

FOI UNIT
CAVAN

18 FEB 2009

DEPARTMENT OF COMMUNICATIONS,
ENERGY & NATURAL RESOURCES
ROINN CUMARSAIDE, FUINNIMH
AGUS ACMHAINNI NADURTHA

FOI Unit
Department of Communications, Energy and Natural Resources
Elm House
Earlsvale Rd
Cavan

17 February 2009

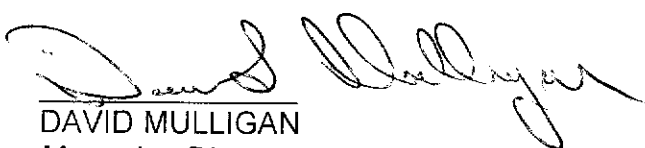
Dear Ms. Rabbitte

Freedom of Information request

I refer to the "National insulation programme for economic recovery", announced by Minister Eamon Ryan on Sunday 8th February, to be administered by SEI.

The SEI administered a pilot scheme in 2008 (which was limited to Limerick, Clare and Tipperary) and I am interested in seeing the feedback to DCENR from the SEI following the results of the pilot scheme.

I would like to request copies of any relevant reports, statistics and recommendations provided to the decision makers within DCENR.



DAVID MULLIGAN
Managing Director
Clonlara Glass Ltd.

FOI UNIT
CAVAN

18 FEB 2009

DEPARTMENT OF COMMUNICATIONS,
ENERGY & NATURAL RESOURCES
ROINN CUMARSAIDE, FUINNIMH
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established 1998

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- Glass Partitioning
- Double Glazed Units
- Picture Glass
- Decorative Glass

COMMERCIAL & INDUSTRIAL

- Future Wall
- Curtain Walling
- Doors & Windows
- Laminated Glass
- Toughened Glass
- Glass Roofs

CUSTOM MADE

• Bespoke Shower Doors •

- Glass Furniture
- Display Units
- Shelving
- Mirrors
- Polishing & Beveling to Order



Department of Communications, Energy and Natural Resources
Roinn Cumarsáide, Fuinnimh agus Acmhainní Nádurtha

24/02/2009

Mr David Mulligan
Managing Director,
Clonlara Glass Ltd.,
Unit 1B - Annacotty Business Park,
Annacotty,
Limerick,

file sent to Jonathan
25/2/09

FOI Request Reference: FOI/2009/8

Dear Mr Mulligan,

I refer to your FOI request under Section 7 of the Freedom of Information Acts, 1997 and 2003, received in this office on 18/02/2009 requesting records regarding the national insulation programme for economic recovery. The application was received along with the associated fee.

The officer handling your request will be Mr Jonathan Harte, Energy Efficiency & Affordability Division, Department of Communications, Energy and Natural Resources, 29-31 Adelaide Road, Dublin 2. Jonathan can be contacted on 01 6782272

You can expect to receive your decision by the 18/03/2009.

If you have not received a decision by that time, you are automatically entitled to appeal to the Department for a review of the matter. This review proceeds on the legal basis that the initial request is considered to be refused once the specified time for responding to it has expired. A request for a review should be addressed to the undersigned at the address shown.

Please note the Department of Communications, Energy and Natural Resources has a policy of posting a summary of non-personal requests and decisions on the Departments website for reference purposes.

Yours sincerely,

Carmel Cosgrove
Carmel Cosgrove

FOI Unit
Department of Communications, Energy and Natural Resources
Elm House,
Earlsvale Rd
Cavan

Phone: 01 6782902

From: Jonathan Harte
Sent: 25 March 2009 13:35
To: 'gerry@mgwx.ie'
Subject: RE: FOI request

Hello Gerry

All well I hope.


I'm now attaching the full report bar a couple of minor references (not at all related to windows) which I will explain below. Hopefully, you will now get a better understanding of the context of the entire document.

Please give me a call if you need to discuss anything or require anything else.

Regards

Jonathan

Jonathan Harte
Energy Efficiency and Affordability Division
Dept. of Communications, Energy and Natural Resources
29/31 Adelaide Road
Dublin 2
01 6782272
www.powerofone.ie

 Please don't print this e-mail unless you really need to.

