



11 April 2013

## STATISTICAL RELEASE: EXPERIMENTAL STATISTICS

### Domestic Green Deal and Energy Company Obligation in Great Britain, Monthly report

#### Introduction

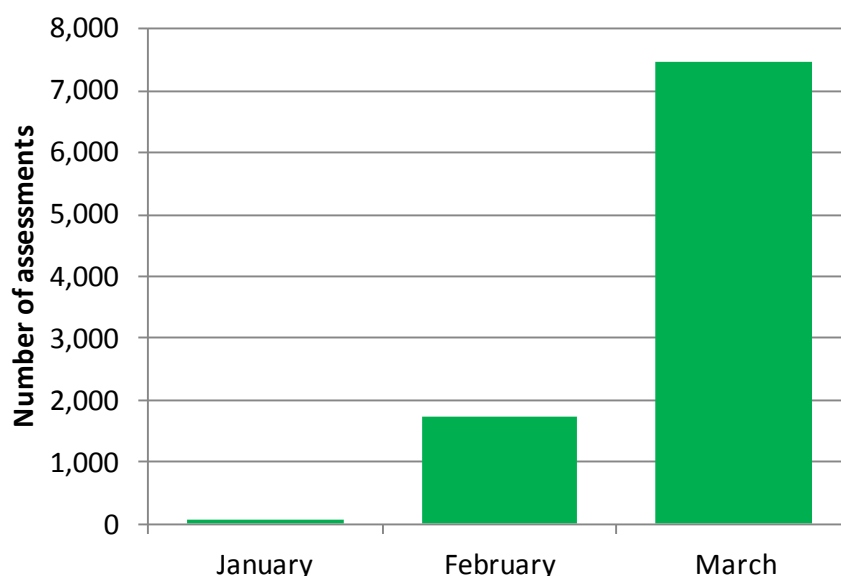
This release presents the second monthly statistics on the Green Deal (GD) for the domestic sector and the Energy Company Obligation (ECO). This release includes summary figures on the number of GD Assessments, the GD supply chain and information on ECO brokerage, all to the end of March 2013.

The Green Deal launched on 28 January 2013 in England and Wales and on 25 February in Scotland. ECO started on 1 January 2013 for Great Britain.

#### Key points (to the end of March)

- 9,268 GD Assessments had been lodged to date (Chart 1), up from 1,803 at end of February (with 7,465 in March alone, compared to 1,729 in February).
- 108 GD Assessor Organisations and the 1,003 GD Advisors they employ had been accredited, up from 77 and 618 at end February respectively
- £68.9 million worth of contracts had been let through the ECO brokerage system, compared to £26.9 million at end February.

Chart 1 – Number of GD Assessments lodged, by month



## **Charts**

- [Chart 1](#)      Number of GD Assessments lodged, by month
- [Chart 2](#)      Development of the supply chain, cumulative numbers
- [Chart 3](#)      Value of ECO brokerage contracts let, by auction

## Background

### Green Deal

The [Green Deal](#) (GD) was launched on 28 January 2013 in England and Wales (and on 25 February in Scotland) and will tackle a number of the key barriers to the take-up of energy efficiency measures.

Customers having Green Deal Assessments undertaken have the choice of how they proceed. They might take the view that their home is sufficiently energy efficient, or that they want to finance work through a Green Deal Plan or that they want to use alternative funding arrangements (e.g. use of savings).

In order to understand the flow from Green Deal Assessments to Plans through to measures installed we will need to incorporate, link and quality assure evidence from a range of sources. As a result data on Green Deal Plans and measures installed under Green Deal and/or ECO are not yet available for publication as time is needed for this quality assurance. We plan to publish this information for the first time in June 2013.

The Green Deal process for households is briefly described below:

Step 1 – Assessment – A Green Deal assessor will come to the home, talk to the owner/occupier about their energy use and see if they can benefit from making energy efficiency improvements to their property.

Step 2 - Recommendations – The assessor will recommend improvements that are appropriate for the property and indicate whether they are expected to pay for themselves through reduced energy bills.

Step 3 – Quotes – Green Deal Providers will discuss with the owner/occupier whether a Green Deal Plan is right for them and quote for the recommended improvements, including the savings estimates, savings period, first year instalments and payment period for each improvement. A number of quotes can be obtained.

