



Department for
Business, Energy
& Industrial Strategy

CALL FOR EVIDENCE – GREEN DEAL FRAMEWORK

A call for evidence on the reform of the
Green Deal Framework

October 2017

CALL FOR EVIDENCE

A call for evidence on the reform of the Green Deal Framework

The call for evidence can be found on the Department for Business, Energy & Industrial Strategy's section of GOV.UK:

<https://www.gov.uk/government/consultations/call-for-evidence-on-the-reform-of-the-green-deal-framework>

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Any enquiries regarding this publication should be sent to us at gdframework@beis.gov.uk.

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General information

Purpose of this call for evidence

This call for evidence is to improve our knowledge of stakeholders' views on the Green Deal Framework, and whether there is scope for changing the Framework so that it can better support current and future needs. We are seeking views on the Framework as a whole, all the elements within it and on factors that may warrant changes to it. The Government will ensure throughout that the interests of consumers are foremost.

Issued: 12th October 2017

Respond by: 23rd November 2017

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Territorial extent:

Great Britain

How to respond

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Responses should be submitted using the CitizenSpace online platform [here](#).

Alternatively, responses can be sent by email to gdframework@beis.gov.uk, or in hard copy to the address above and marked 'Response to call for evidence on the reform of the Green Deal Framework'.

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found [here](#).

Confidentiality and data protection

Information provided in response to this call for evidence, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the call for evidence. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](#). This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance

If you have any complaints about the call for evidence process (as opposed to comments about the issues which are the subject of the call for evidence) please address them to enquiries@beis.gov.uk

1. Introduction

1.1 This Call for Evidence is being published alongside the Government's Clean Growth Strategy¹, which sets out a comprehensive set of policies and proposals that aim to accelerate the pace of "clean growth", that is, to deliver increased economic growth and decreased emissions.

1.2 There is a widely recognised need to improve the energy efficiency of the country's building stock, especially homes, where energy efficiency improvements can help reduce carbon emissions and householders to manage their energy bills. The Green Deal is one mechanism which can help to improve the energy efficiency of the building stock.

1.3 The Green Deal enables consumers to take out loans to pay for energy efficiency improvements in their properties, with repayments made through their energy bill. Repayments are made on a "Pay As You Save" (PAYS) basis: after the improvement has been made, the consumer begins to save energy, their energy bills are less than they would have been without the improvement, and these savings are used to repay the loan. A provision known as the "Golden Rule" (see page 14) helps to ensure that the payments should not exceed the savings.

1.4 The Green Deal was introduced in 2013. Uptake was below expectations and in July 2015 the Government announced there would be no further public investment in the scheme. The Framework to support the programme, however, remained in place to service existing Green Deal Plans and for any private finance providers wishing to enter the market.

1.5 The Green Deal Framework is a set of legislative, commercial and contractual arrangements. It was originally established during 2011 and 2012 with the purpose of supporting the Green Deal market.

Why we are reviewing the Framework

1.6 The Government is considering options for the future of the Framework in light of a number of factors. There may be several reasons why uptake of the Green Deal was below expectations. Two reasons in particular are often highlighted. The first is that, of the various barriers to consumers making energy efficiency improvements, the scheme only addressed the availability of finance (it did not, for instance, address consumer demand). The second is the scheme's complexity. It could, for instance, take some time for consumers to engage with the various scheme participants (see page 8) before securing a Green Deal Plan.

¹ [Clean Growth Strategy, Department for Business, Energy & Industrial Strategy, October 2017](#)

1.7 The Government believes, however, that the PAYS mechanism could still play a valuable role. In the right circumstances it could offer a route for consumers to borrow at low cost and repay over time through saving on their energy bills, for example, by supporting improvements to sub-standard private rented homes in England and Wales under the Minimum level of energy efficiency regulations². The Framework supports the creation of new plans and, although these are at a low level, these seem likely to increase. One reason is that the Green Deal Finance Company – the vehicle created to finance Green Deal loans and in which the Government ended public investment during 2015 – was purchased earlier this year by new owners, who are now offering new Green Deal plans. Other private finance providers have also been expressing renewed interest in PAYS.

1.8 This call for evidence therefore begins the process of a fundamental review of the Framework. The rationale for such a review is based on the potential for a future role for PAYS (and its potential to increase the numbers of energy efficiency improvements), plus other factors, including:

- *The scope for simplification:*

The Green Deal market did not develop as originally envisaged, and the current Framework was based upon assumptions about the level and type of activity. There may, therefore, be scope to simplify the framework to facilitate activity and reduce costs whilst still ensuring consumers are protected.

