

THE GREEN DEAL - Deal or No Deal?

The Green Deal has generated a lot of discussion. Some of the key issues are summarised below. The outcome of many of these issues will only become apparent once the Green Deal is up and running.

Issue	Upside	Downside
Linking the loan to the property rather than the individual	Energy saving measures become more attractive to home owners who are not certain that they will remain in the same property for 10- 25 years.	Properties with a Green Deal loan attached may be harder to sell. Buyers may consider that the benefits of any home improvements should have already been factored into the sale price.
The Golden Rule: Repayments will never be more than the energy savings.	DECC says that there are a number of important consumer protections which will be embedded into the green deal so that the savings will always be greater than the costs. Estimates of future savings would be made "on a very conservative basis" to make it more likely cost savings would be achieved.	As the repayment calculations are based on theoretical values using UK-wide data and are not tailored specifically to the house in question: there may be situations when repayments are more than actual savings achieved.
The interest rate	The interest rate for repayments will be market-led starting at around 7%. According to Which?, the Green Deal loan rates could be attractive for people with a 'normal' or 'poor' credit history.	In comparison, according to Which?, for a traditional personal loan, the best rate for people with a good credit history is currently 5.1%.
Early re-payment fees	In most circumstances it should be possible to pay back loans early. According to Which?, early repayment fees will be small when the Green Deal Plan duration is 15 years or less.	Should you wish to repay your Green Deal early, for example if you move house and the buyer does not want to take on the Green Deal, your provider is allowed to charge you a substantial fee for early repayment if it wants. This could be substantial fee if the loan is for more than 15 years.
Cost of an assessment	The cost of an assessment is likely to be reimbursed if the company providing the assessment is then chosen to carry out the works. Some providers may provide free assessments to generate interest. Some local authorities may subsidise the cost of assessments.	The cost of an assessment may be as much as £200.
Long-term benefits	The financial savings will increase as energy prices rise.	If future energy prices do not rise, the Green Deal will be much less attractive.

Finance available	The first people to take up the scheme will be paid cash back by the government, varying from £10 to £650 per measure, depending on the measure.	
Registered providers have to offer the full range of green deal services.	This requirement is aimed at simplifying offerings for consumers.	Although small companies can team up or affiliate to bigger companies, some argue that this is too complex to manage and will lead to small and medium-sized enterprises being squeezed by bigger partners excluding them from trading normally in their natural market.