

# RESEARCH REPORT

## How to explain the Green Deal

Produced by Optimisa Research

*The views expressed in this report are those of the authors, not necessarily those of the Department of Energy and Climate Change (nor do they reflect Government policy).*

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# 1. Executive Summary

## 1.1 Introduction

**The Green Deal will be offered by the private sector to enable homeowners and businesses to implement energy efficiency improvements at little or no upfront cost with payment recouped through customers' energy bills. More information on the Green Deal is available online at:**

**[http://www.decc.gov.uk/en/content/cms/tackling/green\\_deal/green\\_deal.aspx](http://www.decc.gov.uk/en/content/cms/tackling/green_deal/green_deal.aspx)**

The Green Deal will enable the private sector to deliver a step change in energy efficiency, by tackling the problem of a current lack of investment in energy saving improvements in homes and non-domestic buildings. Private sector organisations delivering the Green Deal (Green Deal providers) will be responsible for promoting and communicating the initiative.

Previous research<sup>1</sup> into the Green Deal has revealed potential for confusion about how the Green Deal works because several elements are new and unfamiliar. These unfamiliar elements include the Green Deal 'loan' being applied to the property (rather than to a person), repayments being made through electricity bills, and the way that energy efficiency measures will affect the level of energy bills.

The Department of Energy and Climate Change (DECC) wants to establish how to communicate the core concepts of the Government's Green Deal so as to minimise confusion and prevent mis-selling, particularly to the most vulnerable.

**This research was designed to inform how DECC, and the Energy Saving Advice Service (the body contracted by DECC to provide independent information), explain the Green Deal and minimise any areas of potential confusion. The research informs key documents specified by Government including the EPC, Occupancy Assessment and Terms of the Plan. The findings may also help Green Deal Providers decide how to explain their propositions and energy companies provide clear billing information.**

## 1.2 Methodology

A three phase qualitative study was conducted with fieldwork in autumn 2011 and spring 2012. This comprised a series of interviews with 80 households from rural and urban areas in England, Wales and Scotland, 28 in Phase 1, 40 in Phase 2 and 12 in Phase 3.

The interviews were with householders living in homes likely to be eligible for Green Deal measures. These included householders who were living in hard to heat homes, planning refurbishments, and people receiving state benefits who will qualify for subsidies under the Energy Company Obligation (ECO). These subsidies provided by energy companies will make additional funding for Green Deal measures available to qualifying homes. The sample also

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<sup>1</sup> Consumer Needs and Wants for the Green Deal: Researching the consumer response to the Green Deal proposition amongst homeowners and small businesses. Research Report for DECC. Ipsos Mori. Published 2011 <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3505-green-deal-consumer-needs-wants.pdf>

included low literacy participants who might be more vulnerable to mis-selling and some rental households with pre-payment meters because their experiences of the Green Deal might be significantly different to others’.

The research was constructed to determine customer understanding of the information provided at the different stages of the customer journey; from assessment, recommendations and quotes to installation and legacy. During the interviews participants were asked to read through a set of stimulus materials. These were documents that simulated the various information leaflets, forms, quotes and bills that a household might encounter when finding out about and signing up for a Green Deal (see Appendix 4 for more details). The stimulus documents were refined between each phase and retested to confirm what helped to overcome confusion. Testing was conducted in three phases. Phase 1 simulated all the steps in finding out about and taking up a Green Deal to reveal where misunderstanding at the start caused confusion later on. Phase 2 tested whether refined explanations clarified key confusions. Phase 3 focused exclusively on the Occupancy Assessment as this is a crucial document in the process.

### **Caveat**

The research was designed to explore how best to explain the Green Deal and did not explore the appeal of the Green Deal. The Green Deal is an open market mechanism. The private sector may find innovative ways to explain their offers and public understanding will evolve over time. This research focuses on what DECC can do to aid an accurate understanding of the most important concepts and to ensure that DECC controlled documents are as clear as possible.

## **1.3 Key Findings**

The following sections summarise the findings on reactions to key Green Deal concepts, specific documents and broader information requirements.

### **1.3.1 Key Concepts**

#### **Describing the Green Deal**

There were a number of key aspects to the Green Deal that participants needed to understand to enable them to make an informed decision about it. These were:

- What was it offering (i.e. the measures);
- How was it paid for (i.e. through electricity bills);
- How would it affect energy bills (e.g. electricity bills may rise, heating bills may fall);
- How did it work (e.g. how repayment levels are determined).

The research found that the Green Deal was most clearly understood when insulation and other energy saving measures were the focus of the initial communication, rather than the mechanism for paying for them. Once participants had understood the types of improvements that a Green Deal could provide, most became more receptive to the financial aspects, because they were motivated by the possible benefits to their home. Many participants preferred the word ‘improvements’ to ‘measures’ when describing energy efficiency installations.

Describing the Green Deal as ‘**A new kind of loan, to the property not to you**’ created the most accurate expectations. The word ‘loan’ helped many participants understand that the Green Deal would include interest payments and would be spread over a number of years. Without the

word loan, they tended to assume that the Deal would be free, include a grant, or would involve interest free finance, and they expected to have to complete any repayments if they moved out of a home. Referring to the property helped to show how this loan was different from a traditional personal loan and therefore helped to alleviate concerns about taking on additional personal debt. This description also caused participants to expect repayments to stay with a property if they left.

### **Explaining the impact on energy bills**

Repayments for the Green Deal will be made through electricity bills. Most participants found this easy to understand. However, some found it difficult to understand where savings will be seen, and specifically did not make the link to the savings mostly being made on their heating energy bill. Therefore they needed more help to understand that, while the overall cost of their energy should reduce, their electricity bill could rise, and it was their gas bill (for example) that in most cases would fall.

When discussing the possible impact on their energy bills, participants found it easier to understand where savings and repayments would occur if savings and repayments were mentioned at the same time. Specifically mentioning savings on heating first and repayments immediately afterwards helped participants understand the overall mechanism.

The following wording helped participants to understand how savings and repayments would work:

*“Any savings will mainly be made on your heating bills (e.g. gas, oil or electricity). Your Green Deal repayments will all be added to your electricity bill (because everyone has one of those).”*

### **Explaining the level of savings - The Golden Rule**

The Golden Rule is the central mechanism for determining which measures can be financed by a Green Deal. In Phase 1 of the research it was stated as:

*“Estimated savings must be greater than or equal to repayments. Actual savings may be less than these repayments (if your energy use changes or if energy prices fall).”*

The first sentence of the Rule was usually understood at a basic level but many participants were unable to understand the full implications.

The second sentence of the Rule was regarded as complex. Many participants said that the introduction of this caveat made it sound like the rule was not really a rule at all.

Low users of energy did not always understand that their repayments could be higher than their level of savings. This is because repayments are set at a level which is the same as, or less than typical energy users would save. Low users spend less on energy than typical users, therefore their savings may be lower than the level at which repayments are set. Participants with low literacy levels found the information about future savings difficult to understand.

The research showed that the following principles helped in explaining the Golden Rule:

- Remove the title 'the Golden Rule'.
- Treat the two sentences of the Rule as two separate ideas – the first is the basic concept, the second is the caveat. This aided participants' understanding of each part.
- Simplify sentences by reducing the number of relative concepts in each sentence.
- Explain that 'Costs of repaying can never be more than the estimated savings on energy bills'. This helped customers understand that the Green Deal should not cost them anything extra.

These principles were used to improve the way the Golden Rule was explained in between each phase of research. The following wording was tested in Phase 3. This aimed to indicate that repayments will be worked out in advance, and that low users of energy should seek advice about whether they would make savings.

*"Repayment levels will be based on typical energy bills for a home like yours. Since most Green Deal improvements reduce the energy used for heating, in most cases this means typical heating costs. The Green Deal is designed to try to save you at least as much money as you will have to repay. However the actual level of your savings will depend on how much energy you use (e.g. to heat your home) and the future cost of energy.*

**Caution:** *If you are a low user of energy then your savings may be lower than your repayments. Your advisor will help you to work out what savings you would be likely to make."*

Most Phase 3 participants said that the first paragraph helped to make it clear that repayments would be based on a typical home (rather than on their own usage patterns). They also realised that heating would be the main type of energy use affected, and that their own energy use would affect the amount they would save. For all participants, including those who did not fully understand the first paragraph, the caution for low users was clear, and drew their attention to the fact that savings are not guaranteed as they will depend on energy use, in an open and honest way.

### **Introducing elements of the Green Deal in the right order**

There were several elements of the Green Deal that some participants did not comprehend early in the process simulated in this research. When this happened, participants tended to say they were disappointed or felt they had been misled once these elements became clear at a later stage. Participants' expectations were more accurate when the key elements were introduced in the following sequence:

1. The Green Deal can help you improve your home by installing measures like insulation without having to pay for the work up front.
2. The Green Deal is a new kind of loan which is to a property, not to an individual.
3. The loan will involve interest and repayments over a period of time.
4. Impartial advice is available via a helpline and website.
5. There could be a charge for the assessment – it is important to check when you book it.
6. Assessments are impartial.
7. Customers have a choice of advisors and Green Deal providers.

### 1.3.2 Documents and paragraphs that DECC can influence directly

After a property is assessed to see how it might benefit from a Green Deal, people will receive both an Occupancy Assessment and an Energy Performance Certificate (EPC).

#### The Occupancy Assessment

The Occupancy Assessment will highlight how a household's use of energy is likely to affect savings from a Green Deal installation. A qualified and authorised Green Deal advisor will visit the home, make an assessment of the way the occupants use energy and then prepare the Occupancy Assessment. This will include recommendations for improvements that are eligible for the Green Deal, together with information about projected household savings and advice on ways the household could use energy more efficiently.

At all phases of the research, participants emphasised that they would like the advisor to explain the Green Deal and the Occupancy Assessment. Even those who felt they understood the Occupancy Assessment well said they would find it reassuring if the advisor explained it to them.

The Occupancy Assessment was adapted through each phase of the research. The version tested at Phase 3 was considered the easiest to understand and was described by participants as clear and easy to read, with a suitable amount of information to help them decide what to do next. It is shown in Appendix 8.1.

The report set out the Green Deal measures available to that household, an indication of their cost, an estimate of the household's savings and the maximum level of repayments a provider could charge. Most participants found this information clear and easy to understand.

Participants understood that the Occupancy Assessment included an estimate of their household's energy usage, and that this was mainly determined by their use of heating. With a brief explanation from the advisor they could also understand that their estimated level of savings was linked to how much energy their household used. Participants who used less energy than a typical home could understand that they were estimated to save less than the maximum level of repayments. Those who used more energy than typical for a home understood they were estimated to save more than maximum repayments. The few participants who did not pick this up immediately were able to understand it with a small amount of help from their advisor. Participants asked for the net savings figure (savings on energy less repayments) to be clearly shown.

Participants asked if information about eligibility for discounts could be specified in more detail to help them discover if they might qualify. They also wanted to see a fuller explanation of maximum repayments, which made clear that repayments would be capped but could be less than the amounts shown. Participants were also interested in having more information on the Green Deal finance offer in the report, for example how long the repayments would last and the rate of interest.

Finally, the title of the Occupancy Assessment was queried by participants. They felt it did not describe the content of the document in plain English.

## Energy Performance Certificate (EPC)

The EPC reports on how energy efficient a property is, what measures could improve its energy efficiency and which of these could be paid for using a Green Deal. If a property already has a Green Deal, this will also be set out on the EPC. The format of the EPC is controlled by the Department for Communities and Local Government (DCLG). DECC is working with DCLG to help explain the Green Deal in the EPC.

EPCs will incorporate information about recommended energy efficiency measures for homes which do not yet have a Green Deal. There will also be a version of the EPC for homes where Green Deal measures have already been implemented. Both were tested in this research. Examples can be found in Appendix 7.2.

