

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 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.

Around 336 free home surveys have been carried out to date, 70 installations have been completed and 166 applications continue to be progressed through the scheme.

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.

Figures to Date

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

- 350 t/CO2 p.a expected to be saved.

Technology	No of installations
Solar Thermal	12
Solar PV	49
PV & ASHP	6
Biomass	2
Biomass & ST	1
Total	70

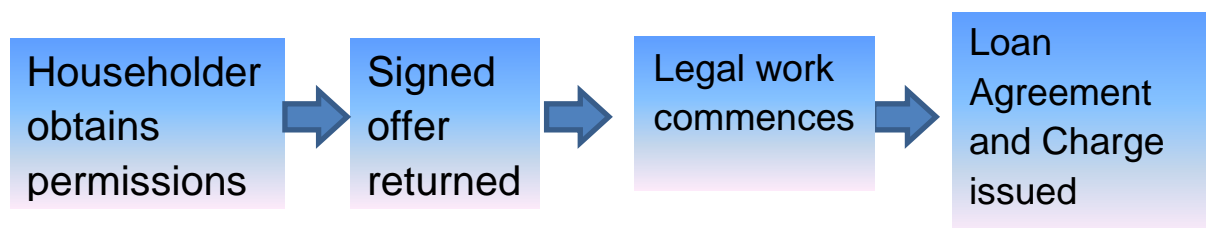
How RE-Charge Works

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

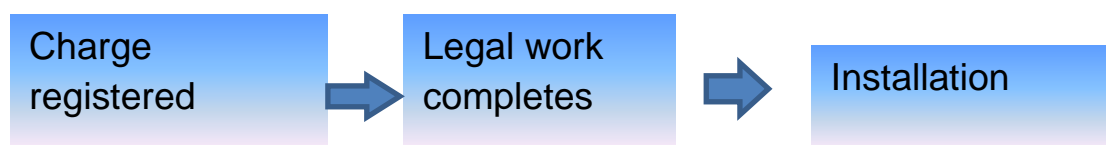


Figure 1: RE-Charge Scheme Chronology

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

Lessons Learned

- There is strong demand for impartial, tailored energy advice. 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 apply this information to individual circumstances.

- Most installers charge a fee of up to £70 to survey a property and provide a quote, through RE-Charge applicants 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.

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, and the quality of the advice to the householder.

However the scheme is capital intensive, many organisations do not have the funds available to make such an investment. There is an on-going question about where funds could come from to support schemes such as RE-Charge.

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

All installations post July 2009 will be eligible for the Feed in Tariff for renewable electricity systems (implemented from April 2010) and the Renewable Heat Initiative (implemented from April 2011). Kirklees will be encouraging local residents to take advantage of the scheme by continuing to offer loans of up to £10,000 and allowing households to retain the full financial benefit of these incentives.

Year 1 of the scheme focused on developing the process and protocols of the scheme. The second year has focused on reducing the time to progress applications through each stage and to achieving the fuel poverty target which was set at 10%, this target has been exceeded and currently around 25% of the households supported by the scheme are in fuel poverty.

CONTACT DETAILS

For further information please contact:

Kirklees Council Environment Unit

23 Estate Buildings

Railway Street

Huddersfield HD1 1JY

Tel 01484 223568

Fax 01484 223576

email: environment.unit@kirklees.gov.uk