

Shelter- Empty Homes Conference

**Funding for heating
and energy efficiency
measures**

26th November 2013



Funding for heating and energy efficiency measures- features

- Funding support for energy efficiency measures comes in a variety of forms including loans, grants and subsidies.
- Individual funding schemes can be targeted to specific measures, tenures and householder eligibility criteria
- Some schemes can only be accessed when householders occupy properties and others may be available before occupation, within certain limits.

Funding schemes for energy efficiency and heating improvement

Funding schemes include:

- Green Deal
- Energy Company Obligation
 - Carbon Saving Communities Obligation
 - Carbon Emissions Reduction Obligation
 - Home Heating Cost reduction Obligation
- Green Homes Cashback
- Green Homes Cashback for social housing
- Feed in Tariffs
- Renewable Heat Premium Payment

Funding schemes for energy efficiency and heating improvement

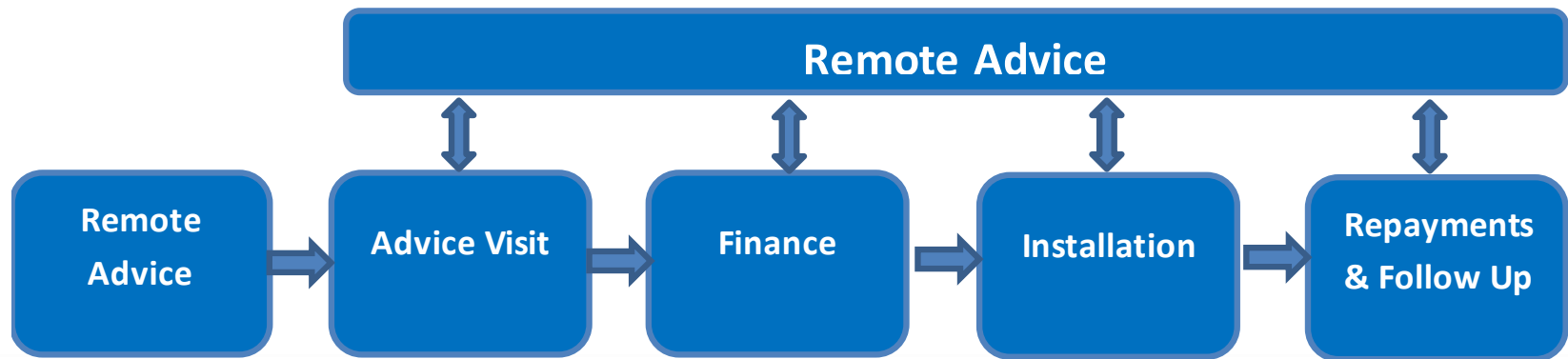
- Loan Schemes
 - Warm Homes Fund
 - District heating loans
 - Gas infill loans scheme
 - Home renewables loans for owner occupiers
- Gas connection subsidy
- Home Energy Efficiency Programmes for Scotland (HEEPS)
 - Areas Based Scheme
 - Energy Assistance Scheme and Affordable Warmth

The Green Deal

The Green Deal has the following features:

- Available to all tenures of domestic housing and the commercial sector
- Is a market mechanism funded by privately sourced finance, through “Green Deal providers” and overseen by the organisation Gemserv.
- Over 40, insulation and renewables measures can be recommended through a Green Deal assessment for domestic properties.
- Repayments for measures have to meet a “Golden Rule”, whereby repayments don’t exceed fuel bill savings resulting from measures
- Green Deal debt will be attached to the property and not the householder and repaid through the electricity bills over a period of up to 25 years.