For a home without a Green Deal, many participants needed clearer sign-posting on the front page of the EPC to find information about the Green Deal within the document. The list of recommended energy improvement measures were shown clearly, but participants needed more explanation about the different levels of Green Deal funding likely to be available. Participants expected the advisor to explain the detailed implications of the report.

EPCs disclosed when a property already had a Green Deal on the first page of the certificate; however, this was often overlooked and needed to be made clearer. Participants also wanted to be able to see exactly what had been installed (and when), together with repayment information. Many participants were confused because the existing EPC layout puts measures recommended for a new Green Deal before showing what had already been done to the property under a Green Deal.

## Terms of the Plan

DECC will decide the Terms of the Plan for the Green Deal which will complement standard Consumer Credit Act (CCA) Terms and Conditions documentation in setting out customer rights and responsibilities. This document is designed to highlight aspects which are specific to the Green Deal.

Two versions of the document were tested and the Phase 2 version worked well (See Appendix 7.3). Many participants found the Phase 2 version of the Terms of the Plan document easy to read and understand because it was laid out in clearly headed paragraphs, with itemised points. Headings aided comprehension by helping participants understand the key information in clauses before they tried to read detailed text.

### 1.3.3 Other information requirements

Many participants wanted to see clear telephone and website contact details for any independent advice that will be available. Generally, they expected this to be their first point of contact when enquiring about a Green Deal. Some participants also requested information about quality assurance. The Green Deal quality mark helped to address their concerns.

Under the Energy Company Obligation (ECO) discounts may be available for some households taking out a Green Deal. Test stimulus used both the words 'subsidy' and 'discount' to explain the financial support available under ECO. Participants expected subsidies to only apply to people on benefits, whilst believing discounts could apply to anyone including those living in homes that were hard to heat. The word 'discount' might be more appropriate for describing the range of households that might be eligible for ECO. Case studies also helped illustrate the



breadth of properties that could be eligible for ECO. If eligibility criteria are not explicit then vulnerable consumers may not find out about their entitlements.

The stages in obtaining a Green Deal were shown in many pieces of stimulus as an illustrated customer journey (e.g. the DECC 2 page leaflet in Appendix 7.1). This helped participants understand the process. The use of pictures particularly helped participants with lower levels of literacy to understand key aspects of the Green Deal.

As participants moved through the process of finding out about the Green Deal, they had different information requirements. Simple, “five things you need to know” style documents were designed to set out the key things they needed to know at each stage. An example can be found in Appendix 7.4. Participants found these lists particularly useful. They could take the form of leaflets or downloadable web pages and are summarised in section 6.4. These key messages could form a useful checklist for providers as well as consumers.

## 2. Introduction

### 2.1 Background to this research

The Green Deal is designed to enable the market to improve the energy efficiency of people's homes without householders having to pay for the work up front. Previous research found that it introduces various novel concepts which can be difficult to explain.<sup>2</sup> DECC commissioned this qualitative research to understand what can be done to minimise the risk of people signing up to a Green Deal without fully understanding it.

This paper reports on what participants found confusing, and what addressed that confusion across the Green Deal journey. This includes discovering the Green Deal, getting an assessment, deciding whether to take out a Green Deal and finding out how the Green Deal property holder will be affected in the future (e.g. impact on energy bills, what happens when the property is sold, effects of alterations).

The Green Deal is an open market mechanism. The private sector may find innovative ways to explain their offers and public understanding will evolve over time. This research focuses on what DECC can do to aid an accurate understanding of the most important concepts and to ensure that DECC controlled documents are as clear as possible.

### 2.2 Purpose of this research

The primary purpose of the research was to collect qualitative evidence to inform how DECC, and the Energy Saving Advice Service (the body contracted by DECC to provide independent information), explain the Green Deal. DECC was considering what it could do to promote clear communications that reduce any risk of mis-selling, particularly to the most vulnerable. This research was not designed to collect evidence about the appeal of the Green Deal.

DECC wanted to build on previous research, minimise areas of confusion and maximise clarity of messages along the Green Deal customer journey. This information is also expected to be helpful to private sector organisations involved in delivering the Green Deal.

The research was required to determine customer understanding of information that will be provided at the different stages of the customer journey and via various key channels. A full list of the research policy questions is shown in Appendix 1. The overall aims of the research were:

1. To establish the best ways to explain key concepts;
2. Identify which issues were most confusing; and
3. To learn how they would seek to overcome this confusion (i.e. key sources of information and advice).

DECC also wanted to explore customer understanding of documents which will be controlled by DECC that will be provided to customers during the assessment process and when providers make quotations for work. These documents include the EPC, Occupancy Assessment and

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<sup>2</sup> Consumer Needs and Wants for the Green Deal: Researching the consumer response to the Green Deal proposition amongst homeowners and small businesses. Research Report for DECC. Ipsos Mori. Published 2011 <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3505-green-deal-consumer-needs-wants.pdf>

Terms of the Plan (see section 2.3.3). The research also tested specific paragraphs to be used in annual statements of account (which will remind customers of how this credit product works and how payments will be collected by their electricity supplier).

## 2.3 Method and Sample

### 2.3.1 Methodology

The research used a qualitative methodology. This comprised a series of interviews with household decision makers, both individuals and couples. In the interviews, the householders were shown information about the Green Deal process in four stages (this material is described in section 2.3.3):

1. Discovery - finding out about the Green Deal, becoming familiar with the overall concept;
2. Evaluation - the Green Deal assessment process, where the advisor makes recommendations for Green Deal measures suitable for a particular household;
3. Decision - the quotes stage, where customers have competitive Green Deal packages to consider and the terms and conditions are provided;
4. Legacy - the effects of living in a Green Deal property on energy bills, the impact of moving house or making alterations to Green Deal measures.

The series of interviews was split into three phases so documents and stimulus materials could be refined and retested to confirm what helped to address confusion:

Phase 1 simulated all the steps in finding out about and taking up a Green Deal to reveal where misunderstanding at the start caused confusion later on. Phase 1 included a pilot to check that the methodology was working.

Phase 2 tested whether refined explanations clarified key confusions at the right stage of the journey.

Phase 3 tested the assessment process and Occupancy Assessment in more detail to assess improvements suggested in Phase 2.

At Phase 1, participants looked at documents from all four stages of the journey to test how overall comprehension developed, and to help identify where individual elements of the Green Deal could best be explained.

At Phase 2, each interview focussed on two specific stages of the journey to explore participants' understanding of particular phrases in more detail. Half the participants tested Discovery and Evaluation documents. The other half focussed more on Decision and Legacy whilst also seeing some Discovery documents to give them an overview of the Green Deal. This approach enabled researchers to focus on the key documents and content that DECC controls or can mandate at the Evaluation and Decision stages. Section 2.3.3 describes which documents these were.

At Phase 3, mock assessments were conducted by domestic energy advisors to simulate the assessment process more realistically. These explored how the Green Deal could best be explained by advisors during the assessment. An energy advisor carried out a brief mock assessment and then used the Occupancy Assessment (and the EPC) to explain the measures available under the Green Deal. These were carried out by four different advisors. Advisors were asked which aspects of the Green Deal they found easier or harder to explain, and householders were asked which explanations aided their understanding.

During each of the research phases, participants were asked what they thought was clear and what was confusing. They were also asked to explain the key concepts at each stage so that researchers could observe how well they had been understood. Wherever possible, tasks were designed to reveal levels of understanding directly, for instance asking if participants expected their electricity bills to have increased or decreased after taking out a Green Deal. Researchers noted what caused confusion for participants and what aided understanding.

Most participants were given mocked up provider and/or DECC introductory leaflets to learn about the Green Deal before the interview. Eleven participants (three at Phase 1 and eight at Phase 2, none at Phase 3) with hard to heat homes or who could be eligible for ECO discounts were instead given a mocked up EPC of a house with a Green Deal in place. This was to simulate the experience of discovering the Green Deal for the first time when moving into a new property.

An indication of the weight of the findings is given where appropriate in the report. The term 'many' is used when the finding occurred frequently amongst participants. The term 'some' is used when the finding occurred occasionally but consistently across a number of locations and types of participant, and the term 'few' is used when the view was only expressed by a small number of participants. Where these few have consistent characteristics this is identified.

Discussion guides are appended (see appendix 9).

### 2.3.2 Sample

The sample was made up of 97 household decision makers from 80 households, encompassing interviews with 63 individuals and 17 couples. All participants lived either in homes with uninsulated solid or cavity walls and/or in homes that were off the mains gas network. The sample included owner occupiers who classified themselves as living in hard to heat homes, people who were planning renovations, low literacy households and rental households using electricity prepayment meters. The sample covered a spread of age groups, social classes and a mix of male and female householders, and included single parents on benefits and people receiving pension credit.

Depth Interviews	Total	Young Family (under 40)			Older Family (40-65)			Retired / Empty nesters (65+)		
		Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3	Phase 1	Phase 2	Phase 3
Hard to heat properties	25	3	4	1	3	3	1	4	5	1
Planning renovations	20	3	3	-	3	3	1	2	4	1
Other 'Green Deal eligible homes	14	2	-	1	2	2	1	3	2	1
Renting pre-payment meters	9	-	3	1	2	-	-	-	1	1
Low literacy households	12	1	3	1	-1	3	1	1	2	-
<b>Total interviews</b>	<b>80</b>	<b>9</b>	<b>13</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>4</b>	<b>10</b>	<b>14</b>	<b>4</b>

Figure 1: Sample structure

Fieldwork comprised eight pilot interviews to test the method, 20 further interviews at Phase 1, 40 at Phase 2 and 12 mock assessments at Phase 3. Interviewing took place between September 2011 and March 2012 in England, Scotland and Wales and covered both urban and rural locations. Appendix 9 contains a more detailed regional breakdown of the sample.

In addition, **interviews were conducted with eight professionals** at the pilot stage. These were a mix of estate agents, builders, experts in customer finance and energy efficiency specialists. These interviews were conducted to learn from their experiences of explaining loans (e.g. experts in customer finance), energy efficiency (e.g. EPC energy advisors, builders), and selling properties (e.g. estate agents). The main purpose of these interviews was to identify areas that professionals thought might cause confusion amongst consumers. The broad findings from these interviews are provided in appendix 2.

### 2.3.3 Stimulus

Across the four stages of the Green Deal – discovery, evaluation, decision, and legacy – customers are likely to be exposed to a range of documents, websites and articles which will be produced by a variety of providers, advice givers and other commentators. Example documents used in the research were not tailored perfectly for each participant, but were devised to reflect realistic potential scenarios.

Within the overall mix of documents, there are five key documents and parts of documents for which DECC is ultimately responsible.

1. **The Occupancy Assessment** – this will be prepared by a Green Deal advisor<sup>3</sup> and will be the key document providing household specific recommendations for Green Deal measures.
2. **Energy Performance Certificate (EPC)** – although a DCLG document, DECC has a role in determining information that can be provided in a few key areas of the EPC. Two versions of the EPC were tested, one for a home without a Green Deal and one for a home with a Green Deal already in place.
3. **The Terms of the Plan** – this will set out terms and conditions specific to Green Deal packages.
4. **Annual credit statement** – this will include a standard Green Deal paragraph.
5. **Electricity bill** – bills which include a Green Deal charge will also include an explanation of the Green Deal charge.

Documents were also mocked up to simulate DECC information leaflets, third party leaflets, quotes, bills, statements and a Consumer Credit Agreement. These documents were tested at Phase 1, after which improvements were identified. These improvements were then incorporated into revised documents which were tested at Phase 2. The Occupancy Assessment was revised again for testing at Phase 3.

During Phase 1, participants were free to decide which parts of documents to read so as to reveal what might happen in the real world.

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<sup>3</sup> A Green Deal advisor would visit the home to conduct an Occupancy Assessment. The assessment would identify how the household uses energy and how this would impact on energy saving measures listed in the Energy Performance Certificate for the property.

In Phase 2, participants were asked to read through key sections to test how easy they were to understand. They were asked to consider various descriptions of the Green Deal, what it offered, how they would pay for it, how it would affect energy bills and how it would affect a household living in a home with Green Deal measures installed.