- *Changes in the wider industry and policy context:*

Most significantly, the “Each Home Counts” report³ (following the independent review on consumer advice and protection related to home energy efficiency) made a number of recommendations for improvements in these areas. Plans for implementation are currently in development which will outline how industry may put the recommendations into practice. Changes in the wider landscape have also occurred since the Framework was designed, particularly associated with the Consumer Rights Act and the Consumer Credit Act.

- *Technological developments:*

There may be other developments of which we are less certain, for instance involving different technologies. It is important that a Framework is in place that can respond to future needs.

1.9 Questions follow on specific aspects of the Framework, but we are also asking more general questions on the Framework as a whole, and what factors the Government should take

² Part three of the [Energy Efficiency \(Private Rented Property\) \(England and Wales\) Regulations 2015](#).

³ [Each Home Counts](#): an independent review of consumer advice, protection, standards and enforcement for energy efficiency and renewable energy – Dr Peter Bonfield, OBE, FREng, December 2016, for the Department for Business, Energy & Industrial Strategy and the Department for Communities & Local Government.

into account in the review. The review will include consideration of what the essential elements might be to facilitate a PAYS mechanism. In other words, as well as looking at the Framework as it currently stands, the review will look at what would be needed if building from afresh.

1.10 The Green Deal was originally designed to fund improvements at non-domestic, as well as domestic, properties, although in practice the Green Deal has operated only for domestic consumers. We would welcome responses regarding non-domestic usage to any of the questions on the Framework. A wider question to cover any other comments regarding the Framework in relation to non-domestic usage is also included (Q20).

1.11 As mentioned above, the Government is interested in views on the scope for simplification. Even if the level of activity increases, it may be that a simplified Framework could support this more effectively than the current version. A number of the questions in this document therefore look towards simplification. It should be noted, however, that whilst simplification may be a goal, the over-riding objective of the review is to ensure that the Framework is suitable for future needs, whatever these may be. In addition, the Government will also ensure throughout the review that the interests of consumers are foremost, and will only consider changes that will not weaken consumer advice, protection or redress.

1.12 Changing certain elements of the Framework would require legislative change. Any such requirements will be set out in any subsequent consultation, along with potential timetables.

1.13 During the call for evidence timeframe, we will also discuss the questions with stakeholders. The Government is keen to hear from the fullest range possible of interested parties. This includes participants and organisations involved in any way with the Framework, as well as consumers, those who represent them, and any party with a view on what the future of the PAYS mechanism and the Framework might be. Whilst we expect that some of the questions may only be of interest to those with detailed knowledge of the scheme and Framework, some more general questions are included (such as questions 18 and 19).

1.14 Short notes on elements of the Framework are provided in the following sections.

2. Green Deal Participants

Green Deal Certification Body

An organisation authorised by the Secretary of State to certify Green Deal Assessors and/or Green Deal Installers.

Green Deal Assessor

A Green Deal approved organisation, certified by an accredited Green Deal Certification Body to carry out assessments against the Assessor Specification and authorised by the Secretary of State to act as an Assessor. They may work independently or be part of a larger Green Deal Provider organisation.

Green Deal Advisor

An individual employed or contracted by an authorised Green Deal Assessor who visits a property to undertake a Green Deal assessment and make recommendations for energy saving improvements. They must meet the requirements set out in the National Occupational Standards for Green Deal Advisors.

Green Deal Provider

Providers authorised by the Secretary of State arrange Green Deal Plans, provide finance and arrange for the installation of the agreed energy efficiency improvements through an authorised installer.

Green Deal Installer

Only authorised Green Deal Installers can install energy efficiency improvements under the Green Deal. Installers must be certified by an accredited Green Deal Certification Body and meet the Publicly Available Specification (PAS) 2030 for measures they wish to install.

2.1 We are interested in understanding whether these roles could be fulfilled in any different ways, and in particular whether authorisation could be simpler, potentially opening the way for a wider range of organisations to use the PAYS mechanism.

2.2 For example, to become a Green Deal Provider it is currently necessary to: be assessed by the Green Deal Oversight & Registration Body (GD ORB); authorised by the Secretary of State for Business, Energy & Industrial Strategy; register with the Green Deal Ombudsman and Investigation Service; accede to the Green Deal Arrangement Agreement; and arrange access to the Green Deal Central Charge Database. In future, one option may be to establish

a simpler set of requirements for organisations to be able to use the PAYS system for the purpose of financing energy efficiency improvements. An example would be allowing access to any organisation holding valid authorisation from the Financial Conduct Authority.

2.3 Changes could also lead to different types of relationships between those who are currently termed Green Deal Participants, and we would welcome views on what these might be.