The Green Deal process



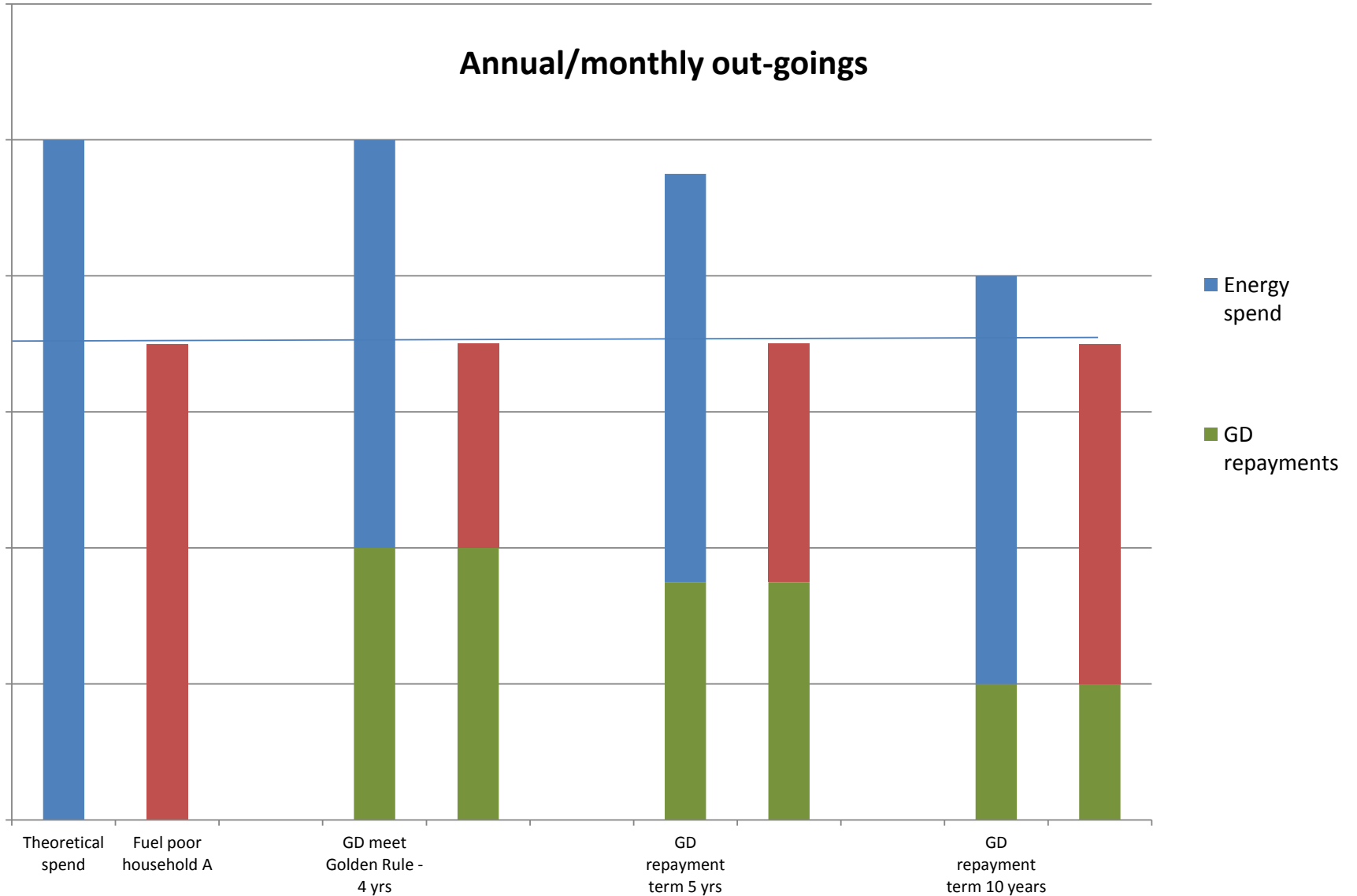
The Green Deal process

- Householders can access impartial advice through the Home Energy Scotland (HES) advice centre network who can signpost householders to appropriate Green Deal assessors and providers
- Green Deal clients have a fabric assessment of their property (using an enhanced EPC), referred to as a Green Deal Assessment, which sets the Golden Rule cap and an occupation and use assessment to advise on likely actual savings
- A Green Deal plan will be agreed between the Green Deal provider and the householder based on the recommendations of a Green Deal Assessor.

The Green Deal process

- The Green Deal plan would generally involve organising of contractors and provision of Green Deal finance to deliver measures within the Golden Rule
- Householders are given the option to pay part of the costs up front
- In rented housing, both the landlord and tenant have to agree to measures being financed through the Green Deal
- New occupants must be informed before taking up occupancy where Green Deal payments apply to that property
- EPCs will aid the obligation to disclose Green Deal finance on a property to potential occupants
- A property would need to have an electricity supply and meter to sign up to Green Deal

Annual/monthly out-goings



Energy Companies Obligation

ECO will cost energy suppliers around £1.3bn pa, according to DECC and have three types of obligation:

1. Carbon Emissions Reduction obligation (CERO)- costing around £760 million pa, target- 20.9 million lifetime tonnes of carbon dioxide
 - Available in all tenures and subsidises solid wall or hard to treat cavity wall insulation and a list of other secondary insulation and district heating measures where solid wall insulation is carried out
 - May be available in void social housing
 - Will often subsidise Green Deal measures.

Energy Companies Obligation

2. Carbon Saving Communities obligation (CSCO)- costing around £190 million pa

- Target- 6.8 million lifetime tonnes of carbon dioxide
- Supporting insulation measures, including cavity wall and loft insulation, and connection to new district heating where wall or roof insulation are in place
- Available to all tenures in the bottom 15% of SIMD datazones, with up to 25% available in neighbouring datazones
- Requirement to deliver at least 15% of activity to households of all tenures in rural areas, where the householder meets “affordable warmth” criteria.
- May be available in void social housing

Energy Companies Obligation

3. Home Heating Cost Reduction Obligation (HHCRO) affordable warmth obligation- costing around £350 million pa.
 - Target- £4.2bn of cost savings
 - AKA affordable warmth scheme
 - Can supports a range of measures (roughly same as Green Deal domestic) for private sector households where householder meets certain vulnerability criteria
 - Insulation, heating and microgeneration measures can be supported but at discretion of energy suppliers.
 - Qualifying householder has to be in occupation

Energy Companies Obligation residency requirement

Measures funded through ECO must be promoted to properties occupied for a domestic energy user.