Step 4 – Signing a plan – The customer chooses to proceed with a given provider and package of measures. The owner/occupier needs to obtain the necessary consent to make improvements to the property before they can agree terms with the GD Provider of a Green Deal Plan<sup>1</sup>, at which stage they enter a cooling-off period<sup>2</sup>.

Step 5 – Installation – Once a Green Deal Plan has been agreed, the Provider will arrange for the improvements to be made by a Green Deal Installer. Once the installation has been completed a letter is sent to the Bill Payer and, at this stage, the Green Deal Plan goes 'live'.

Repayments will be no more than what a typical household should save in energy costs.

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<sup>1</sup> The Plan is a contract between the owner/occupier and the Provider – it sets out the work that will be done and the repayments.

<sup>2</sup> For example, in the case of a Green Deal Plan that is regulated by the Consumer Credit Act 1974, the consumer will have 14 days to withdraw from the part of the Green Deal Plan which provides credit.

## Energy Company Obligation

The [Energy Company Obligation](#) (ECO) started on 1 January 2013 (although energy companies have been able to deliver against their targets since 1 October 2012) and runs to 31 March 2015. It replaces two previous schemes (Carbon Emissions Reduction Target - CERT - and Community Energy Saving Programme - CESP) and focuses on providing energy efficiency measures to low income and vulnerable consumers and those living in 'hard-to-treat' properties. It does this by funding energy efficiency improvements through supplier obligations worth around £1.3 billion every year.

There are three elements to ECO – The Carbon Saving Obligation; Carbon Saving Communities and Affordable Warmth. The ECO Carbon Saving Obligation is worth around £760 million per year. The Carbon Saving Community Obligation and ECO Affordable Warmth will provide support worth around £540 million per year to low-income households.

Carbon Saving Obligation - This covers the installation of measures like solid wall and hard-to-treat cavity wall insulation, which ordinarily can't be financed solely through the Green Deal.

Carbon Saving Communities Obligation - This provides insulation measures to households in specified areas of low income. It also makes sure that 15% of each supplier's obligation is used to upgrade more hard-to-reach low-income households in rural areas.

Affordable Warmth Obligation - This provides heating and insulation measures to consumers living in private tenure properties that receive particular means-tested benefits. This obligation supports low-income consumers that are vulnerable to the impact of living in cold homes, including the elderly, disabled and families.

## How do the Green Deal and ECO interact?

Following a GD Assessment there will be a range of measures which could improve the energy efficiency of the property. Some of these could be paid for through GD finance, up to the point where the expected annual cost will not exceed what a typical household should save in energy costs. However, depending on the measure or the property, other sources of finance may also be required. ECO funding could be one of these sources, for example for measures such as Solid Wall Insulation and hard-to-treat Cavity Wall insulation.

## ECO Brokerage

The [ECO Brokerage](#) system operates as a fortnightly anonymous auction where GD Providers can sell 'lots' of future measures of ECO Carbon Saving Obligation, ECO Carbon Saving Communities and ECO Affordable Warmth, to energy companies in return for ECO subsidy.

This market-based mechanism has been introduced to support an open and competitive market for the delivery of the ECO. Brokerage allows a range of Green Deal providers to fairly compete on price to attract ECO support and enables energy suppliers to deliver their obligations at the lowest possible cost, thereby reducing the impact on customer energy bills.

Sellers (GD Providers) can make a competitive offer on brokerage by leveraging additional sources of finance, such as part funding measures through Green Deal Finance, partnerships with local authorities, or driving down costs by economies of scale.

## The Supply chain

To understand more about the organisations and infrastructure underpinning the Green Deal, this report also includes a section summarising the trends in the number of Green Deal Advisors (and Assessor organisations), the number of Green Deal Providers and the number of Green Deal Installer organisations.