Questions

1.	What roles do you see in the future for the above Participants? Can any or all of these roles be fulfilled without the need for formal Green Deal status?
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2.	What interactions and relationships need there be between different Green Deal Participants?
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3. Green Deal Assessment

Assessments

An Advisor visits the property, inspects the property, talks to the consumer about their energy use, makes an assessment of whether the consumer could benefit from the installation of energy saving measures and makes recommendations about what measures are likely to result in the biggest energy and cost savings. In making the assessment, the Assessor uses approved assessment software.

Green Deal Advice Reports (GDARs)

A GDAR is produced as a result of the assessment. It comprises both an Energy Performance Certificate (EPC) and an occupancy assessment, and includes recommendations on energy saving improvements for the property and whether the measures could be funded by Green Deal finance. The latter shows the assessment of how the consumer uses energy in the property. If a consumer wishes to proceed with any of the recommended improvements and use a Green Deal Plan to do so, they must provide the GDAR to a Green Deal Provider to enable the next steps to be taken.

Energy Performance Certificates (EPCs)

EPCs contain information about a property's energy use and typical energy costs, and can also contain information about how to reduce energy and save money. EPCs are needed whenever a property is built, sold or rented.

For the Green Deal, an EPC forms part of the GDAR, and is updated once an installation is completed under the Green Deal. EPCs provide the mechanism for disclosure of the existence of a Green Deal Plan to buyers of a property or new tenants.

In-Use Factors

These are factors that account for differences between modelled savings and observed in-situ savings. Their use helps to increase confidence and consumer protection around the energy savings that can be achieved from installing energy efficiency measures displayed on a GDAR. They are used to lower the amount of finance that can be offered to consumers by a specified percentage per measure. They are applied to the savings estimates in the GDAR, meaning that savings figures on the EPC will differ from those in the GDAR.

3.1 We wish to consider whether assessments need to carry on in their current form or whether there is scope for simplification and/or improvement. One consideration is regarding the scope for self-assessment, and whether there might be appropriate infrastructure in the future to enable this. Another concerns outputs of the assessment, what these should contain and the format they should be in.

Questions

3.	Is it necessary for all types of assessment to be carried out by professionals (i.e. authorised Green Deal Advisors, or a future equivalent)? Would some form of self-assessment (e.g. by consumers) be possible and sufficient? If so, what might need to be in place to enable this?
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4.	In their current form, are GDARs necessary, or helpful to Providers and consumers? What outputs might lenders need in any future scenarios?
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5.	What value do In-Use Factors have? Do they achieve the aim of increasing consumer confidence and protection for consumers? Do they help provide lenders with confidence?
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4. Green Deal Measures

Measures

To fall within the Green Deal Framework, a measure must be on a list of energy efficiency improvements set out in secondary legislation. There are 46 listed measures⁴.

4.1 The Government wants to ensure that the deployment of any worthwhile innovations and new technologies can be supported and encouraged by the Framework, and that consumers can benefit from them. Currently, eligible measures are set out in legislation. It is possible to add to the existing list of measures, but the process can be lengthy and we are interested in whether there could be new approaches, such as a principles-based approach. In any new system, we would need to ensure confidence of consumers and lenders.

Questions

6. How might the process for incorporating new measures be made more efficient, and help enable the deployment of innovations and new technologies?

7. Is it better to have a list of qualifying energy efficiency improvements in secondary legislation or should the legislation just set out high-level principles (with the Standard Assessment Procedure⁵ – SAP - helping to determine whether an improvement falls within the principles)?

8. Are there alternative ways to determine what measures could be installed and funded using the PAYS mechanism, which would help enable the deployment of innovations and new technologies?

⁴ See [Green Deal \(Qualifying Energy Improvements\) Order 2012](#) and subsequent [Amendment](#).

⁵ [Standard Assessment Procedure](#) is the methodology used by Government to assess and compare the energy and environmental performance of dwellings.

4.2 Ahead of any changes to the Framework which would lead to a new approach to incorporating new measures, the Government is currently considering the case for adding three measures to the list. This Call for Evidence provides an opportunity to obtain views on the merits of adding these measures:

- battery storage, linked to microgeneration;
- connections to existing heat networks;
- replacement of condemned boilers.

4.3 Broadly, to be included as a measure, a technology must meet one of the following criteria:

- a measure which improves efficiency of gas or electricity (or any other energy, if specified in an Order) used in a property;
- microgeneration, including energy generated from: biomass, biofuels, fuel cells, PV, tidal/wave, wind, solar, geothermal, combined heat & power. For electricity this refers to generation up to 50kW, for heat up to 45kW;
- anything else that increases electricity generation or heat production, or reduces consumption through low-emission technology.