Regarding the omitted figures:

The Freedom of Information Act provides for a number of instances where a request can be refused. In this case, I do not deem that the entire document should be withheld but merely the following:

On page 5, in the Table there is a column called *Support as % of typical costs*. I have decided to omit the figures in that column only under 27(1)(b) of the Act because it might result in the costs of these measures being increased accordingly by the market. For example, if the estimate given by SEI for Roof/Attic insulation was 50% then the market might automatically set €500 as its lowest cost to the customer.

On page 6 in 5.2, third last paragraph, I have omitted – marked x – a number of figures concerning administration costs again under 27(1)(b) of the Act. I have omitted this because it may affect SEI's ability to have the scheme administered at the lowest possible cost to the exchequer.

On page 9, there is a table at the bottom of the page referring to predicted administration costs. Again I have omitted the figures here under 27(1)(b) of the Act to ensure that SEI can obtain these services at lowest possible cost to the Exchequer. For references purposes, Section 27 (1)(b) is below:

[SU27] 27.(1) Subject to subsection (2), a head shall refuse to grant a request under section 7 if the record concerned contains

- (b) financial, commercial, scientific or technical or other information whose disclosure could reasonably be expected to result in a material financial loss or gain to the person to whom the information relates, or could prejudice the competitive position of that person in the conduct of his or her profession or business or otherwise in his or her occupation**

- (b) *financial, commercial, scientific or technical or other information whose disclosure could reasonably be expected to result in a material financial loss or gain to the person to whom the information relates, or could prejudice the competitive position of that person in the conduct of his or her profession or business or otherwise in his or her occupation*

Foil 2009/8
Jonathan Harte



**Home Energy Saving Scheme
Proposal for delivery of a national programme**

**SEI
Version 4
9th December 2008**

1. Background

SEI, in partnership with local energy agencies and local authorities, has been piloting the Home Energy Saving Scheme in 2008 to inform the proposed national scheme to be launched in 2009.

The pilot has tested the business case for State support to householders upgrading their dwellings' energy efficiency. It has also tested various types of support, delivery mechanisms and administrative systems. The pilot established a strongly positive case for the national programme and, in Budget 2009, Government assigned SEI €20M in capital funding for the 2009 national scheme. The findings of the pilot, as well as discussions among the project partners, have been used by SEI to develop this proposal for the delivery of the 2009 national programme.

2. Pilot outcomes

The pilot programme has firmly established the case for a full national support scheme. It has shown that there is a strong appetite for such a scheme among not only potential participants but also among local energy agencies, building assessors, installers and other market actors.

The pilot has also gathered a large amount of data about the existing state of energy efficiency in homes and the potential for improvement. This data demonstrates that the return on investment on upgrading efficiency in homes is solid, both for the exchequer and for the householder. Considerable energy use reduction and carbon dioxide abatement is possible.

The following table illustrates the progress of participants through the scheme as of December 8th 2008:

| Stages | North Tipp & Thurles | Lim/Clare | Dundalk | Sub-total | Clusters | Grand Total |
|-----------------------|----------------------|-----------|---------|-----------|----------|-------------|
| Eligible Applicants | 235 | 840 | 96 | 1171 | 575 | 1746 |
| Grant offers made | 205 | 772 | - | 977 | 516 | 1493 |
| Grant Offers Accepted | 90 | 476 | - | 566 | 332 | 898 |
| Grants Paid | 53 | 157 | - | 210 | 0* | 210 |

*250 payments are currently being processed

As can be seen, over 1700 participants were recruited, with about 1500 proceeding to grant offer stage. Of these, about two thirds were participating as individuals, and one third within clusters.

While there has been a strongly positive response from participants, the final number of grants disbursed in 2008 will be constrained by the pilot timeframe. Most of the dropout between grant offer and uptake is probably explained by this, and many such householders may return to the new scheme in 2009. A large amount of 'closures' are expected at the latter end of the pilot, and SEI expects between 700 and 800 payments to ultimately result from the pilot. An issue will arise as to closing some payments in 2008, where given that the time available for works to be carried out some

