

Labour would scrap Green Deal, alter ECO

A Labour government would scrap the Green Deal and dramatically alter its sister scheme the Energy Companies Obligation (ECO). Instead they intend to replace it with a similar pay-as-you-save scheme, called Energy Save but with lower interest rates.

The ECO, described as “too bureaucratic”, will continue to be delivered by energy firms, via a charge on consumer bills. It will though be reoriented so that the bulk of its activity is addressed at improving the homes of those in fuel poverty. It will therefore become less of a carbon saving, and more of a social welfare, programme.

The latest Green Deal figures showed just 12 Green Deals were ‘live’ at the end of August - meaning the retrofit measures were completed and the customer was now paying off the cost of the work through their energy bill.

Describing the Green Deal as “woefully inadequate”, the Labour Party states: “The Green Deal is failing to deliver. Since its launch, only 384 deals have been signed up

to and just twelve have gone live. This is woefully inadequate so we will overhaul the Green Deal and replace it with a new Energy Save scheme to help reduce the energy we use.”

The policy move comes after shadow energy secretary Caroline Flint (*right*) slammed the low take up of the Green Deal in her speech to the 2013 Labour conference. Flint said: “It was meant to be the biggest home improvement programme since World War Two. Ministers said they’d be having sleepless nights if 10,000 people hadn’t signed up by this Christmas.

“They have spent £16m promoting this scheme so far. But just 12 households have had any work done. £16m for 12 homes. Only nine thousand nine hundred and eighty eight to go. They won’t be getting much shut eye this year.”

Labour will now consult on a number of options, including replicating the model offered by the state-backed German KfW bank, which offers interest rates as low as one per cent for energy thanks



to its AAA credit rating and state subsidies. Unlike the Green Deal, KfW does not link repayments to household energy bills, nor does it seek to guarantee money saving automatically, as per the Golden Rule.

It is also looking at Nationwide’s Green Additional Borrowing Scheme, which allows existing mortgage customers to take out loans of between £5,000 and £20,000 to undertake approved energy efficiency measures. Such loans stay with the individual, rather than – as with Green Deal-

with the premises. “We want to find out how you can have a more attractive offer,” Labour states.

Andrew Warren, director of the Association for the Conservation of Energy, and E&B columnist, argues that it would make sense to improve the existing policy, rather than bring in a new model. “Everyone agrees that The Green Deal needs - as Labour dubs it - an overhaul. However, given all the resources so many companies have put into trying to create the Green Deal over the past 18 months, it is critical that any new initiative includes new market stimuli, like stamp duty, council tax breaks, and other incentive programmes.”

Labour believes the Green Deal has had its chance, arguing uptake has been so low that consumers wouldn’t miss it anyway, while those who do know about it have not been impressed. But while the insulation market – down 90 per cent this year - may be desperate for a boost, it also knows it will suffer more under further delays and unhelpful changes.