For each document and paragraph participants were asked to read and feed back their understanding, any areas of confusion, and suggestions for improvement. Additionally, participants were asked to rate the clarity of each document on a scale from 'not at all clear' to 'very clear'.

In Phase 3, professional domestic energy advisors explained the Occupancy Assessment document, whilst being observed by a researcher. The researcher noted what did/did not appear to be understood, what questions were asked, and which aspects of the advisor's explanation appeared to work well/less well. This was followed by a feedback session with the householder and then with the advisor to check levels of understanding and to collect views on the best ways to explain the Occupancy Assessment and related Green Deal concepts.

The diagram below shows an overview of all the documents tested. Appendices 5, 6 7 and 8 contain all the stimuli used.



**Figure 2: Summary of documents used in the research**

## 3. Main Findings: how to explain the Green Deal

This section summarises how to explain the key concepts underlying the Green Deal.

All participants were asked to read information about the key concepts in the documents they were given and were asked questions to elicit how far they understood the concepts. They were then asked to rate alternative descriptions appearing in different documents on a scale from 'not at all clear' to 'very clear' and choose the description that they felt made most sense overall.

This section addresses each concept in turn, highlighting what participants found confusing and what aided understanding.

### 3.1 Overall description of the Green Deal

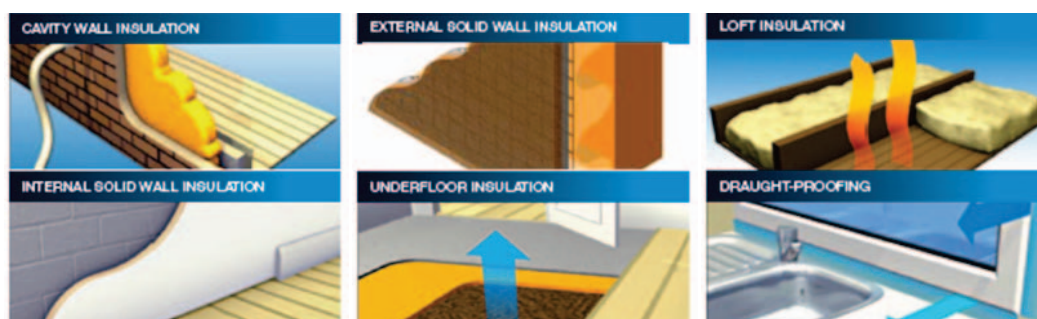
#### 3.1.1 What was being offered under a Green Deal?

##### What caused confusion?

When first hearing about the Green Deal, participants said they needed to be clearly informed about what sort of improvements to their home might be available. If they were not clear, they were then confused about what the Green Deal could be used for. It also meant they did not know what the improvements might achieve (i.e. energy efficiency) or the potential scale and cost of the work involved. The financing option was not of interest to most participants unless they first understood, and were interested in, the idea of improving their home.

##### What aided understanding?

Diagrams of the measures (see figure 3) helped participants to visualise measures quickly and to assimilate how the Green Deal could be applied to their property. The diagrams helped them to understand that insulation included unfamiliar measures such as solid wall or under floor insulation. For those with low literacy levels, pictures were found to be easier to understand and take in than words.



**Figure 3: Pictures of 'Typical Green Deal Measures' used in the research**

Once they understood how a Green Deal might benefit their home and the possible scale of the work involved, participants were better able to estimate the likely sums of money involved. This made the financial aspects of the Green Deal more relevant to participants, because the finance mechanism had more context.

*"I find this one useful because it [the diagram] tells me exactly what I need to know – about cavity walls, and solid walls – it tells you where the draughts come in."*

Phase 1, female, retired/empty nester, aged 65+, ECO eligible, Glasgow

Many participants preferred the term 'improvements' to 'measures' and were more likely to use this word themselves.

*"Measures' is a bit formal, bit stuffy. I think 'improvements' is nicer, it's more positive, you're improving your place. Well I hope you're improving it, anyway!"*

Phase 2, male, older family, aged 40-65, low literacy home owner, Ebbw Vale

### 3.1.2 How does a customer pay for the Green Deal?

#### What caused confusion?

Many participants based their understanding of the financial model for the scheme around the word 'deal'. They assumed that any deal would equate to an interest-free loan or grant. They usually missed the word 'interest' when it was in general explanatory paragraphs towards the end of a document.

*"So is this a kind of grant? I think I've heard about the government providing grants for insulation, or something. "*

Phase 1, male, retired/empty nester, aged 65+, ECO eligible home, East Anglia

#### What aided understanding?

In Phase 1 of the research, descriptions of the Green Deal finance mechanism avoided references to it being a 'loan'. This was felt to be important in order to avoid people being concerned that they would be personally liable for the full sum. However, many participants frequently interpreted it to be very similar to a loan.

*"It's basically the same as a loan, isn't it? It's 25 years to pay them and it's got interest, so it's like a mini-mortgage."*

Phase 1, male, older family, aged 40-65, 'eligible' home owner, London

A new phrase was tested at Phase 2; *'a new kind of loan, to the property not to you'*. This helped set participants' expectations appropriately.

Participants expected a loan to involve interest and a period of repayments. When they saw the word 'loan', most participants stopped expecting to receive a heavily incentivised 'deal'.

Use of the word loan attracted additional questions:

- What was the rate of interest?
- How long did the repayment period last?



In the absence of any indication of the term or scale of repayments participants made assumptions (e.g. repayment over 5 years). These were often below the likely levels of repayment they might experience (e.g. 20-25 year periods of repayment), particularly for more substantial installation work such as cavity or solid wall insulation. Therefore participants needed clarification of the likely duration and repayments of the loan.

*“Let’s say I’m paying this back over, I’m guessing, about 5 years, right? That’s quite a debt to take on really. It’ll be a fair whack each month.”*

Phase 1, female, younger family, aged under 40, planning renovations, Birmingham

Many participants were worried about adding to their personal debt, particularly those who were financially vulnerable, those who had had credit difficulties in the past, or were older. Whilst the word loan did concern these participants, many believed it was clearer to call the Green Deal a ‘loan’, and that not mentioning this word was an important omission. These participants were somewhat reassured about their personal liability when it was explained that repayments were tied to the property, not to the person.

*“I think they should call it a loan if they are going to charge you interest. Otherwise it is a bit deceiving.”*

Phase 2, male, older family, aged 40-65, ECO eligible, Newcastle

### 3.2 Explaining how the Green Deal would affect energy bills

At present a householder must pay up-front to install energy efficiency measures. The Green Deal replaces this upfront cost with a long-term charge on electricity bills. Green Deal customers will need to understand how they will be charged and where they will see any potential savings or there is a risk that they will be confused when they receive their energy bills.

#### What caused confusion?

Based on the information provided in Phase 1, most participants understood that Green Deal repayments would be made on their electricity bill, but understanding of how and where savings would occur was more varied.

Some participants expected both savings and the Green Deal charge to appear on their electricity bills and for these two to cancel each other out. They did not expect there to be any impact on other bills.<sup>4</sup> Most participants did not use electricity for heating,<sup>5</sup> and these participants often needed to be told that they would see repayments and savings on different fuel bills. (Those few participants who did use electricity for heating found Green Deal savings and repayments easier to understand as both would affect the same bill).

Many participants were expecting the Green Deal charge to be added to their electricity bill but were expecting to see at least some savings on the amount of electricity used. Therefore, they did not expect electricity bills to rise by the full Green Deal charge amount. They expected their savings from a reduction in energy usage to be spread over both electricity and other types of

<sup>4</sup> This research tested Green Deal measures which would mainly affect heating (e.g. insulation).

<sup>5</sup> The DECC domestic energy fact file shows that this is the case for approximately 90% of households. See [www.decc.gov.uk/en/content/cms/statistics/energy\\_stats/en\\_effic\\_stats/dom\\_fact/dom\\_fact.aspx](http://www.decc.gov.uk/en/content/cms/statistics/energy_stats/en_effic_stats/dom_fact/dom_fact.aspx)

energy bill. Consequently, seeing an actual electricity bill with a substantial Green Deal charge caused concern for many in Phase 1.

*“That’s massive [the electricity bill], how’s it that much? ....I thought I’d save money?”*

Phase 1, female, older family, aged 40-65, ‘hard to heat’ property, Birmingham

Comprehension was mixed regarding exactly where energy savings would arise and the potential overall impact of the Green Deal on the total net cost of energy bills.

A few participants had a good understanding of the overall likely impact of the Green Deal on energy bills, and they tended to be the ones who realised that measures would make their properties **better insulated**, and therefore the main improvement in energy efficiency would be associated with their heating. They therefore understood that insulation would reduce their heating bills.

*“It’s all about heating isn’t it – you’ve got to say heating so people know it’s the gas that will come down.”*

Phase 2, couple, younger family, aged under 40, ‘hard to heat’ property, London

When savings were being explained, many participants only had a partial understanding of the Green Deal’s likely impact on energy usage and these participants tended to be the ones who focussed on the words ‘**energy bills**’. These participants thought that their energy usage in general would be reduced, so they expected that savings would be made on both electricity bills and gas bills.

*“You save on your heating and lighting and you pay for your Green Deal with the difference.”*

Phase 1, female, older family, aged 40-65, ECO eligible, Glasgow

In particular, pre-payment meter customers had difficulty understanding how taking out Green Deal improvements would affect their energy usage and overall bills. They talked about putting extra in the electricity meter to pay for Green Deal repayments but when asked where savings might occur they were not sure.

*“If I’m putting more in the meter, I don’t understand. It seems to mean that costs will just go up. I’ve no idea how I can make savings? How can I?”*

Phase 1, couple, retired/empty nesters, aged 65+, renting with pre-payment meter, Birmingham

### **What aided understanding?**

In Phase 2, it was explained that, if a Green Deal was used to fund insulation, then savings would mostly be made on **heating bills**, rather than ‘energy bills’ in general. This helped clarify on which bill savings could be made. This led participants to realise that they might save more in winter depending on how they used their heating.

*“I think saying heating bills is much clearer, then you’re looking at the gas bill and hoping to see it go down, especially in winter when you’ve got the heating on more. ... I doubt it’ll be that much different in the summer, is that right?”*

Phase 2, couple, young family, aged under 40, planning renovations, London

Participants' understanding of the impact on their bills was better in Phase 2. In Phase 2 statements were verbally tested in the following order:

- Explanation of where savings will occur, including fuel type e.g. on the heating bill (typically on gas or oil bills)
- Explanation that repayments will be via the electricity bill (because everybody has one)

Placing these two statements together helped consumers make the link.

*“You want to know really where the bonus is, so to speak. So I want to know where I can see savings. Then you need to know where it's being paid. That's good. It makes sense.”*

Phase 2, female, older family, aged 40-65, ECO eligible, Ebbw Vale

In Phase 3 the following statement was tested which clarified how bills would be affected. All Phase 3 participants said they found this easy to understand.

*“Any savings will mainly be made on your heating bills (e.g. gas, oil or electricity). Your Green Deal repayments will all be added to your electricity bill (because everyone has one of those).”*

*“Oh I see, it's a standard payment on top of the electricity bill...but your gas bill will be the one to go down”*

Phase 3, Couple, older family, planning refurbishments, London

In addition, pre-payment meter customers recognised that they would need to put extra money in the meter each week if they/their landlord took out Green Deal measures.

*“I always put about £20 or £30 in the meter, and I'd still do that – if it was a few pounds more it wouldn't make any difference really. I also put money in the gas meter every week so it builds up, then I'd see my savings in the winter”*

Phase 3, young family, pre-payment meter, W London

As mentioned earlier, many participants were surprised when they saw that an example electricity bill had increased because of the Green Deal charge. It aided understanding to include an explanation **on the electricity bill** of where savings and repayments could occur.

