

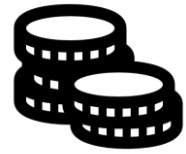


RETROFIT CREDITS

Unlocking additional funding
for housing retrofit



What is the programme about?



Funding for retrofit



Better homes for residents



Driving decarbonisation

RETROFITCREDITS is a new service that unlocks investment in social housing retrofit by verifying the emission reductions and social value of retrofit projects.

Housing accounts for nearly 20% of total carbon emissions. The UK has the oldest and draughtiest housing stock in Europe – upgrading it will be a major factor in whether we reach net zero carbon emissions by 2050.

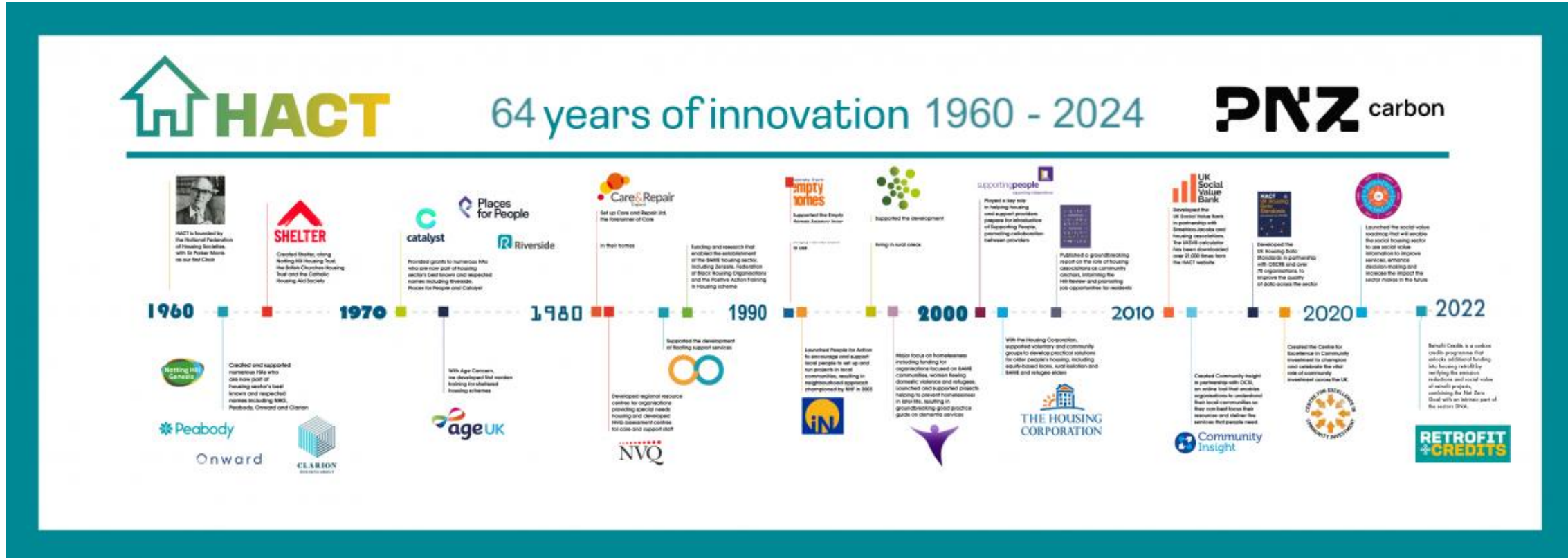
There are approximately 20 million homes in the UK that will still be in use in 2050 and will need a form of retrofit to make them compliant with net zero targets. The cost of this retrofit is said to be more than £300 billion, and over £100 billion of that is just the social housing sector.

In 2021, UK businesses and organisations (or those with emissions in the UK) funded the reduction of 14.9 million tonnes of emissions by investing in projects outside their carbon footprint. That's more than the total emissions of the social housing sector. Yet none of that investment is currently directed to retrofit projects in the sector.