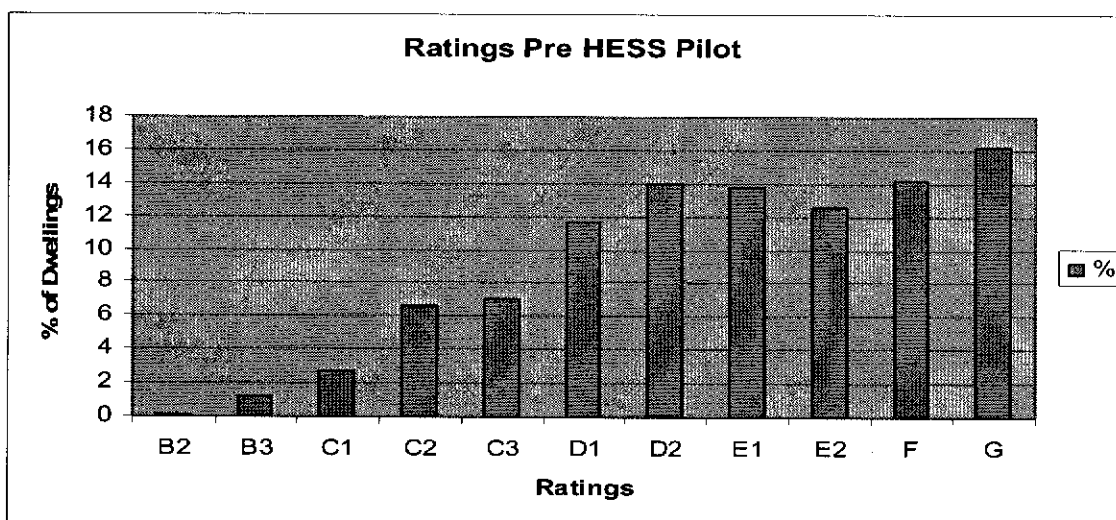
householders will struggle to meet the deadline (published as end of November). As agreed with DCENR, some payments will be permitted in early 2009.

The pilot project benefited from excellent relationships among the project partners, and SEI would like to acknowledge the excellent work undertaken by the partner local authorities and local energy agencies. It is clear that there is an enthusiasm among these local actors to support their communities in achieving energy use and emissions reductions in their homes.

3. Key pilot learnings

3.1 Current efficiency standards

The graph below shows the ratings of the approx 1700 homes surveyed as part of the pilot project. As can be seen, about 60% are rated E1 or lower. While not representative of the national housing stock, the sample is thought to be representative of the types of homes likely to participate in the national scheme.



3.2 Opportunities for efficiency gains

It is clear that very many homes in Ireland could reduce their heating costs considerably – often by as much as 50% if all available actions are undertaken. Actual uptake of potential savings clearly depends on householders' willingness to invest. The pilot programme is generating useful data on this, indicating that upgrading wall and roof insulation are the most common actions taken. Further data will be available once the pilot programme ends and thus all actions can be analysed. The areas where most savings potential lies are as follows:

a. Attic and wall insulation

25% of surveyed homes had no attic insulation, and only 5% of surveyed homes meet the wall insulation standards of the building regulations. Both attic and wall insulation offer significant savings and should be most householders' starting point if currently absent. Typically, roof and insulation can improve a BER rating by up to 20% each.

b. Heating controls

87% of homes surveyed have poor heating controls, indicating the huge potential for efficiency gains in this area. Average boiler efficiency is 77%, with only 5% of boilers above 90% efficiency. Installation of a high-efficiency boiler with good controls can improve a dwelling's BER performance by as much as 25%. Indications are that householders are more likely to take action on controls at the same time as installing a new boiler. Improved heating controls should be a major focus of the programme, and could yield significant immediate benefits as well as wider market-building effects.

c. Other interventions

There are other upgrade interventions available, such as the double glazing option tested in the pilot scheme. These offers savings opportunities but generally represent relatively poor value for money in terms of energy and CO₂ savings alone. The business case is strong for concentrating on the previous two areas of greatest potential and greatest value for money. It should also be noted that the new building regulations require that window replacement meet low-e double glazing standard¹.

Typical paybacks on installed measures in terms of energy saving returns:

| Measure | Typical payback (years) |
|-----------------------------------|---|
| Loft insulation | 3-6 |
| Cavity wall | 4-5 |
| Internal wall lining | 7-10 |
| External wall insulation | 15-20 |
| Low-e double glazing | 50 (replacing single glazing) 250 (replacing double glazing) |
| Full heating controls | 4-5 |
| Full heating controls plus boiler | 4-5 |

3.3 Consumer preferences and experience

There is widespread interest in the pilot programme among householders, installers and service-providers, BER assessors and other stakeholders. It is clear that there is considerable interest in the issues of domestic energy usage, with many people looking for ways to reduce their costs and improve their homes' performance.