For CERO and CSCO the householder would have to occupy the property before the deadline for notifying Ofgem of the installation of the measure, which is within one month of installation of the measure.

For HHCRO a qualifying householder must be resident in the property.

.

Home renewables loan scheme

- Interest free loans up to £10,000 from the Scottish Government are available for owner occupiers in Scotland who want to install a domestic renewables system or who wish to connect to a renewably powered district heating scheme
- The loan scheme operates on a first-come first-served basis
- Loans are available for residential existing buildings and new buildings under construction if the property is already owned by the intended owner occupier.
- Interest free loans up to 75% of the total cost up to £10,000 for the supply and installation of a domestic renewables system.
- The amount that can be borrowed will depend on the technology being installed and repayment period chosen by the householder up to a maximum period.

<http://www.energysavingtrust.org.uk/scotland/Take-action/Find-a-grant/Home-Energy-Scotland-renewables-loan-scheme>

FITs/RHI/RHPP

- Renewable Heat Premium Payment (RHPP) scheme providing grants for heat producing renewables not currently available in social housing, but still available to private sector households
- Recipient owns the property or has permission from the owner to install the new system
- The property is recipients main home or is lived in for most of the year
- No announcement on when Renewable Heat Incentive (RHI) payments will be available in all tenures
- Funding for electricity producing renewables is available in all tenures through the Feed in Tariff (FiTs) scheme.

Small business loans

- Initiative funded by the Scottish Government
- Fixed rate small business loans of between £1,000 to £100,000 are available to help businesses (including private sector landlords) to install renewable energy technologies or measures that reduce energy consumption
- Rates are interest free, except for renewable measures where the applicant receives FIT or RHI (where a 5% interest rate is charged)
- The Scottish Government would like to increase uptake of loans by private sector landlords and any assistance from local authorities or RSLs to promote the loans to private sector landlords would be welcome.

Gas infill loan scheme

The Gas Infill Loans Scheme provides loan funding for gas infill and gas grid extension projects ongoing or completed in the last five years

- £4 million for Financial Year 2013/14
- “Aggregators” of gas extension/infill projects- loans of £25,000 to £1 million for two years at 3.5% interest
- Interest free loans to householders in connection project areas of up to £5,000 to connect and for heating installation.

District heating loans scheme

Unsecured low interest loans of up to £400,000 per project will be made available to be repaid over a period of up to 10 years.

The scheme is open to local authorities, registered social landlords, small and medium sized enterprises and energy services companies (ESCOs)

Expressions of Interest still invited.

districtheatingloans@est.org.uk

Warm Homes Fund

The Warm Homes Fund is a £50 million Scottish Government initiative providing capital loan and development grant funding for renewable energy projects (including district heating) to support communities in fuel poverty

- Notifications of interest invited
- Available to RSLs and LAs and ESCOs formed by LA's and RSLs.
- £18.75 million budgeted in 2013/14 (some allocated already)
- Unsecured loans up to £5 million available repayment up to 10 years
- Interest rate will be competitive but rate dependent on risk
- Linked to energy efficiency improvement/affordable warmth
- Grants for feasibility studies and option appraisals are available (max limit £20,000 but expectation that most within £10,000)

Green Homes Cashback scheme

Scottish Government scheme administered by the EST

Offering owner occupiers, private and social tenants and private sector landlords up to £1,200 towards energy efficiency measures that are recommended in a Green Deal assessment:

- Up to £500 is available for insulation measures
- Up to £400 for a boiler
- Up to £300 for other measures (such as glazing, LED lighting and heating controls).
- Householders apply to HES for vouchers before installing the measure.

Green Homes Cashback scheme – social landlords

Social housing providers can now apply for a grant of up to £1 million, through the Scottish Government's Green Homes Cashback scheme.

It is available to all social housing providers in Scotland. Up to £1200 is available per property and grants are awarded on a first come first served basis

Energy efficiency measures available include:

- insulation
- a new boiler
- low energy lighting
- heating controls.

Home Energy Efficiency Programmes for Scotland (HEEPS)

HEEPS:ABS (area based scheme)- Administered by local authorities targeting energy efficiency measures to private sector households in areas identified by LAs. Has a fuel poverty focus and often delivered alongside current or past social housing projects. Measures funded at discretion of local authorities and Scottish Government.

HEEPS:EAS (Energy Assistance Scheme) and HEEPS: AW (affordable warmth)- fuel poverty scheme replacing stage 4 of the Energy Assistance Package. HHCRO eligible households referred to energy suppliers under HEEPS:AW and households meeting other qualification criteria covered under HEEPS:EAS. Needs householders to be resident.

Home Energy Scotland

The Home Energy Scotland service can offer advice on funding and approaches to organising energy efficiency works:

- Householders
- Local authority housing strategy officers
- Private sector landlords (home visiting)

Contact free on 0808 808 2282 or visit homeenergyscotland.org