## Detailed Results

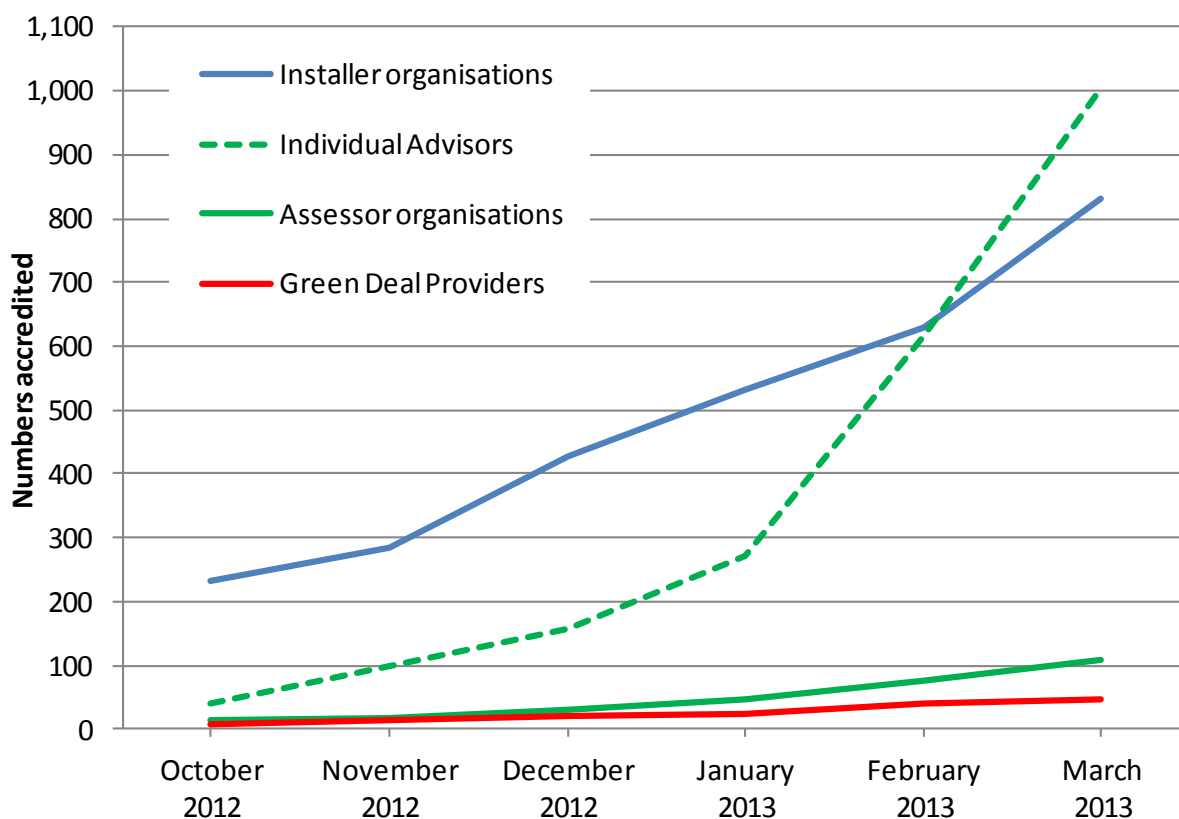
This section of the report provides the latest available information on different elements of the Green Deal and ECO, including an overview of the supply chain, the number of Assessments, and a summary of ECO Brokerage.

Where we refer to Table numbers in brackets, these are the tables included in [Annex A](#) and separately in Excel [here](#).

### Supply chain, as at end March (Table 1 and Chart 2)

The supply chain to support the Green Deal has been developing since October 2012. This includes individual Advisors (who carry out and produce Green Deal Advice Reports) and Assessor organisations (who employ authorised Green Deal Advisors), Green Deal Providers (who quote for and arrange Green Deal Plans with householders and arrange for the measures to be installed), and Installer organisations<sup>3</sup> (who install energy efficiency improvements under the GD finance mechanism). The chart below shows the number of organisations and individuals who have been accredited up to the end of March 2013.

Chart 2 – Development of supply chain (cumulative numbers)



The numbers of accredited GD Assessor organisations and individual Advisors has been growing sharply since December as individual Assessors complete their training and are accredited. At the end of March there were 108 organisations employing a total of 1,003 Advisors, compared to 13 and 40 respectively at the end of October 2012.

<sup>3</sup> Unlike Advisors in Assessor organisations, individual Installers within an installer organisation do not need to register.

The number of Green Deal Providers has grown to 48 from eight at the end of October 2012.