### 3.3 Explaining how the scheme works

While the Green Deal charge will be designed to be offset by the expected savings, this cannot be guaranteed. Energy bills depend on how much energy people use and the price of energy. For instance, they could rise if a household grows in size because a partner moves in or a couple have a child. The Golden Rule is that Green Deal Providers can only finance measures if repayments are less than or equal to expected savings for a typical household.

Phase 1 tested if participants understood the Golden Rule using the explanation in figure 4.

At the heart of the Green Deal is a golden rule: estimated savings on bills will be higher than, or equal to, the cost of the repayments. However, actual costs may exceed the estimated savings if, for example, you change your energy use or if energy prices fall.

**Figure 4: Language used to explain the Golden Rule in Phase 1 of the research**

Two key issues influenced participants' comprehension of the Golden Rule:

- Positioning the 'Golden Rule' before explaining what measures were available.
- Not understanding whether their own energy use would produce the 'estimated' level of savings, and therefore how much they might save after the repayments.

### 3.3.1 Positioning the 'Golden Rule' before explaining what measures were available.

#### What caused confusion?

Phase 1 documents described the Golden Rule before describing the energy efficiency measures available. The use of the phrase 'Golden Rule' and positioning this near the beginning of the description of the Green Deal confused and distracted almost all participants from understanding the Green Deal offer. Most participants did not understand what the rule was designed to achieve. This was as a result of both positioning and complexity.

*"It just baffles me; I think it means that you'll never be worse off."*

Phase 1, female, young family, aged under 40, 'hard to heat' property, Birmingham

When the 'Golden Rule' was highlighted prior to establishing any real understanding of the measures, many participants were unable to comprehend its meaning or significance. Participants needed to understand what kinds of home improvements and energy savings might be available before trying to understand the financial aspects (see also section 3.1.1).

[Q: What is the Golden Rule?] *"Save energy – that is what they should be saying. I don't understand the question."*

Phase 1, female, retired/empty nester, aged 65+, ECO eligible, Glasgow

Use of the word 'rule' also raised questions; many participants did not know who was supposed to obey the rule, who was supposed to benefit from it, and what would happen if the rule was 'broken'. Introducing it as a rule and then mentioning exceptions to the rule tended to leave participants uncertain as to how it worked.

*"It's not a very golden rule, is it? All you've told me is that it's a rule that might not work."*

Phase 1, female, young family, aged under 40, 'hard to heat' property, London

A few participants thought the rule implied that repayments would vary and be capped at the level of savings made.

*“So each month, or quarterly, the bill would be based on how much I saved? So if I saved £20 I’d pay back £20, that sort of thing.”*

Phase 2, male, young family, aged under 40, planning renovations, London

Additionally, a few participants questioned how providers will be able to guarantee that they would install the correct measures, (i.e. those that would produce the appropriate level of savings under the Golden Rule).

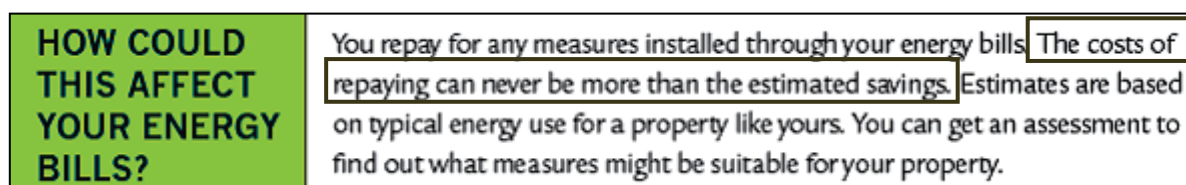
*“How’s a company going to know what to install that means I save more than I pay? Is that right? I don’t get how they’d know that. It’s really difficult.”*

Phase 1, female, older family, aged 40-65, planning renovations, Ebbw Vale

### What aided understanding?

In Phase 2 the stimulus was amended to emphasise reasons to take out a Green Deal before describing the financial mechanism; the title ‘Golden Rule’ was removed; and the exceptions were separated more clearly from the rule.

Simplifying the rule and positioning it as an explanation of how energy bills could be affected helped participants understand it. Participants found this format gave them reassurance about paying for the energy efficiency measures. The core phrase is highlighted in figure 5.



**Figure 5: Language used to explain the Golden Rule in Phase 2 of the research. The box draws attention to the core phrase being discussed in this section.**

*“Whatever I pay should be no more than what I save, is that it?”*

Phase 2, couple, young family, aged under 40, ‘hard to heat’ property, London

For some participants putting it next to a graph and using the title (‘how could this affect your energy bill?’) helped them to understand. Appendix 7, section 7.1 shows an example on page 2 of the 2 page leaflet from DECC.

Mentioning repayments before savings helped to reassure participants that they could afford improvements, rather than seeming to promote savings as a reason to participate.

Many were able to understand that this should mean they would not be worse off as a result of taking out a Green Deal. However when asked to state what it actually meant, many struggled to articulate it.

This showed that despite a superficial grasp of the rule, for many this was still a complex sentence. It worked better on a quick read than on detailed examination, because it included several complex, relative statements such as ‘can never be more than’ and ‘estimated savings’.

In phase 3 a revised wording was tested. Reactions are described in section 3.3.2.

### 3.3.2 Difficulty in understanding whether their own energy use would produce the 'estimated' level of savings, and how much they might save after the repayments

#### What caused confusion?

When looking at Discovery documents at both Phase 1 and Phase 2, many participants reported that they did not know how their own energy usage would compare with 'estimated' or 'typical' levels, and therefore they found it very difficult to understand how their savings would be determined. Before taking out a Green Deal, they said they would want to understand if they might save less than they would repay. For example, the Energy Fix Plan and DECC 2 page leaflet at Phase 1 used 'estimated', in Phase 2 this was revised to 'typical'.

Words like 'estimated' or 'typical' affected comprehension because many participants assumed their own usage was different to the average and so did not try to understand the whole sentence. These terms appeared to confuse because they disengaged the reader.

*"If you're paying for this, you want to know what you are paying in your property. You don't want to know what Mr Blogs is doing 3 doors down."*

Phase 1, male, retired/empty nester, aged 65+, ECO eligible home, East Anglia

Many were able to understand that *lower* than typical energy usage would mean *lower* than typical savings. The significance was interpreted in various ways:

- Some (correctly) reasoned that the Green Deal may save you less money if you are a low energy user.

*"I might not save a lot as I am a careful user of my heating. I don't use it unless I need to, unless it's freezing. So how would I really benefit?"*

Phase 2, male, retired/empty nester, aged 65+, 'hard to heat' property, Ebbw Vale

- Some (incorrectly) reasoned that a high energy user would make greater savings, even if this is high usage of electrical appliances like computers or televisions.

*"I use a lot of energy, well the family does\*. So does that mean I stand to make a lot of savings? Sounds like I might." [\* high usage of television and computers]*

Phase 1, female, younger family, aged under 40, 'hard to heat' property, East Anglia

- Some felt that the Green Deal would only be suitable for high energy users, because high energy users would save more from installing the measures.

*"Basically, you need to use more energy before it makes it worthwhile to even have a Green Deal."*

Phase 2, couple, older family, aged 40-65, 'hard to heat' property, Ebbw Vale

- A few concluded that they would save more if they used more energy. They thought the Green Deal was intended to encourage people to use more energy.

*"Does this mean that if I start using more I'll save more? Only I'm quite careful at the moment".*

Phase 2 Single mother, younger family, aged under 40, Newcastle

- Some were confused about how energy prices would affect their savings.

*“If prices go down, it’d still be worth me doing this, wouldn’t it? I’m not sure though.”*

Phase 2, couple, retired/empty nester, aged 65+, planning renovations, Newcastle

### What aided understanding?

A few participants said that it might help to explain that repayments are worked out by providers in advance and cannot be higher than a typical household would save, but that savings are variable and depend on your own heating use (and future prices).

Additionally, some customers (e.g. low heating users, low income households, pre-payment meter users) said they would find it reassuring if they were encouraged to ask the advisor (or the telephone advice line) for help. These participants struggled when trying to understand these complicated concepts from documents alone and wanted to know if someone could explain it to them.

Breaking the Golden Rule down into simple statements aided participants’ understanding. The following wording to explain the Golden Rule was tested at Phase 3.

*“Repayment levels will be based on typical energy bills for a home like yours. Since most Green Deal improvements reduce the energy used for heating, in most cases this means typical heating costs. The Green Deal is designed to try to save you at least as much money as you will have to repay. However the actual level of your savings will depend on how much energy you use (e.g. to heat your home) and the future cost of energy.*

**Caution:** *If you are a low user of energy then your savings may be lower than your repayments. Your advisor will help you to work out what savings you would be likely to make.”*

Most participants found this explanation helpful. They realised that repayments would be based on a typical household’s usage, but that their own energy usage (especially for heating) would affect the level of their bills. The ‘caution’ section at the end was mentioned by many participants as particularly helpful and clear. The few participants who found elements of the first paragraph difficult to fully understand still recognised that low users may not make savings and should be careful. The caution helped reassure them that no-one was trying to trick them.

*“It’s clear – it’s worked out on a typical heating cost. They are trying to save you money, but be careful – it might not apply to everyone. They are here to save you money, not grab money – they are on your side.”*

Phase 3, Couple, 40 – 65, older family, planning refurbishments, London

*“The payment wouldn’t be more than the estimated saving – but your house may not be typical, so your savings might not be as much as the cost”*

Phase 3, Female, 65+, Liverpool

## 4. Main Findings: Feedback on DECC documents and paragraphs

This section reports findings on the five documents where DECC can determine or influence how the Green Deal is explained. These were:

1. **The Occupancy Assessment** – A document that forms part of the pack given to households after a Green Deal assessment to summarise how they use energy and how their use will affect the savings they could achieve by installing measures. It also includes behavioural advice (e.g. turn radiators off in empty rooms) and the package of measures that the household indicated they would like installed under a Green Deal.
2. **Energy Performance Certificate (EPC)**—A document that forms part of the Green Deal Advice Report pack.—This is carried out by a domestic energy advisor and will provide information on how energy efficient the home currently is. It includes recommendations for energy efficiency measures that will make a home more energy efficient and reduce carbon dioxide emissions. All homes bought, sold or rented already require an EPC. This document is being partly modified to explain how the Green Deal can pay for new energy efficiency measures and to disclose when Green Deal repayments already exist so new occupants know they will have to continue to pay for previous Green Deal measures through their energy bills. Two versions of the EPC were tested, one for a home which has not yet had measures installed, and one version for a home with a Green Deal already in place. For some potential customers, this document might be the way in which they first discover the Green Deal.
3. **Terms of the Plan** – a one page document setting out the terms and conditions specific to Green Deal packages that are distinct from standard terms in a Credit Agreement.
4. **Annual Credit Statement** (annual summary of Green Deal repayments made and interest charged) – a paragraph on the Green Deal repayment terms inserted in a generic Annual Credit Statement.
5. **Statement on electricity bills** – a paragraph that could appear on the back of electricity bills to provide reminders about where costs for repayment would be made (on electricity bills) and where the bill payer might see potential savings (e.g. on the gas/other fuel bills).

This section addresses each of these five documents in turn, highlighting what participants found confusing and what aided understanding.

### 4.1 The Occupancy Assessment

Following an assessment by a Green Deal Advisor, the EPC and Occupancy Assessment documents are expected to be delivered together as a Green Deal Advice Report. DECC envisages that Green Deal advisors will explain the Occupancy Assessment and EPC as part of the assessment process.

Phases 1 and 2 of the research tested the clarity of the documents themselves. In Phase 3 of the research, the Occupancy Assessment was tested in participants' homes. Advisors carried out brief mock assessments and explained the outcome using the Occupancy Assessment. Researchers then collected feedback from the householder and advisor to understand how advisors can clearly explain the Green Deal.



This section reports on findings related to the Occupancy Assessment tested in Phase 3 which can be found in Appendix 8.1. Findings related to the assessment process are included in section 6.3.

