

DBULLETIN

The Green Deal: Your questions answered

A Q&A guide to the Green Deal and what it means for your organisation

Will the Green Deal revolutionise energy efficiency in social housing?

The Energy Bill, currently making its way through parliament, is set to deliver the hotly anticipated Green Deal which is trailed as delivering energy savings in an innovative and affordable way.

What is the Green Deal?

Essentially, it is a scheme whereby householders, landlords and businesses will be given (government backed) finance upfront to make energy efficiency improvements – measures will be installed at no upfront cost to the consumer but will be paid for by the consumer through instalments on the energy bill for the property. The eligible measures are expected to be wide-ranging including insulation, lighting and heating, possibly extending to microgeneration.

What safeguards are there for ensuring that the Green Deal Plan works?

It is proposed that the following pre-requisites must be met by every Green Deal Plan:

1. The “Golden Rule” must be satisfied – this means the expected financial savings must be greater than the costs attached to the energy bill.
2. Measures must be approved / accredited.
3. The Green Deal provider must give appropriate advice having regard to the Consumer Credit Act.
4. The Green Deal provider must have express consent of the energy bill payer.
5. The Green Deal must be disclosed to bill payers/ new owners / tenants.

Can landlords impose the Green Deal on their tenants?

As the Green Deal will be paid for through instalments on a householder's energy bill, it is essential that the bill payer, which (in the case of leasehold/rented properties) will usually be the tenant, expressly agrees to this.

Will the Green Deal apply to social housing?

Yes, but it's not intended to be compulsory. Pilot schemes are already being set up to test how the Green Deal will work in practice. Some Registered Providers and local authorities are sceptical about whether there will be significant uptake by their tenants on low-income. However, the Golden Rule should theoretically ensure that the financial savings are greater than the costs attached to the energy bill. Interestingly, it is proposed that in the future the Secretary of State will have the power to require private landlords to make energy efficiency improvements. However, this is not anticipated to extend to Registered Providers.

How will the Green Deal Plan transfer to new bill payers?

The Green Deal Plan will need to be disclosed to a new bill payer. In the domestic sector, owners will have an obligation to secure that future bill payers acknowledge in the contract for sale and purchase or tenancy agreement that they will be liable to pay the energy bill for the property on moving in i.e. that they will take over paying the instalments.

If you require further information on the Green Deal or any other energy and climate change related matters please contact Devonshires' Energy and Climate Change Group.

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