The number of accredited Installer organisations has grown steadily since the accreditation process opened from 231 accredited at the end of October 2012 to 831 organisations accredited at the end of March 2013. These organisations will provide a wide range of different measures and in different geographical locations – more analysis on these measures and geographical coverage will be provided in the quarterly statistical reports.

The Green Deal Oversight and Regulation Body (ORB) produces publically available information on the supply chain, and the latest figures are available by using the search tool on the [ORB website](#). There is also information available on [contacts in local areas](#).

#### Green Deal Assessments, as at end March (Table 2 and Chart 1)

The first step in the Green Deal process involves a Green Deal Assessor coming to the home, talking to the owner/occupier about their energy use and seeing if they can benefit from making energy efficiency improvements to their property.

The main output from this process is that an Energy Performance Certificate and Occupancy Assessment will be produced and will be lodged on a national register. The householder is then able to view the energy efficiency measures which have been recommended and understand the potential costs and savings.

For more information on the [GD assessment process see here](#).

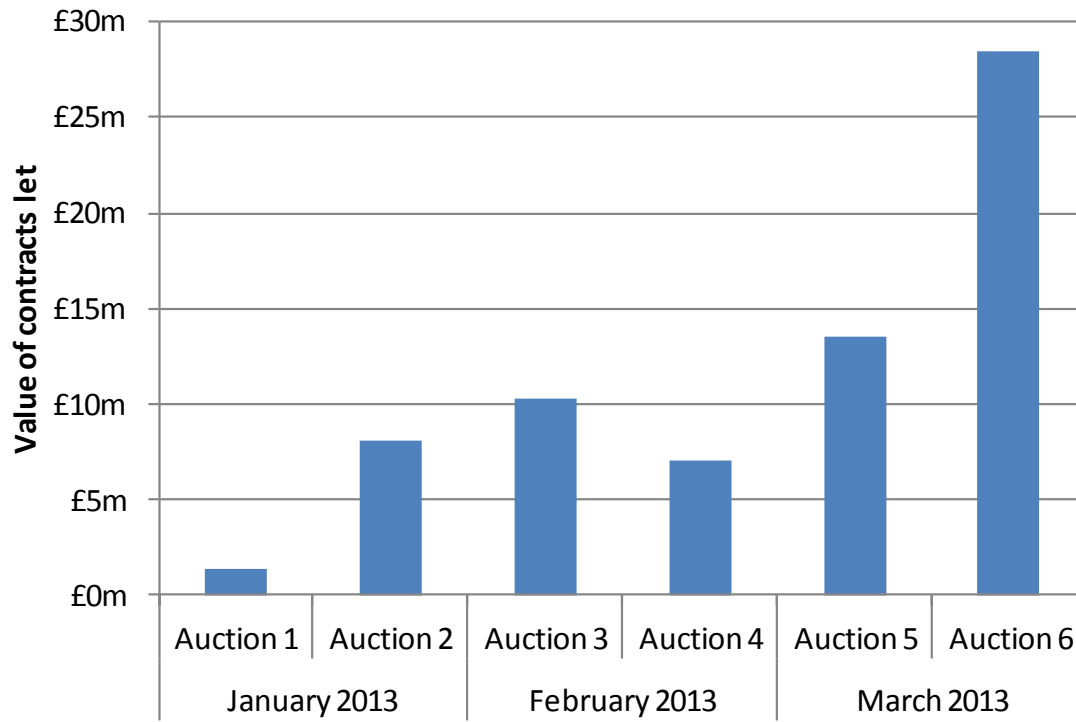
At the end of March, there were 9,268 GD Assessments lodged in total. The majority of these (7,465) were lodged in March, following the main launch of the Green Deal in late January. [Chart 1](#) shows the number of assessments lodged in January, February and March.

#### ECO brokerage, as at end March (Table 3 and Chart 3)

The [ECO Brokerage](#) system operates as a fortnightly anonymous auction where providers can sell 'lots' of future measures of ECO Carbon Saving Obligation, ECO Carbon Saving Communities and ECO Affordable Warmth, to energy companies in return for ECO subsidy.