Question

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| 9. | What do you see as the merits of including the above measures in the Green Deal? Do you have any comments on whether they meet the criteria for measures? |
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5. Consumer confidence, protection and redress

Green Deal Code of Practice

The Code of Practice sets out requirements for Participants. It ensures that consumers can have confidence that the organisations they are dealing with through their Green Deal customer journey have appropriate training, qualifications and customer service procedures in place. The Green Deal Oversight & Registration Body maintains the Code and monitors Participants' performance against it.

Green Deal Quality Mark

Green Deal Assessors, Advisors, Providers and Installers must use the Quality Mark on identifying documents and any marketing material. Its purpose is to build and maintain trust and confidence in the Green Deal amongst the public and stakeholders.

Green Deal Ombudsman

A Green Deal Ombudsman service is provided under contract to the Department for Business, Energy & Industrial Strategy. Their role is to help resolve complaints if a Green Deal Provider is unable or unwilling to help when something goes wrong with a Green Deal Plan. The Ombudsman also deals with complaints where a seller or landlord fails to disclose key information about a Green Deal Plan, which they should do by giving the new bill payer a copy of the property's full Energy Performance Certificate which includes details of the Green Deal Plan (and in Scotland, additionally, the Recommendations Report).

Some complaints under the Green Deal consumer redress system need to be handled by bodies other than the Green Deal Ombudsman. Complaints related to the Customer Credit Act, or the financing or repayment process, are handled by the Financial Ombudsman Service. There are also some types of complaints handled by enforcement or advocacy bodies, such as the Office of Fair Trading, Trading Standards or Citizens Advice, such as where a service is incorrectly described or pricing is unfair.

Golden Rule

For a Green Deal Plan to be agreed, the maximum level of borrowing must be determined by an estimate of the savings on energy bills the bill payer is expected to make in the first year after instalment of the measure, and the estimated period over which the savings are likely to be made. The first year's repayments must not exceed the estimated first year saving, and the payment period must not exceed the savings period. This method of calculating the amount a consumer may borrow is known as the Golden Rule.

Disclosure

A homeowner with a Green Deal Plan who intends to sell their property, or a landlord renting a property to a new tenant, must disclose the Plan to the buyer or tenant, so that they will know what improvements have been made and how much they will have to pay. The method of disclosure is through providing a copy of the property's full Energy Performance Certificate with details of the Green Deal Plan included.

Private Rented Sector

The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 are designed to tackle the very least energy efficient privately rented properties in England and Wales – those rated F or G on their Energy Performance Certificate. The Regulations mean that, from 1 April 2018, landlords of private rented F or G rated properties will need to ensure that those properties are improved to a minimum EPC rating of E (or that a valid exemption has been registered) before signing a new tenancy agreement. The Regulations will require landlords of domestic F or G rated property to make those energy efficiency improvements which can be paid for using Green Deal finance, Energy Company Obligation (ECO) funding, or other third party grants, such as local authority funding. An exemption will be available where no suitable third party funding is available to cover the cost of the improvements.

5.1 The consumer's interest is at the heart of the Green Deal. In any revised Framework the Government will still need to be completely confident that a robust system for protection and redress is in place, and that effective, relevant advice is available and accessible.

5.2 We are interested in views on whether the existing provision can be – and should be - altered. One consideration is whether implementation of the recommendations of the Each Home Counts report will result in provision of alternatives to the Code of Practice and Quality Mark. The possibilities will become clearer as implementation of the Each Home Counts recommendations proceeds.

Question

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| 10. | Could the system which provides consumer confidence, protection and redress be managed differently? For instance, do other existing general consumer protections, such as those available to consumers under the broader consumer credit regime, provide alternatives? Can you foresee developments resulting from the implementation of the Each Home Counts recommendations as offering scope for change? |
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5.3 We are interested in whether there are other ways in which disclosure to new property owners or tenants can occur.

Question

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| 11. | Does the disclosure of a Green Deal Plan to prospective homeowners or tenants have to be by means of providing an Energy Performance Certificate? What alternatives exist? |
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5.4 There may be instances where consumers wish to combine measures, but where the identified savings from one or more measure do not meet the Golden Rule. This may act as a disincentive to some worthwhile improvements and possibly as a deterrent to consumers using the Green Deal at all. We are interested in any views on whether and how this could be overcome.

Question

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| 12. | Where consumers wish to make a number of improvements but not all meet the Golden Rule, are there any ways of better facilitating this? |
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5.5 More widely, we would welcome any other comments on the Framework and system as currently designed.