RETROFITCREDITS connects this investment in decarbonisation projects, with the housing sector's increasing retrofit ambitions, by originating carbon credits backed by the emission reductions and social value.

RETROFIT CREDITS

Who is leading the programme?



What makes it different?



Social Value: RETROFITCREDITS incorporates social value measures into the credit value - demonstrating that retrofit not only reduces greenhouse gas emissions in the long term but also creates social value for residents and communities.



UK Impact: RETROFITCREDITS presents a unique opportunity for businesses with UK operations to have a positive impact on the lives of residents in the communities they operate.



Innovative: RETROFITCREDITS is the only carbon crediting project for housing retrofit globally to be listed under the Verified Carbon Standard, the world's leading certification programme for emission reduction projects.





UK Social Value Bank and retrofit credits



88 wellbeing and exchequer valuations based on impact on the individual.

Retrofit works, improvements in homes and reduction in pollution, impacts positively on wellbeing, health, and creates an exchequer (public purse saving), as well as environmental benefits



How it works

1

DECARBONISATION

Local authorities enrol housing stock where retrofit works could improve the thermal efficiency of the home and/or reduce the carbon intensity of the heating source

2

CALCULATE REDUCTIONS AND SOCIAL VALUE

PNZ Carbon calculates the potential emission reductions and projected funding from RETROFITCREDITS

HACT calculates the social value generated by the retrofit works using the UK Social Value Bank

The social housing provider uses the projected funding to inform their investment case for retrofit activities

3

CREDITS & SALE

Once retrofit works are complete, PNZ Carbon verifies the emission reductions and originates Verified Carbon Units (RETROFITCREDITS)

PNZ Carbon and HACT manage the sale of the RETROFITCREDITS

The local authority receives payment for the emission reductions and social value created



19x
Each tonne of CO₂e reduced is eligible for up to 19 years of crediting to 2042

Pilot Numbers

Pilot

Annual

Lifetime



6716
Pilot homes



1481
Pilot credits



4900
Proj. annual credits from pilot



£107,426
Gross income from pilot



£867,635
Social value from pilot



£355,000
Proj. annual gross income from pilot



£2,900,000
Proj. annual social value



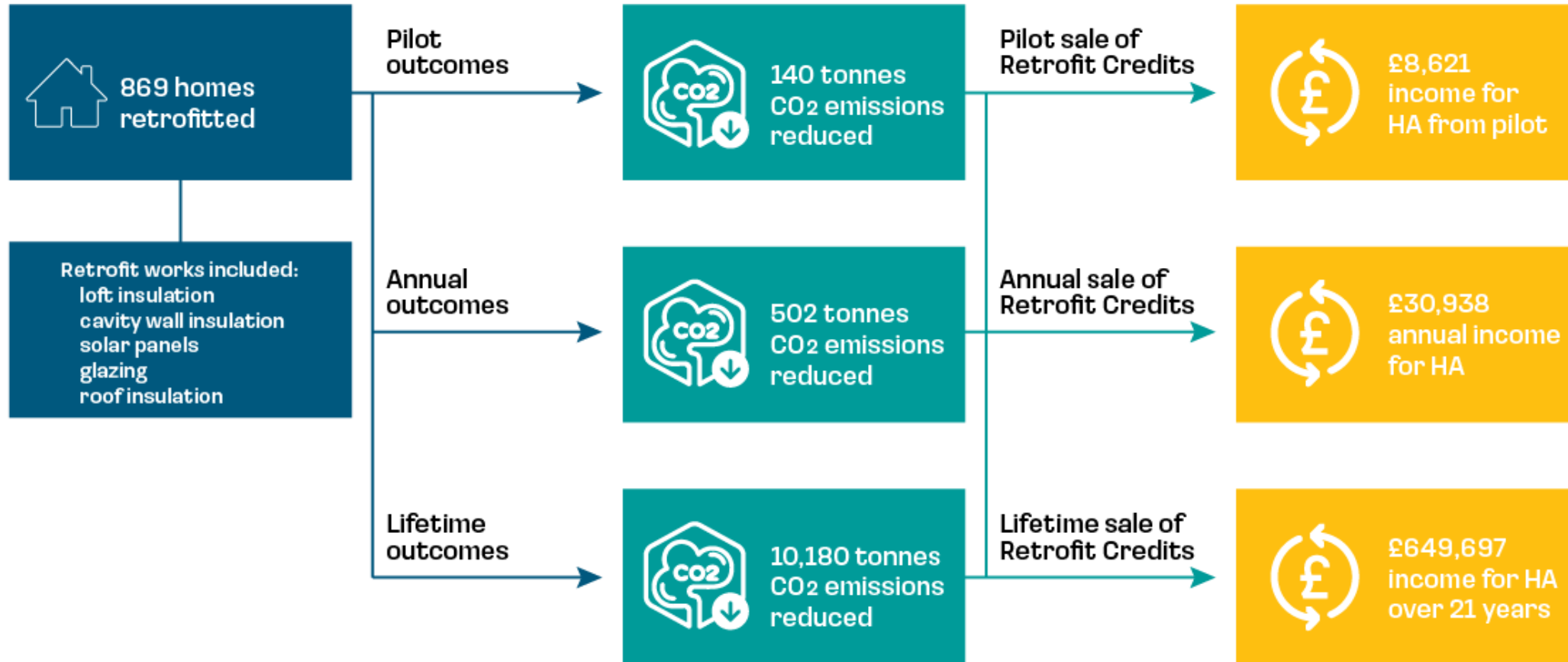
£7,400,000
Proj. lifetime gross income from pilot



