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Dear Jim

Thank you for your letter to Margaret Sisk dated 1 July 2011 requesting an update on the Green New Deal for Northern Ireland. At its meeting on 30 June, the Committee for Enterprise, Trade & Investment considered the Department for Social Development's response to the recommendations in the Committee Inquiry into the barriers to the development of renewable energy. In relation to Recommendation 17, the Committee has requested that DSD provides the Committee with a written briefing on progress with implementing the Green New Deal proposals. It may be useful if I explain the current position in relation to the Green New Deal for Northern Ireland and how it compares to the Green Deal in Great Britain.

Green Deal in Great Britain

In Great Britain the Government is establishing a framework to enable private firms to offer consumers energy efficiency improvements to their homes, community spaces and businesses at no upfront cost, and recoup payments through a charge in instalments on their energy bill. Government will provide the legislation to enable energy companies and others to deliver the Green Deal, Tesco and Marks and Spencer have been highlighted as potential funders. At the heart of the Great Britain Government's

proposals is an innovative financing mechanism which allows consumers to pay back through their energy bills. This means consumers can see the Green Deal charge alongside the reductions in energy use which generate savings on their bill. It also means that if they move out and cease to be the bill-payer at that property, the financial obligation doesn't move with them but moves to the next bill payer: the charge is only paid whilst the benefits are enjoyed. In this way, the Green Deal differs from existing lending – it is not a conventional loan since the bill-payer is not liable for the full capital cost of the measures, only the charges due whilst they are the bill-payer. The Green Deal will replace the Warm Front Scheme (similar to our Warm Homes) which will be phased out over the next two years. The Green Deal will be open to all householders.

Alongside the Green Deal, the Great Britain Government is planning to replace the existing energy company obligations. The new Energy Company Obligation (ECO) will focus energy companies on improving the ability of the vulnerable and those on lower incomes to heat their homes affordably, and on improving solid wall properties, which have not benefitted much from previous schemes.

Green New Deal in Northern Ireland

The Green New Deal Group is a coalition of over 40 organisations and individuals from across public, private and third sectors. The Green New Deal Group claim that their proposal is a joined up approach to the 'triple crunch' of recession, rising energy prices and climate change. The aim of the Green New Deal Group is to lever resources and expertise to sustain and create employment in the construction and renewable energy sectors. In terms of Housing, the Group claim that despite improvements over the past decade, over 90% of houses still fall some way short of the best energy performance standards. They envisage a systematic programme to retrofit the entire housing stock to the best energy performance standards over as quick a period as is feasible and ultimately reducing energy use in homes by 80%.

The Green New Deal Group proposes:

- to assemble funding to enable energy retrofit of 100,000 homes over an initial three year period (as a foundation for treating a total of 500,000 homes over ten years);

- to establish and supervise 'one-stop-shop' mechanisms for customers for sales, finance, installation of measures and after sales service;
- to ensure standards of sales, finance, installation of measures and after-sales service.

The Green New Deal Group has proposed the establishment of a mutual company whose role will be to assemble funding to enable the energy retrofit.

The total cost of the investment in 100,000 homes is £253 million of which £72 million is being sought from Government as grant support for householders. This will leverage investment of £181 million (including bank interest) which it is proposed to finance through borrowing from the European Investment Bank, commercial banks and household contributions. The plan is to offer a 'one-stop-shop' service for householders comprising a menu of energy saving measures, finance ('Pay-as-you-save' and conventional loans), installation, inspection and after sales service.

Minister for Finance and Personnel, Sammy Wilson MLA, announced funding of £12 million for the Green New Deal concept over the Comprehensive Spending Review period 2011 to 2014. The Department for Social Development Permanent Secretary, Will Haire, is chairing a cross Departmental group to examine the potential of the Green New Deal for Northern Ireland. The group is working with the Green New Deal consortium to help them formalise a business plan which can inform any economic appraisal developed by the Department on the best approach to allocating the £12 million the Executive identified in support of the concept. The Green New Deal Group expects to submit a business plan by mid September.

The Ministers for Social Development and Enterprise Trade and Investment have been working closely on the development of the Green New Deal and have asked officials to consider all the current strands of work there are to support energy efficiency, carbon reduction, renewable technologies and to look at the targeting of the £12 million funding identified by the Assembly for Green New Deal at any gaps in current policies and strategies. In tandem the Department of Enterprise Trade and Investment are also

carrying out a study into best options for the introduction of a form of “energy supplier obligation” in Northern Ireland. The study will seek the best form of an energy supplier obligation that will encourage enhanced delivery of energy efficiency in Northern Ireland and be economically acceptable.

I hope the Committee finds this information helpful.

EILISH O’NEILL