

Examples of how Green Deal finance could work in practice

IMPORTANT NOTES

- **THESE EXAMPLES ARE ILLUSTRATIVE ONLY, TO HELP UNDERSTAND HOW GREEN DEAL FINANCE COULD WORK. THEY ARE NOT FINANCIAL ADVICE.**
- Homes are different, and the way people use homes is different. So these examples are only a rough guide, and assume for simplicity that the householder is a typical energy user for the kind of property described. The Green Deal assessment will give a more accurate guide, including an indication of whether the occupant uses more or less than is typical for that kind of property.
- Costs, savings and potential ECO subsidy shown here are illustrative only. Customers should shop around for the best deal. Costs and savings vary, and the availability and amount of ECO subsidy will also vary. Any could be higher or lower than shown here. Where possible costs and savings have been taken from the Green Deal Final Impact Assessment and illustrative interest rates from the Green Deal Finance Company. The ECO assumption is based on £77 per tonne of carbon saving which is consistent with the Green Deal Final Impact Assessment.
- Where the golden rule does not allow the full cost of the improvements to be paid for in the instalments that are to be collected via electricity bills, Green Deal finance can still be used but the customer would need to make up the difference. Examples 3 and 6 illustrate this.

Example 1: Using Green Deal finance to fully pay for loft and cavity wall insulation in a 3 bed semi

	£
Insulating loft and cavity estimated to save each year	159
So golden rule says max repayment in year 1 is	159
Assume cost of work	900
Assume repay over 25 years at interest rate	10.9%
Annual repayment added to electricity bill	106
Customer can expect to be better off each year by	53
Customer also receives cashback	350
Total customer benefits in year 1	403

Example 2: Using Green Deal finance to fully pay for a G to A rated boiler replacement, heating controls and Cavity Wall Insulation in a semi-detached bungalow

	£
Improvements estimated to save each year	778
So golden rule says max repayment in year 1 is	778
Assume cost of work	5,000
Assume repay over 12 years at interest rate	7.9%
Annual repayment added to energy bill	660
Customer can expect to be better off each year by	118
Customer also receives cashback	520
Total customer benefits in year 1	638

ILLUSTRATIONS NOT FINANCIAL ADVICE. SEE NOTES ON PAGE 1.

Example 3: Using Green Deal finance alongside other finance where the "golden rule" does not allow the full cost to be paid using Green Deal finance: replacing a G rated boiler with an A rated boiler in a 3 bed semi

	£
Replacing G-rated boiler with A-rated boiler estimated to save each year	197
So golden rule says max repayment in year 1 is	197
Assume cost of work	2,500
Illustrative cost covered by Green Deal finance for this customer	1,300
Assume repay over 12 years at interest rate	10.1%
Annual repayment added to energy bill	192
Customer can expect lower bills each year by	5
Balancing payment made by customer at installation	1,200
Customer also receives cashback	270

Example 4: Receiving support from ECO and using Green Deal finance to fully pay for external solid wall insulation in a small semi-detached house or end of terrace which is off the gas grid and heated using electricity

	£
Insulating external solid wall estimated to save each year	830
So golden rule says max repayment in year 1 is	830
Assume cost of work unsubsidised	10,000
Assume support from "ECO"	5,097
Cost that householder pays (i.e. cost quoted)	4,903
Assume repay over 25 years at interest rate	7.7%
Annual repayment added to electricity bill	450
Customer can expect to be better off each year by	380
Customer also receives cashback	650
Total customer benefits in year 1	1,030

Example 5: Receiving support from ECO and using Green Deal finance to fully pay for internal solid wall insulation in a small semi-detached house or end of terrace

	£
Insulating internal solid wall estimated to save each year	273
So golden rule says max repayment in year 1 is	273
Assume cost of work unsubsidised	5,300
Assume support from "ECO"	2,724
Cost that householder pays (i.e. cost quoted)	2,576
Assume repay over 25 years at interest rate	8.3%
Annual repayment added to electricity bill	249
Customer can expect to be better off each year by	24
Customer also receives cashback	650
Total customer benefits in year 1	674

Example 6: Receiving support from ECO and using Green Deal finance alongside other finance where the "golden rule" does not allow the remaining cost to be fully paid using Green Deal finance, for a large semi-detached house installing external solid wall insulation.

	£
Improvements estimated to save each year	365
So golden rule says max repayment in year 1 is	365
Assume cost of work unsubsidised	10,650
Assume support from "ECO"	3,642
Cost that householder pays (i.e. cost quoted)	7,008
Illustrative cost covered by Green Deal finance for this customer	3,900
Assume repay over 25 years at interest rate	7.9%
Annual repayment added to energy bill	362
Customer can expect lower bills each year by	3
Balancing payment made by customer at installation	3,108
Customer also receives cashback	650