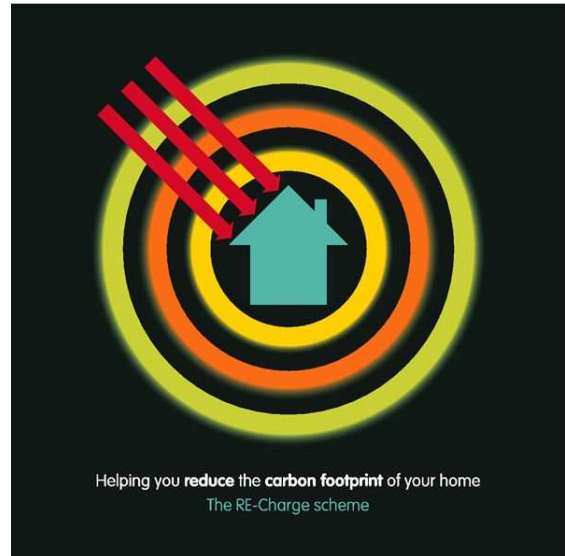


## Case Study: The RE-Charge Scheme



### Introduction

In August 2008 Kirklees Council launched the RE-Charge Scheme with the aim of making micro-generation more accessible to householders in the area. The scheme is a pilot and is testing the popularity and deliverability of the second charge as a financing mechanism for the purchase of renewable energy and low carbon technologies in the domestic sector. A model has now been developed which has the potential to be rolled out either by other local authorities or as a regional or national scheme.

£3m has been allocated to the scheme by the Council over the next 3 years and around 330 households will benefit. 10% of the funds have been ring-fenced to support households in fuel poverty who cannot afford to heat their homes properly.

The scheme launched in August 2008 and around 260 applications have been received, to date 128 applications have been progressed through the scheme, of these only 26 withdrawn. Installations for year 1 commenced in March 2009.

### Background

Since the late 1990s Kirklees Council has developed and supported a number of projects to increase the use of renewable energy in homes in Kirklees including:

- One of the largest domestic solar energy projects in the UK (SunCities) involving 500 households, resulting in 5% of the total UK photo-electric generation in 2005.
- Solar water heating on around 100 Kirklees Neighbourhood Housing (KNH) and Yorkshire Housing properties.

- Top ups to national grants awarded to around 140 private households to install solar water heating.

The RE-Charge Scheme builds on previous projects and aims to further increase the number of renewable energy installations in local housing.

### Year 1 Figures

Installations commenced in March 2009, more detailed analysis of the costs, fuel poverty target and carbon savings will be published when they are available.

- 257 applications received
- 128 Home Surveys
- 19 referrals to Warm Zone
- 26 applications withdrawn
- 350 t/CO2 p.a expected to be saved.

Technology	No of jobs
Solar Thermal	29
Solar PV	75
ASHP	0
GSHP	5
Biomass	6
<b>Total</b>	<b>115</b>

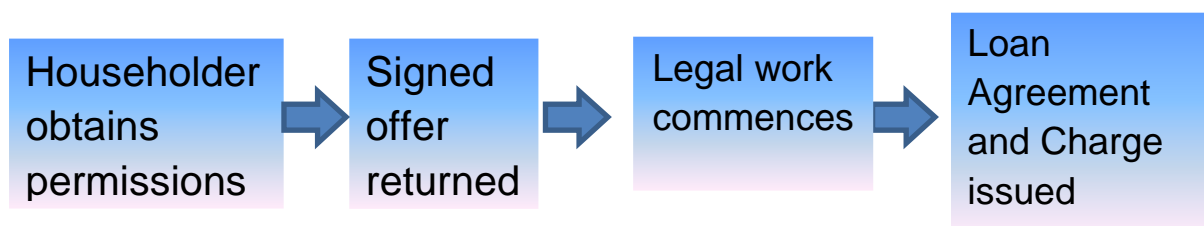
### How RE-Charge Works

Homeowners in Kirklees are able to apply for an interest-free loan of up to £10,000 to install renewable or low carbon technologies on their property. The loan is secured to the property and is repaid to the council when the property ownership changes or transfers. The following illustrates the scheme process:

- **Stage 1**



- **Stage 2**



- **Stage 3**

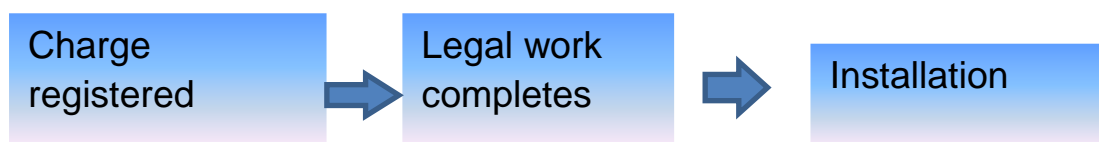


Figure 1: RE-Charge Scheme Chronology

## Home Survey

The Home Survey is undertaken by Yorkshire Energy Services, this is a critical stage in the process as it is the householder's opportunity to have a face to face discussion about the scheme and the technology they wish to install. The feedback from those involved in year 1 has demonstrated that the Home Survey is of great value in it's own right. The benefits of the Home Survey are:

- Face to face discussion and visit to home allows discussion of range of issues.
- Impartial advice from an expert with good knowledge of most renewable and low carbon technologies.
- Advice about energy efficiency in the home and referral to Kirklees Warm Zone if any loft or cavity wall insulation required.
- Advice is specific to the householders energy needs, lifestyle and patterns of energy use, location and site specific considerations.
  