#### 4.1.1 Reaction to the Occupancy Assessment Document

At phase 1, a separate Occupancy Assessment and Advice Report were tested (see Appendix 6). Participants found it difficult to understand the role of each of these, consequently they were combined into one Occupancy Assessment at phase 2 (see Appendix 7).

Many participants thought that the document tested at phase 2 had a complicated layout. They often did not read it fully and consequently they missed or misunderstood some of information contained within it. In particular they often did not understand the grid of Green Deal measures, which included information on typical savings and their own estimated savings, but not the information they were expecting it to include, such as likely costs and their own savings. They often did not understand that their current energy usage patterns would influence their level of savings if they installed Green Deal improvements. Based on the findings from phase 2, a new version of the Occupancy Assessment was developed for testing at phase 3. This used a simpler layout. It summarised the household level of energy use at the beginning, and the format for the table of Green Deal measures was aligned to expectations.

The Occupancy Assessment tested at phase 3 was described as clear and easy to read by most participants. The majority of participants understood the list of Green Deal measures proposed, the likely cost of them, their estimated savings and the (maximum) level of Green Deal repayments associated with each measure. This information is shown in figure 6. A few participants needed an extra explanation from the advisor to reassure them that they had understood it correctly.

*“It seems very clear – it’s nicely laid out”*

Phase 3, Female, Older Family, Liverpool

*“The whole form is quite clear for me to understand. It’s all clear – a good overall feeling about what would be expected on a typical scheme”*

Phase 3, Mother with adult low lit son, London

Improvements	Estimated costs*	Your estimated annual savings	Maximum annual Green Deal repayment**
Increase loft insulation to 270mm	£100 - £350	£50	£86
External or Internal Solid Wall Insulation	£4,000 - £14,000	£354	£618
Total	£4,100 – 14,350	£404	£704

\* Discounts available for qualifying homes

\*\* Providers may charge below the maximum level

**Figure 6: Measures and repayments table as set out in the Occupancy Assessment report tested in Phase 3. This simulated repayments for a low energy user to check they understood their repayments could be higher than their level of savings.**

## What caused confusion?

The document did not cause much confusion. Some participants wanted information to be presented in a different order, or with extra explanation or emphasis. These are described below.

The difference between the Occupancy Assessment and the Energy Performance Certificate (EPC) was explained by advisors but the majority of participants could not recall what the distinction was by the end of the assessment process. Usually participants thought that the Occupancy Assessment was a summary of the EPC advisor.

Some participants said that the name of the document did not describe the content very well, and for some it sounded too official. Participants asked for a simpler name in plain English.

*“It should be called something to do with energy efficiency, household energy use – ‘Occupancy Assessment’ sounds kind of legal”*

Phase 3, Couple, 40 – 65, older family, planning refurbishments, London

*“Sounds like you are going to be assessed – like a test or something”*

Phase 3, Mother and adult daughter, Liverpool

Some participants read the savings column and then did not realise that the repayments should be subtracted from this to provide net savings (or, for a low user, net repayments). Many participants asked for the overall saving/repayment figure to be shown clearly on the document.

*“It needs to show your actual saving more clearly – you might look at the savings column and think that’s what you’re going to save overall”*

Phase 3, Female, older family, Liverpool

Participants did not always realise that actual savings will depend on usage and the future price of energy, and advisors did not always point this out. Both participants and advisors said that the phrase dealing with this should be given more emphasis. (This phrase is boxed in figure 7 below.)

<p><b>Your chosen package could save up to £404 per year on your heating and hot water energy bill.</b> Actual savings will depend on how much energy you use and the cost of energy.</p> <p><b>The maximum a Green Deal provider can charge per year for these improvements is £704.</b> Green Deal repayments would be added to your electricity bill, spread over the year.</p>
--

**Figure 7: Summary of savings and repayments in the Occupancy Assessment**

From the maximum repayments column, participants understood that they would be making regular payments on the Green Deal measures installed, but they were confused because it was not stated how long these would last for, nor what rate of interest was involved. When advisor explained that this information would be available at the quotation stage, this helped to clarify the process.

*“I suppose you’d pay it off eventually – but how long would you be paying it for?”*

Phase 3, Female, young family, London

The table of measures and repayments indicated the availability of discounts but participants said that it did not include enough information about who might be eligible.

*“I didn’t really take any notice of that bit – I didn’t know if it would apply to us. It needs to give more details.”*

Phase 3, Couple, 65+ London

Some participants expected repayments to be fixed at the maximum level shown. They needed more explanation to understand that repayments could be lower than this maximum level.

*“It’s easier to have it explained – when you said ‘capped’ at that level – I thought with those maximum repayments that that was it, they would be set at that level”*

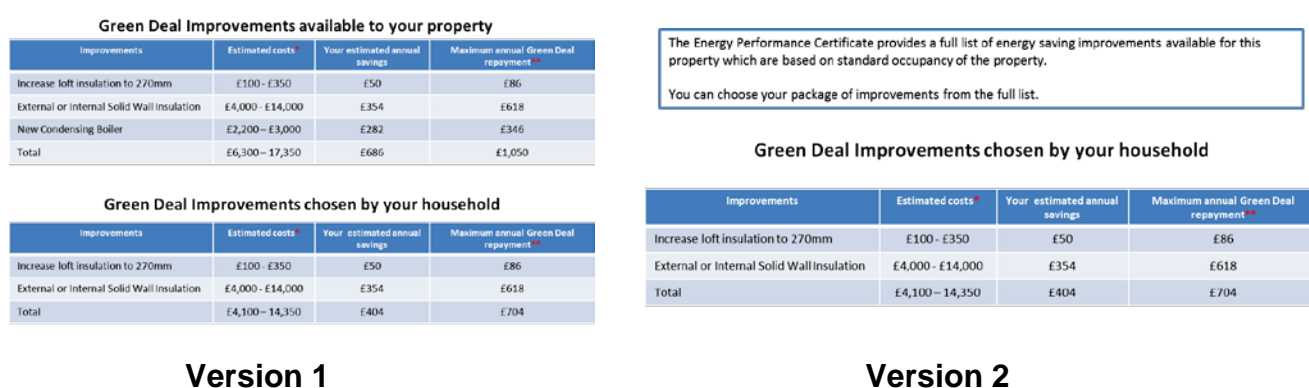
Phase 3, Female, Older Family, Liverpool

Two versions of the Occupancy Assessment were tested, version 1 which included both a full list of measures and the household’s own choice of measures, and version 2 which showed the household’s own choice of measures only (figure 8).

Participants said that Version 1 had the advantage of showing all the measures available as well as their ‘own’ list. This was thought useful because they thought they may want to review their choices after the report had been produced. Version 1 had the disadvantage of looking complicated and some participants found it difficult to understand the difference between the two sets of measures.

The main advantage of Version 2 was that it looked simpler to participants. The main disadvantage was that both advisors and participants were unclear how this version would be derived without first producing a separate document with the full list of measures (including ‘personalised’ savings and repayments, which do not appear in the EPC).

Some participants felt the phrase ‘Green Deal improvements chosen by your household’ was unclear and they suggested ‘Green Deal improvements selected by you’ as an alternative.



Version 1

Version 2

**Figure 8: Version 1 with full list of measures and Version 2 with chosen measures only (Low user versions)**

## What aided understanding

The advisors carrying out the mock assessments had different styles and approaches and used their own words to explain the Occupancy Assessment. Having an advisor to talk them through the document helped participants in two ways. For participants who seemed to understand most

elements straight away, the advisor was able to give confirmation and reassurance that they had interpreted it correctly. For participants who were not certain about the implications of some sections of the document, the advisor was able to answer questions and clarify (particularly the net level of savings/repayments).

Participants understood best when advisors introduced elements in the following sequence:

1. The amount of energy they used would affect the level of estimated savings (Figure 7);
2. How their level of usage was estimated (Figure 10);
3. The energy usage summary (Figure 9);
4. The full table of improvements with estimated savings (Figure 6);
5. The selected list of measures for the household (Figure 8).

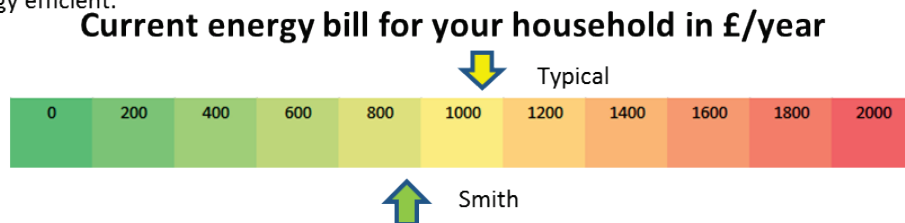
The role of the Occupancy Assessment within the overall sequence of the assessment and advice process is described in detail section 6.3.

In the mock assessments, the advisor’s explanation was particularly important for clarifying the difference between the full list of Green Deal improvements and the list selected by the homeowner.

Turning to elements of the document itself, as mentioned above participants suggested that they would understand the table(s) of measures and repayments shown in Figures 6 and 8 better if a column showing ‘typical payback’ periods was added.

The summary of energy usage included on page 1 (figure 9) was understood by participants. They understood if their usage was higher or lower than a typical property like theirs. They usually recognised the use of colours from energy ratings on domestic appliances.

This report shows how your household uses energy currently, and recommends ways of making your home more energy efficient.



**Figure 9: Summary of household energy usage from Phase 3 Occupancy Assessment (Low user version)**









Showing how their energy usage level was worked out (using the grid on page 2 of the Occupancy Assessment, see Figure 10) helped participants to assimilate the information about their usage level. The assessor completed the blank ‘your household’ column after talking to the participant about their own energy usage behaviour.

*“People who benefit more are people who use it [heating] on high. The more you use, you’re losing it out of the walls. If you have it insulated it will save money in the long run. If you’re not using much in the first place you’re not going to save much”*

Phase 3, Mother and adult daughter, Liverpool

“Oh yeah, we do keep it [heating] on all the time...more than 9 hours - if I was out at work I suppose we'd turn it off more. So I suppose we are a high user, yeah”

Phase 3, Female, young family, London

What makes you different?	Typical of your type of property	Your household		
Number of occupants	3			
Hours at home each weekday	9			
Thermostat setting	21°C			
Number of rooms not heated	0			

**Figure 10: Summary of household usage data in Phase 3 Occupancy Assessment (blank boxes completed by advisor)**

The following advisor explanations helped participants to understand the document.

1. Describing the difference between the EPC and the Occupancy Assessment:

*The EPC is about the property itself - bricks and mortar – and would be the same whoever lived here.*

*The Occupancy Assessment is all about you and your household. The usage and savings figures would be different if a bigger/smaller family lived here. This will show you whether the Green Deal will save you money.*

2. Introducing the relevance of being a low or high user:

*The more you currently use your heating, the more you are likely to save. The lower your current usage, the less you are already spending ...so the energy efficiency measures may not save you as much. The scheme is worked out so that a typical household will break even on the repayments. So we need to work out if **you** are a high/low user.*

3. Introducing the list of measures, repayments and savings:

*This is the full list of measures available to anyone living in this property, and the maximum repayments for these. These would be the same whoever lived here.*

*The estimated savings are specifically about you/your household based on how you use your heating/home.*

4. Explaining that savings will depend on actual usage:

*Savings for you are based on how you live now, but they are only estimated because your bills will still depend on how much energy you use – the less you use, the lower your bills will be.*

5. Confirming where repayments will be made:

*The Green Deal repayment charge will be added to your normal electricity bill. It will be shown as a separate charge.*

6. Describing the competitive market:

*Lots of companies are offering Green Deal packages. If you shop around you may find some are offering lower repayments, or other incentives.*

7. Mentioning other aspects for Low Users to consider (in addition to savings)

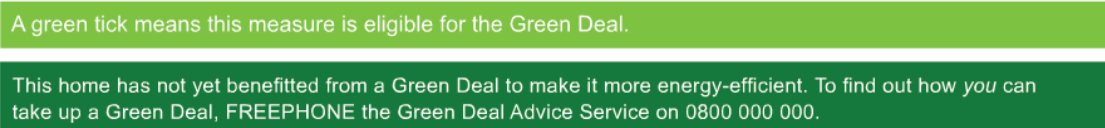
*Even if you are not making savings here, there may be other reasons to consider installing the measures – there may be discounts, some providers may charge below the maximum – or there may be benefits that don't have a straightforward monetary value – e.g. your home may warm up faster, be more comfortable, and there are also benefits to the environment.*

## 4.2 Energy Performance Certificate (EPC)

### 4.2.1 EPC for a property without a Green Deal

#### What caused confusion

The Green Deal information was included in a green box at the foot of page 1 of the EPC (see figure 11). Many participants missed this because they found the EPC contained too much other detailed information. Almost all participants wanted clearer sign-posting to where additional Green Deal information appears in the document, especially to the recommendations on page 3.