Based on the first set of requests for payment, wall and loft insulation are by far the most commonly installed measures, with some uptake of double glazing and minimal uptake of heating controls and associated actions. This is based on a relatively small number of requests for payment received, so more robust data will be available shortly.

The efficiency opportunity associated with heating controls is notable for its contrast with participant uptake in the pilot. The low uptake is at least partly explained by the short time available, but evidence is also clear that some aspects of heating controls are poorly understood by householders. It is also clear that many professionals (plumbers and fitters) are not familiar with current options for improved control systems.

These are all barriers to uptake. In addition, heating control installation is cumbersome, and relatively expensive if done separately from a boiler installation. Thus the best action to stimulate is installation of good heating controls at the same time as a new high-efficiency boiler is being installed. This will also be supported by consumer information as well as engagement with suppliers and installers to raise awareness and competence.

Communications were generally clear with all participants and other actors. The involvement of local authorities proved valuable as it is clear that many householders prefer to deal with a local body when they have queries. The local energy agencies proved equally important in engaging market actors.

Experience from the cluster strand indicates that consumer understanding of the scheme and its rules is harder when an intermediary cluster-leader is in place. This is particularly true when the cluster is led by an installer or service provider, since sometimes specific rules are applied to that cluster such as restrictions to specific products or installers (though this has been discouraged by SEI). This can

¹ Part L of building regulations, section 2.1.2.6 sets a U-value standard of 2.0 W/m²K for replacement of windows in an existing dwelling. Meeting this U-value standard requires low-e double glazing as a minimum.

be addressed in the national programme through a more coherent offering with clarification of the exact role of cluster leaders. As the programme matures and becomes more widely understood, relative roles and appropriate arrangements should become well established.

The pilot also produced very valuable learning on the Building Energy Rating dimension. These learnings relate to survey techniques, calculation methods and, importantly, presentation of the findings to householders. These learnings will be fed into the wider BER programme. A survey has been conducted among the 60 assessors contracted to undertake the pilot programme assessments, and again this information will be fed into both the HES national scheme and the BER programme.

4. Considerations for national scheme

4.1 Value for money

The national scheme will be based on the principle of maximal value of money for the exchequer and for the participants. Using the learnings of the pilot, the programme design will guide participants towards the most rational and best value actions, while allowing consumer choice among alternative interventions, products and installers.

The programme will also be oriented towards group responses that bring economies of scale and hence better value for money. The programme will facilitate the role of intermediaries bringing groups of participants, including residents' associations or groups of neighbours. It will also facilitate third party business models (ESCOs).

4.2 Accessibility

The pilot confirms that the principal market barrier to greater uptake of efficiency measures in homes is confusion about alternative actions and products and the associated difficulty in getting reliable, expert advice.

Therefore programme design will ensure that offerings are coherent, understandable and accessible. The programme will facilitate 'off the shelf' packages and will offer households clear cost-benefit data. From informal discussions, SEI also expects loan packages to be made available by financial institutions.

Complete advice-, solution- and finance-offers, centred around the grant programme, are also expected from a number of ESCOs. Several such companies and consortia have already identified themselves to SEI, and are building business models that will drive cluster activity with no requirement for additional incentives to the ESCO. It is expected that this will be a central aspect of the national scheme.

4.3 Awareness

SEI will develop Power of One campaign elements and materials that will support participants in making choices and facilitate participation, and will also address behavioural elements (how people 'use' their upgraded homes).

A dedicated Home Energy Saving website will be established that will consolidate all consumer advice on the scheme as well as associated elements such as decision making tools (e.g. calculators) and lists of installers or products as they are developed.

4.4 Market quality and market building

As noted above, at present consumers find it hard to identify advisors or installers with confidence. The programme will address this by making the actions more affordable and thus building market activity, leading to more understanding and awareness, and developing a healthy competitive market for products, advisors and installers.

SEI will research, develop and deploy a range of specifications and good practice guidance materials aimed at ensuring optimum installation standards for all measures². The early focus is likely to be on heating controls specification and installation.

SEI is also in discussion with the Construction Industry Federation, which is very keen to co-operate on market- and quality-building programmes connected to HES. SEI is also exploring insurance and bond options, similar to the Homebond model used for house construction, and will at a minimum employ similar insurance models to those in place for the BER assessors, whereby specific insurances will in time become mandatory.