Question

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| 13. | Do you have any other comments on these elements of the Framework? Are there any ways in which they could be re-organised and improved, without any detriment to the consumer? |
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Question

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| 14. | Are there changes that could be made to the Framework to make it more accessible or attractive to landlords and tenants in both the private rented and social housing sectors? |
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6. Authorisation and certification of parties

Authorisation and Certification

Green Deal Assessors, Advisors, Providers, Installers and Certification Bodies must be authorised by the Secretary of State for Business, Energy & Industrial Strategy. Providers operating in the domestic market must be authorised by the Financial Conduct Authority. Assessors and Installers must be certified by authorised Certification Bodies. All the above must comply with the Green Deal Code of Practice.

Certification bodies

A number of organisations operate as Green Deal Certification Bodies. They are accredited by the UK Accreditation Service for the certification of installation and advisory services under the Green Deal and authorised by the Secretary of State for Business, Energy & Industrial Strategy.

6.1 At Questions 1 and 2 in this document we asked about the roles and status of Green Deal participants. Changing their status could have implications for how, and by whom, they are “authorised”. We are interested in views on whether specific Green Deal authorisation and certification is necessary. For instance, one option could be to allow any organisation regulated by the Financial Conduct Authority to act as a Provider, without need for further authorisation. For other Participants, this would appear to be another area where implementation of the recommendations of the Each Home Counts report could impact on provision.

Question

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| 15. | Do you see a need for specific Green Deal authorisation and accreditation? What role might parties involved in this play in the future? |
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7. Other elements of the Framework

Green Deal Plan

Sets out the financial terms of the agreement and includes consumer protections, such as warranties, to cover the energy efficiency improvements and installation. Only an authorised Provider can offer a Green Deal Plan.

Green Deal Oversight & Registration Body (GD ORB)

On behalf of the Secretary of State for Business, Energy & Industrial Strategy, the GD ORB manages the authorisation process for certain Green Deal participants prior to authorisation by the Secretary of State and is also responsible for a number of functions aimed at providing effective administration and oversight of the scheme.

It is responsible for maintaining a register of all Green Deal Participants and Certification Bodies, maintaining the Code of Practice and controlling the use of the Quality Mark, monitoring participants against the Code of Practice, gathering evidence of non-compliance and referring participants where necessary to the Ombudsman or Secretary of State, as appropriate.

GD ORB also provides the Secretariat for the Green Deal Arrangement Agreement.

Green Deal Arrangement Agreement (GDAA)

A multi-party agreement between electricity suppliers and Green Deal Providers, which governs payment collection and remittance of Green Deal Charges. An elected panel comprising GDAA parties is responsible for overseeing the GDAA.

Green Deal Register Service

A central database for lodging information for Green Deal Advice Reports (GDARs) and Green Deal Improvement Plans (GDIPs). Although there are few new GDARs being created, customer access to existing GDARs (of which there are over 500,000) must be maintained even if no new Green Deal Plans are produced, so that certain interactions with the database can be facilitated and to ensure the enforceability of existing Green Deal Plans.

Green Deal Central Charge Database (GDCC)

Operated by the Master Registration Agreement Service Company (MRASCo), the GDCC holds the financial details of Green Deal Plans and is used to instruct suppliers to collect repayments and remit them to the appropriate party.

Administration Fee

Energy suppliers may charge an administration fee, added to Green Deal Plans, to compensate them for the costs of collecting the Green Deal charge on behalf of consumers. This is currently set at 1p per day, per plan, or 2p per day per plan for smaller suppliers.

Question

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| 16. | We would welcome comments on any of the above elements of the Framework, and whether there is any case for a change in arrangements and the feasibility of making any such changes. |
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7.1 The Government signalled its intention in 2012 to review the administration fee within three years of the Framework becoming operational. Although later than originally intended – primarily because of the low level of take-up of the Green Deal – the administration fee will be reviewed as part of this call for evidence and subsequent consultation.

Question

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| 17. | We would welcome any views on the administration fee, including on the amount, and whether this is the most appropriate way of compensating suppliers for the costs of collecting the Green Deal charge. |
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8. Any other issues

8.1 The following questions aim to ensure that there is opportunity to consider comments on any aspect of the Framework.

Questions

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| 18. | Are there factors that we have not identified that you believe will, or should, influence the future of the Framework? How might they influence it? |
| 19. | Are there any other opportunities to improve the Framework, not covered by the above? |
| 20. | Are there any aspects of the Framework you wish to comment on specifically in relation to non-domestic usage of the Green Deal, not covered above? |

9. Next steps

9.1 After the closing date for responses on 23rd November 2017, the Government will consider the responses. A consultation on the Green Deal Framework will follow.

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