**Figure 11: Green Deal information on page 1 of the EPC**

*“I didn't see that, no. I'd probably not read this, it's too much on a page. Then there's more of it on the next page. Too much.”*

Phase 2, female, older family, aged 40-65, pre-payment meter, London

Figure 12 shows how measures were shown on page 3 of the EPC. Many understood correctly that green ticks would be eligible for a Green Deal. Most did not understand that orange ticks meant that these measures would not be fully funded by the Green Deal – either because they did not read the text above or because they did not understand what 'additional finance' meant. (In practice, those who are eligible for ECO funding may find that orange tick measures would be covered by their Green Deal finance). A few queried why some measures qualified for a green tick and others did not. Some participants reasoned, correctly, that it was the measures with the highest levels of savings that could be included in a Green Deal package.

## Recommendations

The measures below are cost effective. The performance ratings after improvements listed below are cumulative; that is, they assume the improvements have been installed in the order that they appear in the table. Further information about the recommended measures and other simple actions you could take today to save money is available at [link]. Before installing measures, you should make sure you have secured the appropriate permissions, where necessary. Such permissions might include permissions from your landlord (if you are a tenant), or approval under Building Regulations for certain types of work.

Under the Green Deal, you can get energy efficiency improvements made to your property without having to pay for the work upfront. You can pay your Green Deal provider back through the savings made to your energy bills. (Please note that payments will always be collected via your electricity bill). Measures which have a green tick ✓ are likely to be eligible for Green Deal finance plans, based on indicative costs. Discounts may also be available for some measures, such as solid wall insulation, and for those who need extra support. Measures which have an orange tick ⚠ may need additional finance. To find out how you could use Green Deal finance to improve your property, FREEPHONE the Green Deal Advice Service on 0800 000 000 or visit [www.greendealadvice.org](http://www.greendealadvice.org).

Recommended measures	Typical cost	Typical savings per year	Green Deal Finance	Rating after improvement
Increase loft insulation to 270 mm	£100 - £300	£73	✓	
Hot water cylinder thermostat	£500	£145	✓	
Low energy lighting	£50	£45		
New condensing boiler	£1,500 - £3,500	£408	✓	
Solar water heating	£4,800	£32	⚠	
Replace windows with double glazing	£2,500 - £6,500	£54	⚠	
External or internal solid wall insulation	£5,500 - £14,500	£393	✓	

**Figure 12: Energy Efficiency Rating diagram on page 3 of the EPC**

*“I’d assume I can’t have the solar panels because they are expensive to install and don’t save much. Is that right?”*

Phase 2, male, older family, aged 40-65, planning renovations, Newcastle

A few participants, especially lower literacy participants, struggled with the dense text about recommendations, see figure 12 above. A few times the word ‘cumulative’ was highlighted as unclear.

Most participants did not understand references to the ‘EPC’ in other documents. They suggested it would help to include the abbreviation ‘EPC’ after the full title at the top of the Energy Performance Certificate, see figure 13.



**Figure 13: Title of the Energy Performance Certificate currently has no EPC abbreviation**

*“What’s the EPC? They keep talking about it in here [Occupancy Assessment].”*

Phase 2, couple, young family, aged under 40, ‘hard to heat’ property, London

### What aided understanding

Many participants found the table on page 3 of the EPC (see figure 12, above) setting out recommended measures, the associated cost and typical savings, clear. Participants considered this to be clearer than tables used in Occupancy Assessment reports tested at phase 1 and 2 (see appendices 6 and 7). This finding was used to help develop the Phase 3 Occupancy Assessment (see figure 6).

In this context, ‘typical savings’ was understood as representing likely savings for a building like their own.

“I think this table [page 3 of EPC] should be in here [Occupancy Assessment]. It reads better. It makes more sense here somehow.”

Phase 2, female, older family, aged 40-65, pre-payment meter, London

### 4.2.2 EPC for a property with a Green Deal


If a property has a Green Deal, information about it will be included on the EPC. This means that some people may discover the Green Deal for the first time when they decide to move into a new property and see it described on the EPC.

### What caused confusion

Figure 14 shows an extract from Page 1 of the EPC. It sets out recommendations for a new Green Deal before explaining if there was already one attached to the property. This confused participants, who expected the document to explain the Green Deal that was already installed before recommending further measures. The orange ticks on page 1 of this version of the EPC were also confusing for participants. The ticks appeared prior to any explanation of what orange ticks mean (which appeared on page 3, see figure 12)

*“I thought this had a Green Deal thing on it already? Why’s it going on about me getting another one. ... I don’t think it’s even told me what I’ve got yet.”*

Phase 2, male, younger family, aged under 40, low literacy, London

Top actions you can take to save money and make your home more efficient			
Recommended measures	Typical cost	Typical savings over 3 years	Available with Green Deal
Low energy lighting	£50	£135	
Solar water heating	£4800	£96	

This home has energy-efficiency measures installed under a (PROVIDERNAME) Green Deal. See page 5 for details on repayment charges. Visit [www.epcadviser.org](http://www.epcadviser.org) to see how measures affect your energy bills, quoting EPC reference 0182-2077-9473-0601-9571.

Figure 14: Information about the Green Deal on page 1 of an EPC for a property with a Green Deal



*“What’s the orange tick mean? Is that something I can get or not?”*

Phase 2, male, retired/empty nester, aged 65+, ‘hard to heat’ property, Ebbw Vale

The details of the current Green Deal on page 5 confused participants because it read vertically rather than horizontally, in contrast to other tables in the document. This could lead to misinterpretation, such as external wall insulation specifically estimated to save them £46 per month.

**Green Deal Provider:**

0800 757 757

**Unique Green Deal Plan Identifier:** GB70739582GT

<p><b>The following measures were installed using Green Deal finance:</b></p> <p>External wall insulation</p> <p>Energy efficient boiler</p> <p>Loft insulation</p> <p>Double glazing</p> <p>Energy efficient lighting</p> <p>Some of these measures require maintenance or specific care. For more information go to <a href="http://www.GDProvidercareinfo.com">www.GDProvidercareinfo.com</a></p>	<b>Installed</b>	June 2013
	<b>Estimated to save</b>	£46 per month (estimated in June 2013)
	<b>Current charge</b>	£36 per month / £468 per year
	<b>Outstanding balance</b>	£13,646
	<b>Repaid by</b>	June 2043
	<b>Interest rate</b>	6%
	<b>Variable / fixed</b>	Tracks fuel and light index. Charge varies in line with this.

**Figure 15: Details of the Green Deal Plan attached to the property on page 5 of the EPC for a property with a Green Deal**

*[Reading table in Figure 15, horizontally from ‘Energy efficient boiler’] “So am I being charged four hundred odd quid a year for an energy efficient boiler? That’s a lot isn’t it? How long am I paying that for?”*

Phase 1, couple, older family, aged 40-65, ECO eligible home, East Anglia

*“Can this read like the other table [page 3]. It’s just you get used to reading it in a certain way, don’t you.”*

Phase 2, female, retired/empty nester, aged 65+, planning renovations, London

### What would aid understanding?

Many participants wanted the green box at the foot of page 1 to make the presence of a Green Deal much clearer, for example by stating in larger font ‘This property has a Green Deal’. They wanted the text to be in a different size to increase the chances of being noticed.

*“Think the [signposting] could be better really. I’d miss that, and I wouldn’t get to page 5. So it could be clearer.”*

Phase 1, male, older family, aged 40-65, ‘other eligible’, London

Figure 15 shows how the Green Deal was set out on page 5 of the EPC.

Some participants wanted more detailed information about existing Green Deal measures i.e. what measures had been installed, when, how much they had cost, what impact they had had on

the property's energy rating. They requested that this information was included in more detail, together with an indication of warranty provision/expiry dates. Participants said that if they were buying a property with a Green Deal in place then they would want to know the costs of repaying it early. They assumed that this cost would be the same as the 'outstanding balance'.

After reading further information, including Terms of the Plan and information about the impact of being a low energy user, participants suggested a few additional points about the Green Deal were not clear from this EPC document. They suggested that the EPC did not make clear what impact making refurbishments to their property could have on their Green Deal agreement. They also felt the EPC did not offer any explanation of how the new owner of the house may save more/less than the estimated savings figure. A few participants also suggested that although the EPC gives details of a new Green Deal on the front page, it does not explain how this would affect the old Green Deal measures/payments.

### 4.3 Terms of the Plan

The Terms of the Plan are designed to draw consumers' attention to key terms and conditions of a Green Deal plan that are distinct from standard terms in a Credit Agreement.

#### What caused confusion?

In general, when participants were asked to read it they claimed that they found this document clear. Only a few elements caused confusion.

It was apparent that some participants only read clauses partially and that they could miss elements of clauses where a key point was made at the end.

For example, in clause 3i (see figure 16) the first two sentences were clear and many did not then read on to the third sentence, and therefore missed the point that a fee could be charged for early repayment.

*The bill payer has a right to repay a Green Deal arrangement early – in part or in full – at any point. Any early repayments must be made directly to the Green Deal Provider. However the bill payer is advised to check whether or not any early repayment will incur fees from the Green Deal Provider.*

**Figure 16: Clause 3i Terms of the Plan**

Clauses that many participants found difficult to comprehend were clauses 1ii, 2iii and 3ii:

The meaning of clause 1ii (see figure 17) was not transparent to participants. A few participants suggested that this might be to do with warranties transferring between successive bill payers for a property. However, the majority did not understand it. The implications of warranties passing to the new owner, and cash advances not transferring, were unclear.

*Bill payers benefit from (and are entitled to enforce) any term of the plan that benefits the person who takes out a Green Deal, for example the provision of warranties (with the exception of any cash advance offered).*

**Figure 17: Clause 1ii, Terms of the Plan**

From clause 2iii (see figure 18) most participants understood that the measures should be paid for before the warranty expired. They did however not understand how this would be implemented if different measures had different length warranties. They were concerned about boilers in particular as these are perceived to have a relatively short lifespan. Participants understood the clause better when an example was given: *'e.g. a condensing boiler's life expectancy is 8 years so repayments for the value of the boiler would have to be made within 8 years of installation.'*

*'Repayment periods for any measure must not exceed the guaranteed lifetime of that measure'*

### Figure 18: Clause 2iii, Terms of the Plan

Participants needed more help to understand the relevance of clause 3ii to their own circumstances (see figure 19). Many thought this clause would not be relevant to them because they were unlikely to start a business. They also interpreted damage as accidental damage such as fire or flood rather than refurbishment or intentional improvements (e.g. putting up shelves). Some were concerned that it would be possible to unintentionally break this clause because the meaning was not clear enough. They also pointed out that a subsequent purchaser of the property could be unaware of these restrictions (see section 4.2.2).