5. Proposed design elements

5.1 Overview

The programme should offer grants of fixed amounts for supported interventions in the areas of insulation and heating systems:

- Loft insulation
- Wall insulation (cavity, internal-lining or external)
- Heating control systems

Householders will choose their actions, identify an installer (all with appropriate advisory support from SEI) and then apply to SEI for grant approval. Installers will be required to commit to a code of conduct that includes quality standards. In advance of programme launch, SEI will build regional lists of installers that have made this commitment and met minimum requirements, and these lists will be developed throughout the programme lifetime. Thus, lists of installers will be available to potential participants, but they can also identify a new installer once that installer is ready to meet the requirements and commitments of the programme.

SEI has been asked to consider whether the programme should also offer a grant towards a BER assessment to any householder that installs one or more supported measures. This would have an additional cost for the exchequer, estimated at approximately €1.2M in 2009 if 50% of participants were to avail of the offer. It would however yield benefits in that the BER would allow the householder to verify the impact of their actions and will render the gains more visible to them. It is for DCENR to determine whether these benefits justify the costs.

5.2 Grant-aided actions

| <i>Measure</i> | <i>Proposed grant level</i> | <i>Support as % of typical costs</i> | <i>Typical net BER improvement</i> |
|---|-----------------------------|--------------------------------------|------------------------------------|
| Roof/Attic Insulation | €250 | | 10-20% |
| Cavity Wall Insulation | €400 | | 15-20% |
| Internal Dry-Lining | €2500 | | 25-30% |
| External Wall Insulation | €4000 | | 25-30% |
| Heating Controls Upgrade | €500 | | 15-20% |
| Heating controls upgrade plus high efficiency boiler (>90%) | €700 | | 25-30% |
| Post-intervention BER | €200 | | - |

² The differing nature of the technical topics and competences will make this quite distinct from the existing renewable energy installers' academy.

Support percentage figures in the table above are approximate mid-range, as costs vary considerably with house size and other factors. Grants are set with reference to the "average" house (about 110 sq.m), and are generally set at approximately 30% of market costs. The grant level proposed for external wall insulation (higher in absolute terms but lower in percentage terms) reflects the longer payback of the measure, with internal wall lining being seen as better value for money when the option exists. The grant proposed for heating system upgrade is set slightly higher in percentage terms to reflect the nascent levels of awareness and uptake of the measure, and the potential for this measure to grow into a very important contributor to energy savings. The proposed support for boilers that are well above the regulated efficiency (86%) recognises the value of supporting a boiler installation in conjunction with a heating controls upgrade, since the fixed costs of draining the system and preparing the works are the same in either case. Thus some people are more likely to upgrade their controls when a boiler replacement is taking place. The additional support is relatively small compared to the cost of the boiler, but should serve as an additional stimulus.

Due to differing costs in a number of areas, multi-unit apartments will be subject to separate support levels and treated apart from the main process. The set of actions required to qualify as a complete heating control system upgrade will be specified.

Grants are standardised and fixed, thus encouraging participants to seek the best price (e.g. by clustering). Householders will be allowed to install one or more measures in any preferred combination, although it is expected that market actors will tend to make offerings in certain 'packages'. Participants will be allowed access support once from each category of action. It is proposed to restrict scheme participation to dwellings built before 2002.

Lower grant amounts incur higher administrative costs as a total proportion of funding, and thus disbursing grants of just a few hundred euro will result in quite high administrative costs. To illustrate: the standard handling fee for outsourced processing of a grant is fairly independent of grant level, and in this paper is estimated to be about x. Thus when an average grant is about €1500 the handling cost represents a x% cost, whereas for an average grant of €500 this rises to x%.

Also, the scheme is designed to promote clustering of actions between households and to encourage where possible an integrated group of measures per household – thus securing greater value for money.

Taking these two points together, SEI recommends that participants be obliged to undertake actions to a minimum grant value of €500 in order to participate. In other words, all actions except for attic insulation and cavity wall insulation can be undertaken individually, but these small value actions must be undertaken with each other or any other action. Participants will be allowed to return to the grant scheme again to undertake actions in categories not previously addressed. This will reduce relative administration costs while maintaining reasonable affordability and access for the scheme.

