

How are the savings figures calculated under the Golden Rule?

Following a careful assessment of the property, potential energy savings are calculated using RdSAP (the "Reduced data-input Standard Assessment Procedure"). This is how Energy Performance Certificates (which you need when selling or renting a property) are calculated. For example, the RdSAP estimated saving for a semi-detached property having Cavity Wall insulation installed is around 4550kWh a year.

If this were based on the retail price for gas published in the latest (2012) official Government statistics release¹ the above example would lead to cost savings of £202.

However, the gas price used to calculate savings for the Green Deal is taken from RdSAP, which is updated twice a year using an average over a three year period to minimise the influence of price spikes, and to reflect differences in retail prices across the UK. The price currently assumed by RdSAP is 3.48p per kWh - around 20% lower than the latest official published price. In the above example this leads to a lower savings estimate of around £158².

These cost savings are then adjusted downwards to reflect variation in buildings, products, installation techniques and occupant behaviour from those assumed in RdSAP.

¹ The prices assume a fixed level of consumption of 18,000kWh of gas each year. The 2012 price does not take into account the full impact of the latest round of price increases, and the prices above include both the fixed and variable costs rolled into one. All of these came from table 2.3.3 of our Quarterly Energy Prices (QEP) publication: <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics>

² This differs slightly to the figures used in recently published supply chain guidance, due to changes in the prices for Gas used in SAP at the start of the year.

The expected cost saving from cavity wall insulation is reduced by an 'in-use factor'³ of 35% - in this example this leads to a reductions in the RdSAP savings estimate to £103. So the customer would be told that the expected savings from a typical household in that property are £103, and that the maximum first year repayment under the Green Deal would be £103. In reality cost savings in the Green Deal will varying depending on the actual amount of energy used to heat the property and the actual condition of the house before measures are installed.

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