and provides a good customer experience from day one.
 - We are continuing to engage with a range of **commercial finance providers** including major banks and new ventures such as The Green Deal Finance Company and the Local Energy Efficiency Partnership who are intending to bring large scale financing options to market in 2013. The Green Deal is a phase 1 priority for the Green Investment Bank, which is exploring how it can play a catalytic role in the market.
- **Energy Company Obligation (ECO):** alongside Green Deal finance, the regulations we are publishing establish a new obligation on the major energy suppliers:

- They will need to spend an estimated £1.3bn a year to promote energy efficiency and heating measures in households, and this is likely to be in combination with the Green Deal itself.
- We have put in place new standards of openness and transparency around the obligation, to ensure maximum value for money.
- ECO measures will usually need to be delivered to the same quality standards as the Green Deal itself, meaning clarity and consistency for consumers and for industry across the delivery landscape.
- The energy suppliers will be responsible for the precise nature and timing of the activity needed to meet their targets, but they will be able to start delivering from October this year

Next Steps

Subject to Parliamentary approval of the secondary legislation by summer recess, the following will happen:

- **Managing the Framework:** appointments will be made in June into the roles of Registration and Oversight Body and the Ombudsman and Investigation Service.
- **Setting standards:** we will publish the Green Deal Code of Practice later in June. From August, Green Deal accredited certification bodies will be able to submit applications to register with the Registration and Oversight Body. The certification bodies will in turn then be able to register those assessors and installers they have certified. Similarly, potential Green Deal Providers will be able to apply from August for their approval. This will allow participants time to prepare, ready for formal authorisation to start work under the Green Deal framework when it commences in October. The market will be able to start to establish itself, with legislation coming into force in January 2013 which will enable providers to formally enter into the first Green Deal plans.
- **Energy Company Obligation:** the regulations underpinning the Energy Company Obligation will put ECO in place from October to replace the existing Carbon Emissions Reduction Target and Community Energy Savings Programme schemes which are due to close on 31 December. The new Energy Company Obligation has the twin objectives of carbon emissions and fuel poverty reduction. Ofgem, in their role as administrator, will be publishing ECO guidance in August and September.
- **ECO brokerage:** we will seek voluntary commitments from the energy companies to use the brokerage mechanism from October to allow other organisations to access ECO

subsidy. In September we will consult on whether there is a need for further legislation to oblige energy companies to use the ECO brokerage mechanism and if so how much subsidy they should be required to trade.

- **Marketing and communications:** activity will be dominated by Green Deal participants (assessors, installers and providers). However, during the market development period and beyond, DECC will work with private and public sector partners including Green Deal providers, Local Authorities, Social Housing Landlords and other key players to build momentum for change. We will also help build confidence and trust by fostering recognition of the Green Deal Quality Mark which will have to be used by all Green Deal participants. This work will be complemented by the introduction of a £200m package of incentives to encourage early take-up. We will announce further details on the scheme later this year.

We will ensure these remaining elements of the Green Deal and ECO framework are put in place swiftly. We will also continue to liaise closely with our delivery partners and those we know want to participate in the Green Deal. We acknowledge the messages from them that they want to properly test the new systems and processes that underpin the Green Deal. This fits with our objective of a Green Deal that provides an excellent customer experience from day one and a market in which a range of new players can readily participate. We are therefore working with our delivery partners to commence Green Deal with an early period of focused testing which will build into a national roll out.

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