*There may be circumstances in which the bill payer is required to repay a Green Deal early, e.g. if the use of the property changes (i.e. from domestic to business) or if alterations are made that damage or impact on the materials installed under the Green Deal plan.*

### Figure 19: Clause 3ii, Terms of the Plan

*"It's just not relevant; the first thing it says is business, so I wouldn't even think it means anything to me."*

Phase 2, female, older family, aged 40-65, low literacy, Newcastle

*"So not only do I need to apply for planning permission if I want to do get something done, I need to get permission [from] the Green Deal?"*

Phase 2, male, single parent, aged under 40, planning renovations, London

### What aided understanding?

Participants found that grouping similar terms into clearly labelled topics and numbering each point clearly helped them to navigate the document easily. At Phase 1 of the research, without these clear signposts, some participants often overlooked this document as 'just small print'.

*[At Phase 1, prior to grouping and labelling topics] "It's okay, but it's hard to take in, it's a bit too much writing, all blends into one, like small print usually does."*

Phase 1, male, older family, aged 40-65, 'other eligible', London

Labelling of topics helped participants to work out where they would need to look for information in the event of a query.

*"I wish that when I got my mortgage 30 years ago each section was as clear as this. It's great."*

Phase 2, female, retired/empty nester, aged 65+, ECO eligible home, Birmingham

## What additional information was requested?

Participants claimed they were more likely to read the terms of the plan than the Consumer Credit Agreement (CCA) because the document was more clearly laid out, easier to read and shorter. They wanted some information from the CCA to be included in the Terms of the Plan. Specifically, participants wanted more information about missed repayments, including what repayments and penalties may be incurred.

A few participants also requested reassurances that estimated energy bills could be disputed, without incurring a missed Green Deal payment charge.

Some on low incomes were particularly wary of credit checks because of previous bad experiences (e.g. applying for a credit card) and because they thought a credit check might disqualify them from taking out a Green Deal. They wanted reassurance about whether the Green Deal would be subject to a credit check.

### 4.4 Annual Credit Statement

The Green Deal paragraph shown in figure 20 was included on the Annual Credit Statement. This is a document required by the Consumer Credit Act which applies to all consumer credit arrangements. It summarises the repayments made and interest charged for the year. Many participants considered this easy to understand.

#### ***The Green Deal***

*[Provider name] Plan is a Green Deal and this credit arrangement is a Green Deal Plan. As per the terms of the Green Deal, regular payments are collected through the electricity bill at this address (marked on the bill as 'Green Deal Charge'). To keep this credit arrangement up to date, it is important to ensure the electricity bill is paid on time and in full. You are free to change the payment schedule of your electricity bill in line with your electricity supplier's policy, without any penalty or extra charges relating to this credit arrangement. If you wish to change the payment frequency, you should contact your electricity supplier directly; any amendment to the schedule will be reflected automatically in this credit agreement.*

**Figure 20: Paragraph shown in the mocked-up Annual Statement**

Participants' feedback was that the passage simply stated that if they wanted to change their payment schedule they should contact their electricity supplier. Some said that this was important information that should also be given in the Terms of the Plan. A few with additional concerns about keeping up payments wanted it to say who they should contact if they had to delay or miss a payment as this was considered a more likely scenario than changing payment frequency.

*"It's clear enough; it's saying I should speak to the electricity supplier if I've got a problem with payments, like how often I'm paying. But what if I miss a payment? Do I get fined?"*

Phase 2, couple, younger family, aged under 40, 'hard to heat' property, London

## 4.5 Information on electricity bills

Electricity bills for properties with a Green Deal repayment could include information explaining that the Green Deal repayments would be added to electricity bills, but savings would be seen on heating bills. This is shown in figure 21 below.

*‘This Green Deal Plan was taken out on (date). At this time the Green Deal Assessment showed that the installed measures were likely to lead to an annual saving of (£800) on your gas bill and (£8) on your electricity bill. All Green Deal repayments will be made via your electricity bill, irrespective of where the savings are made. The actual savings that you are now making will depend on your energy use and current energy prices.’*

**Figure 21: Paragraph shown on reverse of the mocked-up Electricity Bill at Phase 2 of the research**

Detailed information about Green Deal savings was printed on the reverse of the bill but was signposted on the front of the bill. Few participants turned the bill over without prompting, suggesting that the signposting was not readily noticed.

*“I wouldn’t notice that on the front [referring them to the statement on the back]. It’s a bit drowned out by all the usual stuff on a bill. Shame though, as that’s a good reminder about how it all works.”*

Phase 2, female, older family, aged 40-65, planning renovations, London

When they were shown it, participants found the explanation from the back of the bill very useful. It was seen as helpful because it gave projected levels of savings and attributed them to specific fuel bills.

Many participants said this information was important and should be available earlier in the process. For some it was the first time they had a real understanding of how both their energy bills (e.g. electricity and gas) might be affected by the Green Deal. They suggested that access to this type of information during the assessment or when receiving quotations would help them to understand where the Green Deal savings might be experienced.

*“That makes it clearer, but why isn’t it more clear earlier on? I’m bothered about how it will affect my outgoings, because I have to be very careful.”*

Phase 1, female, retired/empty nester, aged 65+, ‘hard to heat’ property, Glasgow

## 5. Main Findings: Feedback on other information needs relevant to DECC

This section reports findings that relate to the following key policy questions regarding what DECC could do to minimise confusion and mis-selling. These issues could affect consumers at several stages of the Green Deal journey;

- How to ensure customers know where to go for independent advice and quality assurance issues;
- How to ensure customers know what to do next;
- How to ensure that vulnerable groups check for ECO entitlement; and
- How to ensure consumers know they can switch energy supplier.

This section then describes a set of *'key things to know'* that participants identified at each stage of the Green Deal journey. Participants expected this information to be available from an independent advice line or website.

### 5.1 How to ensure customers know where to go for independent advice and quality assurance issues

#### What caused confusion?

Participants were given mocked up provider introductory leaflets to learn about the Green Deal. They felt their next step, if interested, would be to ring the independent advice line or seek further information online. During Phase 1, some participants were confused about who they could turn to for independent advice about the Green Deal. They needed more signposting in the documentation to ensure that the availability of independent advice was not missed.

*"Who can you get advice from on this then? Is it Citizen's Advice?"*

Phase 1, male, older family, aged 40-65, other 'eligible', London

Where contact information for an independent helpline and a provider information line were both given side by side, some participants were unclear on the role of each or muddled them up.

Participants wanted reassurance from an independent source because the Green Deal was a new concept. Central government or a watchdog organisation were seen as credible in this role.

#### What aided understanding?

In Phase 2 of the research, a consistent graphical approach to contact information helped participants identify the correct number to ring and the website to visit (see figure 22).



**Figure 22: An example of signposting to free and impartial advice about the Green Deal**

*“Well it’s good to know you can speak to someone to take you through it who isn’t just after your money.”*

Phase 2, Female, Hard to heat Home, Birmingham

Participants found that the Green Deal quality mark was useful as it reassured them about the regulation of the scheme and implied the providers were accountable and legitimate. There was also widespread support for bold statements of reassurance such as that shown in figure 23, for customers to ‘look out for the quality mark’.



**Figure 23: Example of the accreditation information on documents offering information about the Green Deal**

## 5.2 How to ensure customers know what to do next

### What caused confusion?

Some participants needed extra help to understand the sequence of steps involved in taking out a Green Deal. This usually happened when participants glanced through the documents quickly. It was not usually because they misunderstood the wording or concepts when directed to the information.

### What aided understanding?

Figure 24 shows how the stages of the customer journey were set out in Phase 2 stimulus. Participants found this easy to understand. They were then clear about the various stages and felt that it gave them a good idea of what they would need to do at each stage and what would happen next.



**Figure 24: Example of the customer journey used in many documents to show customers what stage they were at in the Green Deal journey**

*“Step by step, it’s my language and pictures just make it easy to follow.”*

Phase 2, female, single parent, aged under 40, ECO eligible, Newcastle

## 5.3 How to ensure vulnerable groups check for Energy Company Obligation (ECO) entitlement

The Energy Company Obligation (ECO) will provide support for those properties needing energy efficiency measures that do not meet the Golden Rule and so need extra funding to pay back within the Green Deal finance period. These may include ‘orange tick’ measures (see section 4.2.1, the Energy Performance Certificate, and figure 12). ECO will also support the poorest and most vulnerable householders who need improvements to the energy performance of their homes and for whom the Green Deal may be less attractive.



## What caused confusion?

Some Phase 1 versions of DECC and provider leaflets mentioned that discounts or subsidies may be available, without specifically saying who might qualify for these. Participants already accustomed to receiving benefits or tax credits were likely to anticipate that they could be eligible for a subsidy or discount when it was mentioned in general terms without eligibility criteria. Most other participants, who might in fact be eligible, assumed they would not be eligible for any subsidy, including participants likely to be living in fuel poverty or in hard to heat or draughty homes or not on mains gas. If eligibility criteria are not explicit then vulnerable consumers may not find out about their entitlements.

*“I’m not claiming, so I don’t think I can go for this. You have to be claiming, I’d have thought. I work though.”*

Phase 2, female, young family, aged under 40, ECO eligible property, Ebbw Vale

## What aided understanding?

In terms of wording, participants preferred the term ‘discount’ to ‘subsidy’ because they expected subsidies to apply only to people on benefits, whilst believing ‘discounts’ could apply to anyone, including those living in homes that were hard to heat.

Participants felt it was important to be specific about eligibility criteria, including the range of criteria that might entitle someone to a discount. This range needed to cover types of people (e.g. low income) and types of house they lived in (e.g. solid wall homes).

In Phase 2, the eligibility criteria were explained using the wording in figure 25. This was effective in clarifying eligibility because it included references to eligible properties as well as eligibility criteria for people.

*“Many householders in older properties, and those on benefits or low incomes may qualify for a discount – to find out more, contact the Green Deal Advice Service on 0800 000 000”*

### **Figure 25: Wording used in mocked up third party provider leaflet to highlight eligibility criteria for a Green Deal discount**

In Phase 3, participants asked for this information about discounts to be included on the Occupancy Assessment. They felt that it was important to know about the possibility of discounts before deciding whether to ask for quotations.

Participants also felt that case studies showing how people qualified for Green Deal discounts were helpful to illustrate the breadth of people and properties that could be eligible. An example of a case study is shown in figure 26.

*“It [case study] might not be real, but it just seems more realistic to me and my house.”*

Phase 2, female, young family, aged under 40, ‘hard to heat’ property, London

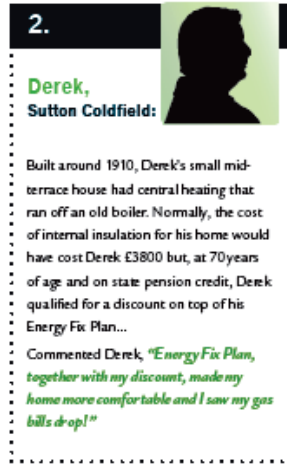


Figure 26: Example of a case study in mocked up third party provider leaflet

## 5.4 How to ensure customers know they can switch energy supplier and tariff

To allow optimal market conditions the consumer needs to understand they have choices. Firstly, they need to understand that their choice of Green Deal provider can be independent of their choice of household energy provider. Secondly, that once a Green Deal has been taken out, they can exercise choice by switching energy providers.

### What caused confusion?

In Phase 1 of the research participants were confused about both of these aspects. They asked whether they could get a Green Deal from one energy provider and their energy supply from another provider, and they also often queried if they could switch energy supplier once a repayment agreement was established.

*"I'm [supplier name] for both [gas and electricity], but does that mean I have to get it from them?"*

Phase 1, female, young family, aged under 40, 'hard to heat' property, London

### What aided understanding?

Participants expected their advisor to reassure and remind them that they could switch suppliers.

Participants found the information in the Terms of the Plan about switching supplier was clear, and helped to draw attention to the topic. The possibility of switching was also explained clearly in a summary 'Key things to know' document at the legacy stage of the customer journey (see Appendix 7 section 7.4), which covered moving into a home with a Green Deal. This was seen as helping to answer this question at any point during a Green Deal which could last for 20 years (See figure 27).