5.3 Process Outline

1. Householder decides on measures to be installed - may wish to opt for an initial BER (not supported) or may obtain advice from installers, ESCOs or SEI information materials
2. Householder selects installers and gets quotes and likely installation dates (SEI will publish guidance materials on sourcing / selecting / contracting)
3. SEI will build and maintain a list of installers that have committed to abiding by the Code of Conduct including a range of competence and business requirements
4. Household submits short application form requesting grant approval specifying their preferred installer. Online application will be encouraged
5. SEI issues letter of offer with a validity of 6 months. Householder signs and returns copy of letter of offer - offer is now valid.
6. Householder gets works carried out. This may include optional supported BER after main works

7. Householder returns a signed request for payment along with a declaration of works and compliance signed by the installer
8. After verification, grant is paid electronically

The process will include also include the appropriate level of spot checks, audits and site inspections.

5.4 Clusters

Applicants will be appraised of the benefits of multiple households engaging a single contractor towards economies of scale and greater cost effectiveness. The contractual relationship between SEI and participants will be as individuals, and the same grant level will apply in either case (although the fixed grant amounts will incentivise participants to seek better prices through clustering). Client householders will tick a box on each measure indicating whether they are acting with others or via an intermediary.

SEI also expects third party companies to act as ESCOs and that this will bring many participants to the programme. It is clear from the pilot and from related discussions with interested parties that many such ESCO intermediaries are ready to participate based on no specific additional incentive other than the business generated for their packages (installers, products and loans). Thus it is expected that the majority of participants may well be via cluster-type arrangements.

There have been some learnings from the pilot about relationships between clusters and specific products or suppliers, and the national scheme will ensure that no conflicts of interest arise and that all participants are offered transparent choice and clear advice as to what a particular offering entails.

5.5 Roles

The following proposals on respective roles in the scheme are provisional, with further discussion among the parties necessary. The proposals depend on a number of factors, such as the practicability of assigning a specific role to local authorities and, most importantly, the assignment of the necessary resources to SEI or other actors as appropriate.

SEI roles

SEI, as overall programme manager, is best placed to take on the roles of scheme development, co-ordination and oversight; national fund management; and also information campaigns and market development. It is also possible to assign the role of application processing and grant disbursement to SEI, although this would ideally sit with LAs (see below).

It is important to note that at present SEI has no staff posts assigned to the Home Energy Saving scheme. Temporary resources were put in place to manage the pilot programme in 2008, on the basis of an agreement with DCENR to finance these posts from the pilot's capital budget – a mechanism that subsequently proved inoperable. Thus all consideration of SEI's roles is dependent on resources being made available.

SEI proposes an outsource-oriented delivery, where functions such as call centre, application processing and grant disbursement could be contracted to competent market actors. The minimum SEI staff requirement envisaged, with most administrative functions outsourced, is a team of four (identified below). The current proposal for 8 new SEI posts under consideration by DCENR and Department of Finance envisages a staffing of 3 for a new service delivery unit plus one post specifically named for HES. HES is an appropriate application of the service delivery resources, noting that the requirement would continue as long as funding was available for the scheme.

The **programme manager** is responsible for ongoing development and management of the programme, industry / market consultation to maximise standards, capacity and quality, review and ensure scheme is fit for purpose on ongoing basis reviewing performance annually. The overall responsibility for management of outsourced activities also falls to this role.

The **Quality / Project Executive** would provide technical support to the programme and develop the quality assurance framework. Development of good practice guides and technical support information for installers and consumers alike. Management of inspection programme ensuring feedback to the overall programme with a view to improving quality.

The **Senior Administrator** would be the key contact with the outsourced agent overseeing quality of service, dealing with non routine issues (complaints, representations etc.). Management of the final review and audit checks for payment cycles (required as an internal management function even if processing is outsourced) would also fall within responsibility.

The above activities, particularly Administrator require a significant amount of clerical support hence the final role, **Clerical Support** is required.

A team of this size and composition is viewed as the absolute minimum for the operation of a scheme the scale of the HES. It is in line with the full time (non-agency) staff associated with the Greener Homes Scheme. The model proposed is heavily outsourced and this does require internal management in relation to the administration and development on the technical side to ensure effective application of funds at the householder level.

It is important to note that, in addition to the four staff identified above, delivery of a scheme like HES does place demands on the wider organisation. High volume payments place stress on the existing finance resources and in defining the four posts no provision has been specifically made for additional finance resource on the assumption that two of the eight new posts currently under discussion and for sanction by Department of Finance will be assigned to the finance area, as is proposed.