At the end of March there have been six auctions, with a total value of contracts let worth £68.9 million. The most recent auction was the largest to date in terms of lots sold (31 lots of the 83 lots sold to date) – with over £28.5 million of contracts sold.

Chart 3 – Value of ECO brokerage contracts let, by auction



For more detail on the results of each auction, please see [ECO Brokerage](#).



## Annex A – Main Tables

**Table 1 – Supply Chain Development<sup>1</sup>:** Number of accredited Assessor organisations, individual Advisors, Green Deal Providers, and Installer organisations, cumulative total by month

Month <sup>2</sup>	Assessor organisations	Individual Advisors	Green Deal Providers	Installer organisations
October 2012	13	40	8	231
November 2012	18	100	15	285
December 2012	29	159	20	429
January 2013	48	270	25	531
February 2013	77	618	40	629
March 2013	108	1,003	48	831

<sup>1</sup> Numbers include domestic, both domestic and non-domestic and a small number of non-domestic only participants.

<sup>2</sup> Months are approximate as they are based on numbers up to the end of the last full week in the month.

**Table 2 – Number of Green Deal Assessments<sup>1</sup>, month and cumulative total**

Month	Total in Month	Cumulative Total
	Green Deal Assessments	Green Deal Assessments
January 2013 <sup>2</sup>	74	74
February 2013	1,729	1,803
March 2013	7,465	9,268

<sup>1</sup> As measured by the number of GD Assessments lodged on the central register against unique property.

<sup>2</sup> Includes any Assessments lodged in December 2012.

**Table 3 – Number of ECO brokerage auctions<sup>1</sup> and total amount traded**

Month	Number of auctions	Total amount traded
January 2013	2	£9.5m
February 2013	2	£17.4m
March 2013	2	£42.0m
Total to date	6	£68.9m

<sup>1</sup> ECO brokerage auctions are scheduled to take place on a fortnightly basis.

## Annex B – Sources and Methodology

The estimates in this and future Statistical Release use administrative data generated as part of the Green Deal and Energy Company Obligation processes.

There are seven main sources of information:

- Landmark – who manage the national lodgement of Green Deal Assessments in England and Wales
- Energy Savings Trust (EST) – who manage the national lodgement of Green Deal Assessments in Scotland
- Green Deal Central Charge Database – which manages the recording and administration of Green Deal Plans
- Ofgem – who administer the Energy Company Obligation and collect information from energy companies on measures installed under ECO.
- The Green Deal Oversight and Regulation Body (ORB) – who administer the certification of GD organisations (including assessors, installers and providers)
- Data on ECO brokerage is publically available following each auction.
- The Green Deal [Cashback Scheme Administrator](#)

This report uses data from Landmark and the Energy Savings Trust for numbers of lodged Assessments, data from the ORB for the supply chain, and the published data on ECO brokerage.

These estimates are released as Experimental Statistics which means they are official statistics undergoing an evaluation process prior to being assessed as National Statistics. They are published in order to involve users and stakeholders in their development, and as a means to build in quality assurance during development.

More information on the methodology is included [here](#).

As with any new data collection, there are likely to be some data quality issues to resolve as the process beds in. Therefore data in the monthly reports should be treated as provisional and subject to revision.

Any revisions will be marked in the data tables and for any significant revisions we will provide an explanation of the main reasons.

## Further Information and Feedback

Any enquiries or comments in relation to this statistical release should be sent to DECC's Green Deal Statistics Team at the following email address:

[EnergyEfficiency.Stats@decc.gsi.gov.uk](mailto:EnergyEfficiency.Stats@decc.gsi.gov.uk)

Contact telephone: 0300 068 5202

The statistician responsible for this publication is Matt Walker.

Further information on energy statistics is available at <https://www.gov.uk/government/organisations/department-of-energy-climate-change/about/statistics>

## Next Release

The next monthly publication is planned for publication on **14<sup>th</sup> May 2013 at 9.30am** providing the latest available information on the numbers of Assessments, the GD supply chain and ECO brokerage.

For more detailed analysis and geographical breakdowns we will be publishing a quarterly official statistics report, starting in June 2013.

We will include data on the number of Green Deal Plans and measures installed through the Green Deal and ECO once we have completed work to incorporate, link and quality assure evidence from a range of sources. We plan to publish this data in June 2013.

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