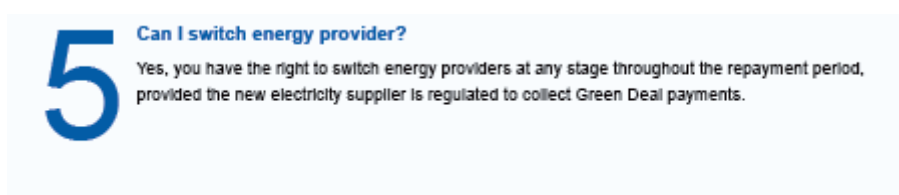


Figure 27: Information on switching in '5 Key Things you need to know' document

## 6. Main Findings: Implications for Green Deal providers and advisors

The research identified a number of common misunderstandings in areas outside DECC's own remit, and shows how these could pose a risk to the Green Deal and its providers. This section describes several ways to alleviate confusion and to help avoid any negative consequences. These may be important considerations for providers launching their own Green Deal initiatives.

### 6.1 Aspects of the Green Deal needing clarification early to avoid later distress

In phase 1, many participants did not fully understand some of the financial aspects of the Green Deal in the early stages of the customer journey. They tended to be surprised or upset when key points became clear at later stages of the journey. Examples were:

- The fact that interest will be charged, with the level of interest rates only becoming clear when considering a quote or making repayments.
- Advisors charging on the day of an assessment or if customers decide to choose another Green Deal Provider.
- Early repayment charges.

Participants who reacted negatively said these should have been clarified earlier in the process, and claimed that this might result in them losing trust in the scheme, or dropping out of the purchase process.

*"I think that's shocking. It's the first time I've noticed there's interest payments. It feels sneaky. A bit wrong. I'd be on the phone to that advice line."*

Phase 1, female, older family, aged 40-65, 'hard to heat' property, Birmingham

*"If companies doing this were all a bit quiet about the charges and didn't make it clear early, then I think this thing's going to get a lot of negative publicity, isn't it. People will be saying don't do that Green Deal scheme, it's a rip off."*

Phase 1, male, retired/empty nester, aged 65+, ECO eligible, Birmingham

## 6.2 What helped reduce the risk of confusion?

Participants found the mocked up provider leaflets which highlighted the availability of impartial advice helpful. These documents were thought likely to be from credible, accredited organisations with ‘nothing to hide’. Participants also said that both the assessment and accompanying literature would benefit from establishing that the customer has choices of advisor, provider and energy supplier.

The following explanations by the researcher also helped address issues raised during the research:

- Explaining interest payments early in the process helped to reduce confusion and distress because participants then expected repayments to include interest later on (see also section 3.1.2).
- Explaining what advisors will do and what they will charge *before* an assessment meant that participants knew what to expect – and reduced disappointment experienced if participants only discovered this later in the process.

## 6.3 The role of the Green Deal advisor and information needs for assessments

In Phase 1 and Phase 2 of the research, many participants asked if their advisor would be able to explain the Occupancy Assessment to them and to point out the key information (for instance if they used less energy than a typical household).

*“I’d want them to take me through it, explain why this is the best thing for me, and what I should do next.”*

Phase 1, female, young family, aged under 40, ‘hard to heat’ property, London

*“I can’t understand all the squiggly words, so I’d want somebody honest [to] explain it, who would take my lifestyle into account.”*

Phase 2, male, younger family, aged under 40, low literacy, London

Some participants needed more information about assessments than the documents provided at Phase 1 and 2. In particular, they expected to be able to look online or call a helpline to find out who they could approach for an assessment and to find out more about how the process works.

*“There should be a list or something that at least tells you who can do it, or I’d be clueless.”*

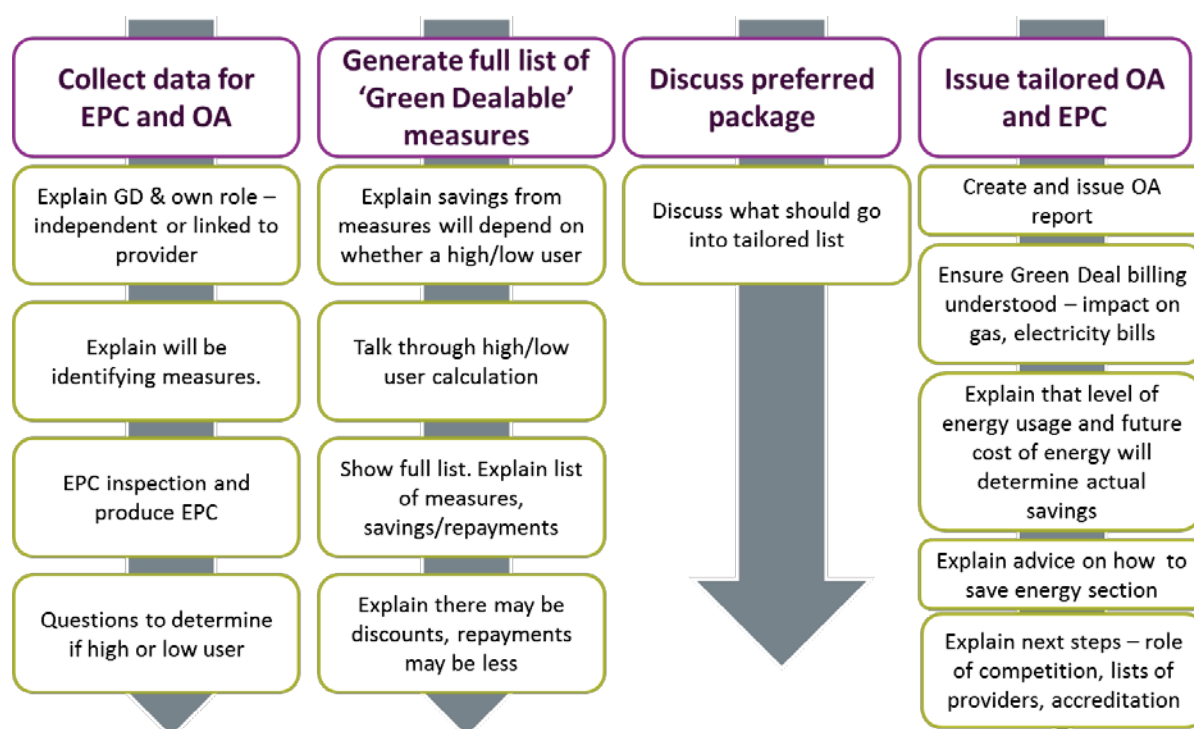
Phase 2, male, older family, aged 40-65, ECO eligible home, Newcastle

In Phase 3, advisors conducted brief mock assessments and then explained their findings using the Occupancy Assessment and the EPC.

The mock assessments showed that the order of introducing various elements of the Green Deal had an impact on how easily advisors could explain it and on how well participants understood and assimilated the Occupancy Assessment. A recommended sequence of carrying out assessment tasks and explaining elements of the Green Deal is summarised in Figure 28. This sequence is suggested based on observing mock assessments and discussions with advisors.

During this sequence, the advisor would generate estimated household energy savings based on household energy usage. This information would be used to produce a full table of measures available under the Green Deal, which would include estimated savings and maximum repayments. This full table would then be discussed with the householder prior to producing a (reduced) table of measures based on the household's particular requirements. The full Occupancy Assessment would be generated once both stages had been completed. Advisors thought that all these stages would be time consuming for the advisor and complex for the householder to take in, and that a decision about which measures would be appropriate for their household may need time for discussion and consideration by the decision makers.

Advisors therefore questioned whether it would be possible to complete all stages, including talking through the final Occupancy Assessment, in one visit because of the number of iterative stages involved. They thought this may depend on what assessment software would be available for them to use during the visit. To assist understanding, advisors suggested that they should talk householders through a pro-forma version of the Occupancy Assessment. They thought that this would help householders understand the document if they received their own final Occupancy Assessment after the advisors visit.



**Figure 28: A suggested sequence of steps in the assessment process**

The research also showed that it helped understanding of the Green Deal if, during the Green Deal assessment, the advisor focussed on the elements included in the Occupancy Assessment specifically. If the advisor talked in detail about the EPC as well, and/or spent a lot of time talking

about the home and its current energy efficiency issues, participants were more likely to become confused about the Green Deal elements because there was a lot of information to take in.

As already stated, many participants wanted clear and transparent rules about charges for assessments. Some participants wanted reassurance that advisors were impartial. Others were prepared to accept that assessments may be paid for by a provider, but they wanted this to be clear from the outset. If an assessment had been provided free of charge to the end customer, participants wanted to know if they would be subsequently charged for the assessment as part of their repayments. Participants also queried if a 'free' assessment from one provider would be charged for retrospectively if they chose to have measures installed by a different provider.

*"I'd like to know how it works. So do they come round, do the assessment, then if you say yes go ahead, that cost is added to the repayments, or what? I'd just like to know."*

Phase 2, female, retired/empty nester, aged 65+, 'hard to heat' property, London

Participants also wanted clarity about how the advisor would conduct the assessment, echoing previous research.<sup>6</sup> This included wanting to know how long the assessment would take. Advisors added that householders should be told at the time of booking how long the assessment would take, that the advisor would need access to most/all rooms in the house, and that the advisor would like to see recent energy bills.

## 6.4 'Key things to know' at each stage of the Green Deal customer journey

To reiterate, Phase 1 of the research showed that if participants did not understand key concepts at early stages of the journey they were surprised or confused later on. Many found simple lists of 'key things you need to know' (e.g. appendix 7, section 7.4), within documents or as standalone leaflets very useful and easy to digest. They felt these could be incorporated in leaflets or online as web pages on the independent advice website. A simple question and answer format helped to highlight these important points.

*[Response to the 'Key things to know' 1 page document] "That's really clear. It's five things, I can read that in a minute or so, and it reminds me of key rules, things I should know. I like that. I think it'd be good to be able to download that, as a reminder."*

Phase 2, female, older family, aged 40-65, planning renovations, London

The following checklist summarises important customer information needs which providers could treat in this way:

### Key messages when discovering the Green Deal

- The Green Deal is a way to improve a home without paying to install measures upfront.
- The Green Deal is a new kind of loan to a property, not to a person. The loan may include interest.
- Repayments are made through electricity bills and any savings would be on heating bills if insulation had been installed.

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<sup>6</sup> Consumer Needs and Wants for the Green Deal: Researching the consumer response to the Green Deal proposition amongst homeowners and small businesses. Research Report for DECC. Ipsos Mori. Published 2011 <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3505-green-deal-consumer-needs-wants.pdf>

- The provider cannot charge you more for repayments than a typical household would save.

**Key messages when considering taking out a Green Deal:**

- Customers have a choice of measures and do not have to take all the measures recommended.
- There is a choice of Green Deal providers, and you don't have to take it out with your current energy provider.
- Repayment costs shown in EPC and Occupancy Assessments are typical, not actual, and do not include interest.
- The provider cannot charge more for repayments than a typical household would save.
- Discounts are available for householders with older properties, on state benefits or low incomes.

**Key messages when (considering) moving into a Green Deal property**

- What the repayments are, how long they will be charged for and who the provider is.
- How and where to find out about how the Green Deal measures have affected energy spending in the property.
- Who to contact if there is a problem with the measures installed.
- Who to contact if there is a problem with payments (e.g. to skip a payment or pay it off early).
- Who to consult if you want to alter the property in a way that might affect the Green Deal measures.
- Customers can still switch energy suppliers.

# Appendices

**Appendix 1: Policy Questions**

**Appendix 2: The Professional Perspective**

**Appendix 3: Recommendations for the Website**

**Appendix 4: Stimulus Overview**

**Appendix 5: Pilot Phase Stimulus Contents Page**

**Appendix 6: Phase 1 Stimulus**

**Appendix 7: Phase 2 Stimulus**

**Appendix 8: Phase 3 Stimulus**

**Appendix 9: Sample, Recruitment and Discussion Guideline**



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