100,000
Proj. lifetime credits from pilot

RETROFIT CREDITS

Project example



Next cycle numbers annualised



16,667 homes



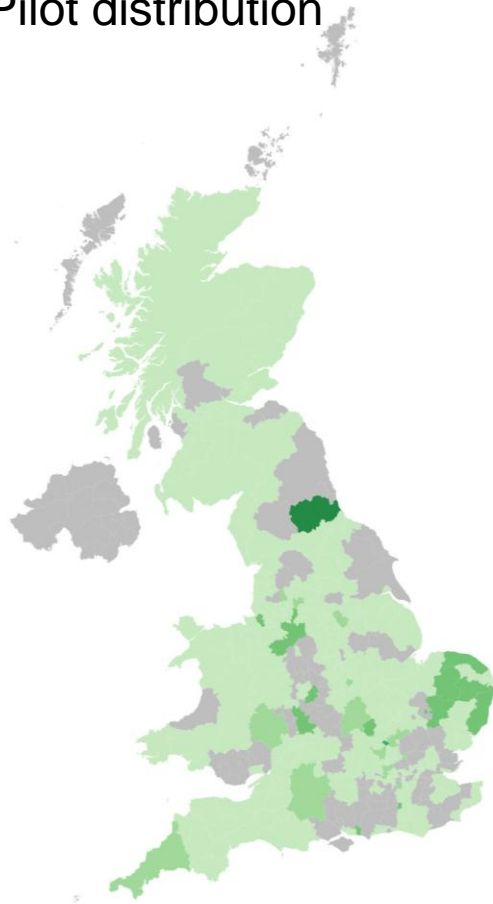
15,123 credits



£8,750,000 in
social value

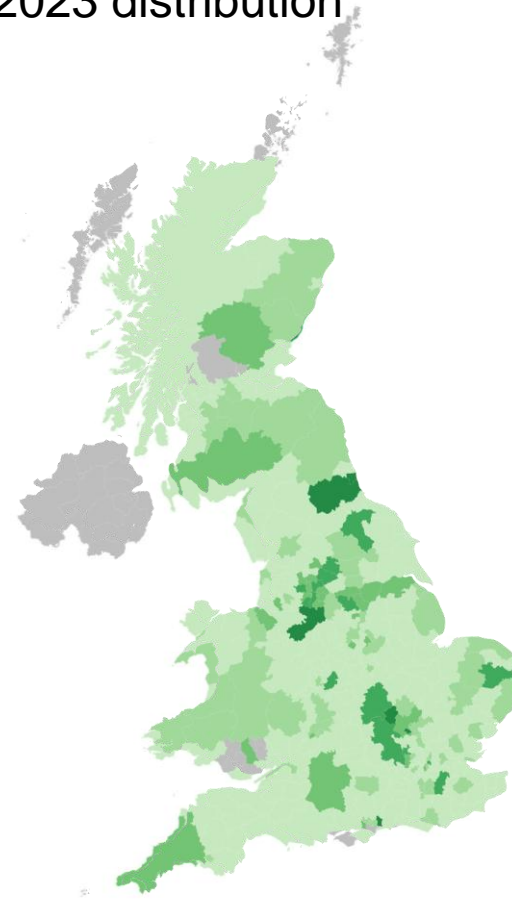
Location of Retrofit Credits in the UK

Pilot distribution



384 postcodes

2023 distribution

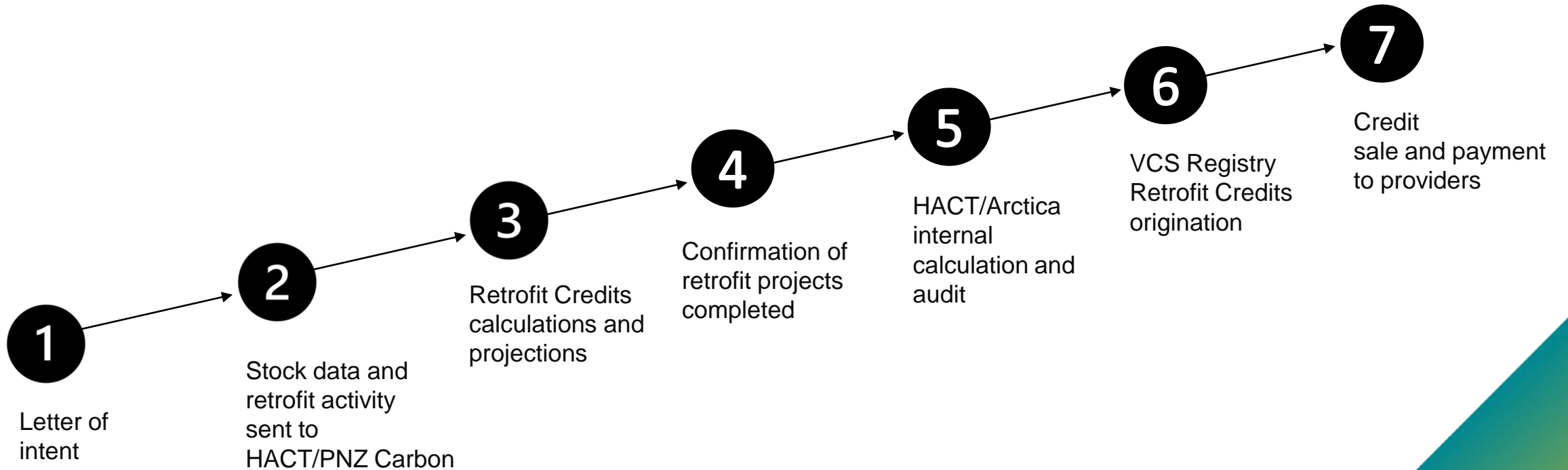


3,661 postcodes

UK Annualised Credits
Pilot + Cycle One

- 0-50
- 50-100
- 100-250
- 250-500
- 500+

RETROFITCREDITS Key milestones for crediting



RETROFIT CREDITS

Some providers engaged with Retrofit Credits

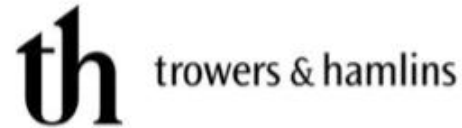


RETROFIT CREDITS

Buyers

nationalgrid

The Economist Group



All securing significant portions of Retrofit Credits from the pilot and beyond

Other organisations, including **Chirpy Heat, The PSC, Igloo, Power Circle and Kinovo**, have also shown their support of Retrofit Credits