- The Home Survey is free and carries no obligation.
- The likelihood of planning permission being required is discussed.
- Legal and financial advice is not provided and householders are always advised to seek independent legal and financial advice, however the financing mechanism can be discussed in greater depth.
- Advice on how the scheme works and the next stages in the process.
- Advice on the grant funding which is available (Low Carbon Building Programme or CERT) and how to apply.
- ID of all registered owners of the property, as per the Land Registry (pre-checked) is checked and verified.

At present there is no other service of this quality available to householders free of charge.

Following this survey the householder agrees which technology or technologies they wish to receive quotes for and the installers are instructed to undertake a survey to produce a fixed price quote.

### The Offer Letter

The quote is provided to Yorkshire Energy Services who issue an offer letter to the householder on behalf of the Council. The offer letter contains the following information:

- The system specification and output
- The total cost of the work including any additional or site specific work for example scaffolding or joinery
- The amount of CERT funding KES has secured as a grant towards the cost of the install

**OR** Whether the householder is advised to apply for LCBP if this will be a greater sum of money

- The cost of the legal work involved
- The total sum of the loan the Council is offering to the householder (maximum of £10,000)

- The amount payable directly to Yorkshire Energy Services should the total cost of the work exceed £10,000

The householder is instructed to sign and return the offer along with the permissions which are required.

### **Lessons Learned**

- Those applying for RE-Charge in year 1 have a reasonable level of knowledge about renewable energy and are keen to reduce their carbon footprint. However when asked to indicate on the application form which technology they wished to apply for many people ticked every choice. This is a good indication that there is a gap in knowledge about the application and suitability of technologies even amongst people who are relatively energy aware.
- The impartiality and expertise delivered at the Home Survey is highly valued and a service which is not available through any other means.
- There is a wealth of information available on the internet and in magazines and journals about energy and renewables but it is difficult to filter this information and apply it to individual circumstances.
- Most installers charge a fee of up to £70 to survey a property and provide a quote, through RE-Charge householders can obtain multiple quotes free of charge.
- The householder is required to obtain 'in-principle' consent from their mortgage provider to the Council taking a charge over the property, a number of people found it difficult to obtain this. However this is an administrative task which the householder is asked to perform, it can be time consuming and would add to the cost of running the scheme if the managing agent or council undertook this.

### **Lessons Learned - Legal**

A number of legal issues have been raised as the applications have progressed through the scheme:

- a policy was introduced to approve applications only from householders where existing charges were not personal. Personal charges over a property for example resulting from relationship breakdown or personal loans would incur legal costs disproportionate to the amount borrowed.
- Land Registry entries are often not up to date this requires householders to provide additional evidence, for example where the mortgage has been paid off or a spouse has deceased. This has involved some 'tidying up' of the Land Registry by the council.
- Amendments were made to the legal documents to allow a property held by the owners as 'Tenants in Common' to be treated as though they were Joint Tenants.

- One applicant is significantly older than his spouse although the property is in his sole name. Documents were amended so that the loan is repaid when both applicants no longer live in the property.

The above issues have been dealt on a case by case basis and the size of the Kirklees scheme has allowed this to happen without detriment to the scheme, however this does demonstrate that taking property charges can be complex and a 'one size fits all' approach is not appropriate.

### **Potential Barriers to Wider Roll-Out**

The critical success factors of the Kirklees RE-Charge scheme are that there are no up-front costs to pay and savings on bills are felt immediately also the quality of advice and the flexibility of the scheme to the householder.

However the fact there are no upfront costs means that the scheme is capital intensive and many organisations do not have the funds available to make such an investment.

The scheme offers loans therefore the concept of becoming a revolving fund is there, however in reality it may be many years before repayments are received and as there is no interest to pay it is unlikely that the scheme would become self-financing.

### **Looking forward**

The Kirklees model has now been developed and has demonstrated that by removing up-front costs more people are able to install renewable energy systems thereby reducing their carbon footprint and their monthly bills. Year 1 has been about developing the process and protocols of the scheme, Year 2 will focus on targeting the scheme to households in fuel poverty and to increasing the diversity of applicants to the scheme. A target of 10% of funds to support applications from BME groups has been set for the second year, an action plan has been developed which will help us to achieve this target.

Year 2 will also be about supporting applications with a demonstration element, for example where planning restrictions need to be overcome or where a landlord is applying for a tenanted property.

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