Local Energy Agency roles

Several LEAs contributed very significantly to the pilot in areas such as local engagement, quality assurance and data analysis. Similar roles would seem appropriate in the national scheme. However, practical issues pertain in the areas of national coverage and procurement. There are many strong LEAs across the country but they do not currently offer complete national coverage. Thus a question arises as to whether services provided by LEAs in some areas would require private sector provision in others. Similarly, even in areas where LEAs operate, it is not clear that SEI can assign (paid) roles to them without conducting normal procurement processes, in which case the question of cross-subsidisation (of LEAs by LAs) may arise.

Discussions are underway with the LEAs active in the pilot, and SEI will continue to pursue ways to engage the LEA community in the national programme.

Local Authority roles

There are arguments in favour of LAs taking on the role of local administration of the programme in terms of processing applications and administering grants. This approach would also bring an element of local engagement which has proved valuable in the pilot. However, this approach would entail full agreement of all LAs to be in place in advance of scheme launch, something that would seem very difficult to achieve in the time available. Practicality may dictate that the roles be assigned to SEI for now, while retaining the option to migrate over to a different arrangement in the future.

6. Budget and timing

Programme concept development is underway and systems can be put in place relatively quickly once agreement on the detailed design is reached. Once resources are secured, a period of up to three months is required to fully develop, test and then launch the systems and outsourced functions to fully process applications and approve and pay grants. applications from householders. The intervening period would be required for SEI staff recruitment, process and system development, and appointment of outsource contact centre and administration resources (by procurement rules at least

a two month process). Note that, due to the different and larger financial requirements of the full programme, it is not feasible to use the pilot programme system as an interim solution.

In the shorter term, within approximately two weeks of the requisite resources being authorised, a public launch could be undertaken giving details of the grant aided measures and grant amounts and allows for registration of basic contact details for interested parties. From this point SEI could register expressions of interests from prospective participants, and also commence the process of market engagement, building installer lists and priming the market. It should be noted that any such pre-announcement would likely have unavoidable impacts on short term market activity.

The following tables illustrate the projected budget for the programme:

Budget Estimate for 2009-2013

| | 2009 €m | 2010 €m | 2011 €m | 2012 €m | 2013 €m |
|--------------------------------|------------|------------|------------|------------|------------|
| Budget | 20.0 | 20.0 | 20.0 | 20.0 | 18.0 |
| No. of Grant Applications | 12,100 | 12,400 | 12,300 | 12,300 | 11,000 |
| Grant Commitment Amounts | 18.2* | 18.6 | 18.5 | 18.5 | 16.5 |
| Non-Grant Costs | 1.77 | 1.48 | 1.48 | 1.48 | 1.39 |
| Non-Grant Costs as % of Budget | 8.9% | 7.4% | 7.4% | 7.4% | 7.7% |

The above table gives the overall proposed budget, based on the assumption of a programme of €100M (including the pilot) running until 2013. As can be seen, once the initial set-up costs are met, the programme settles in with an administrative cost of about 7.4% of total budget. This is driven by the relatively small size of some of the grants on offer, but is based on typical grants of around €1550 – i.e. it assumes that participants are typically undertaking several actions. Relative administrative costs will rise if participants are allowed to receive grants for individual, small actions in isolation.

A more detailed budget proposal for 2009 is presented below:

Budget Estimate for Year 1 - 2009

| Set up Costs: | | €,000 | Sub-totals €,000 |
|----------------------------------|--------------------------|-------|---------------------|
| | System Development | | |
| | Process Development | | |
| | Web Development | | |
| | | | |
| Advertising, Print and Promotion | | | |
| | | | |
| Administration Costs | | | |
| Transaction Handling Costs | Outsourced Fees | | |
| SEI Staff Resources | Programme Manager | | |
| | Project/Quality Engineer | | |
| | Senior Administrator | | |
| | Clerical Support | | |
| | | | |

| Market Building | Capacity | | | |
|------------------------|-----------------|---|--|--|
| | | Training, Standards Development & Accreditation | | |
| | | Inspections/Quality Assurance | | |
| | | Total Overall Non-Grant Expenditure** | | |
| | | Total Overall Grant Expenditure | | |

* Including contracted project management of development phase as well as the orderly closure of the pilot scheme, up to and through the recruitment of the new resources.

** Depending on the success of the scheme there may be a need to close the scheme each year when commitments levels which will expend the annual budget (€20m) are achieved.