We have taken measures to mitigate against both greenwashing and reputational risk for providers. This is done in two ways, the first one is that we don't sell the Retrofit Credits on the open market, and secondly, we have also developed an ethical framework, to ensure that the potential buyers keep the integrity of the service.

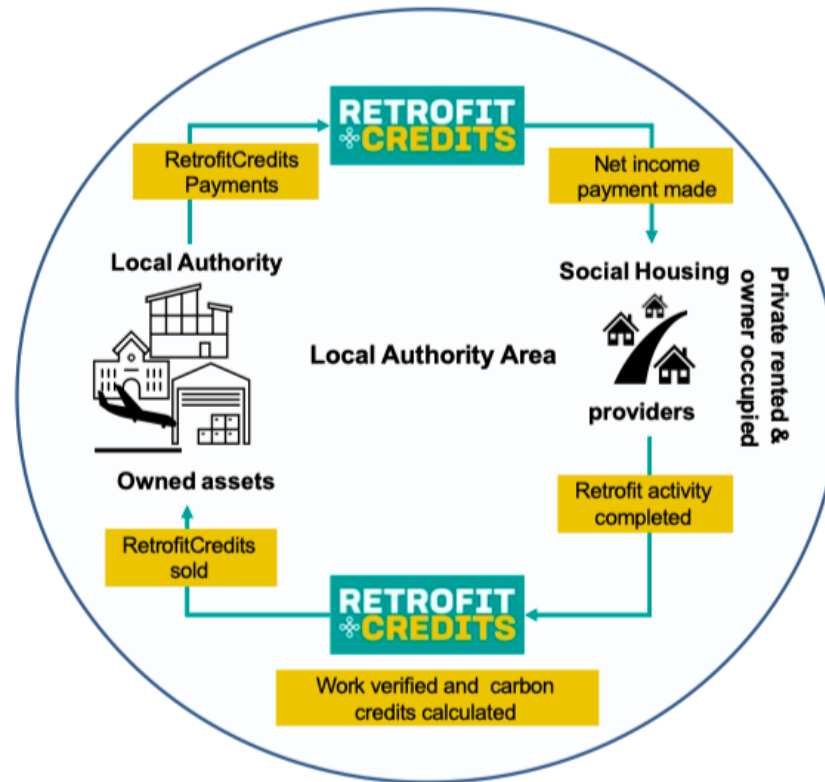
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Recognition



Further development of the service

- Placed based circular model



- Expansion of the methodology to cater for schools, hospitals, civic buildings and other non-residential
- Securitisation where buyers, typically corporates look to offset their carbon emissions, would buy Retrofit Credits for a defined period often for up to 10 years or even more. The funds from the sale of the credits would be paid to the housing provider or owner as an upfront lumpsum

Other considerations



SHDF & other sources of grant funding

- Grant funding sources rarely cover the full cost of retrofit
- Carbon saving can be calculated for the property and then the amount of carbon credits generated can be used for further decarbonisation
- DESNZ are supportive of the scheme

Carbon Crediting

- Unlike other forms of carbon crediting, CO2 saving only calculated on completed works (robust)
- Providers sell the carbon saved to generate income
- This does not mean they are not decarbonising – it means they also offset their own reduction until a later date but will have an even greater impact then.
- In 2042, all carbon credits will no longer be monetised and will revert back to the provider where they can be used for their own offset purposes well ahead of 2050

Thank you

RETROFIT
 **CREDITS**

For more information please contact:

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