

Modelling focus to date has been on the relative merits of financial incentives

Capital grants

- easily targeted by technology and/or customer group
- total disbursement can be controlled
- directly address problems of access to capital
- easily monitored and administered

but...

- less effective if high proportion of ongoing operating cost
- administration may be costly (for provider and consumer)
- lack of transparency restricts take-up

• Heat incentives

- guarantee a fair return
- can be designed to incentivise energy efficiency take-up
- adjustments over time to reflect changes in relative heat cost

but...

- may be over-subscribed
- administration may be costly
- may encourage take-up of uneconomic options