



Economy, Energy and Tourism UK Energy Bill LCM

17 January 2011

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Friends of the Earth Scotland welcome the opportunity to provide evidence to the Economy, Energy and Tourism Committee with regard to the UK Energy Bill. We would like to take this opportunity to highlight a number of failings in the UK Bill, issues that may be of concern to Scotland, and potential discrepancies with existing Scottish legislation, notably the Climate Change (Scotland) Act.

Friends of the Earth Scotland is an independent Scottish charity with a network of thousands of supporters and active local groups across Scotland. We are part of the largest grassroots environmental network in the world, uniting over 2 million supporters, 77 national member groups, and some 5,000 local activist groups - covering every continent.

Scotland, fuel poverty and energy efficiency

Scotland labours with higher numbers of households living in fuel poverty than in England and Wales. Latest figures suggest 32% of households, almost 1 in 3 Scots, are paying more than 10% of their income to heat their homes. Scottish Ministers are charged with eliminating fuel poverty by 2016. Despite this statutory target, and a roll out of energy efficiency measures, the numbers living in fuel poverty are increasing.

Concurrently, in the world leading Climate Change (Scotland) Act, the Scottish Parliament agreed that Scotland should reduce our greenhouse gas emissions by 42% by 2020. Scotland's homes account for about a quarter of Scotland's emissions so improving the energy efficiency of our homes is vital to contribute to meeting this target.

A scheme to encourage and incentivise energy efficiency improvements in Scotland's homes is therefore essential. Such a scheme must be designed in such a way that it recognises the need to tackle fuel poverty, the number of 'hard-to-treat' homes in Scotland, the failure of the private rented sector to address energy efficiency, the statutory targets referred to above and the variety of measures that could work to improve Scotland's homes.

The UK Energy Bill

The UK Energy Bill introduces the Green Deal, updates the Energy Supplier Obligation, includes voluntary measures to improve the energy efficiency of the private-rented sector and repeals the Home Energy Conservation Act (amongst other things).

The Green Deal

The UK Government wants the Energy Bill to help improve energy efficiency in homes and businesses, and to deliver low carbon energy supplies. The centre-piece of the Bill will be legislation to bring in the Green Deal. This aims to encourage households to make energy efficiency improvements by paying for these through savings on energy bills, so avoiding high upfront costs.

The Green Deal could increase the uptake of energy efficiency in many households – those that are able to pay and that would benefit from cost-effective measures such as loft and cavity wall insulation. But the interest rate on the loans must be attractive, and the right incentives put in place to encourage people to sign up.

The Green Deal currently proposed by the Government is inadequate. It will not do anything like enough to make UK homes energy efficient or to eradicate fuel poverty. It is unlikely to work for the fuel poor, tenants or those whose homes are harder to treat. Scotland's climate and geography, as well as the number of homes off the gas grid, mean we have to be more imaginative in how we tackle energy efficiency and fuel poverty. The Green Deal should consider a variety of measures, including combined heat and power, micro-generation technologies and other non-traditional measures.

Additionally, the Green Deal as outlined in the Bill does not recognize variations in how Energy Performance Certificates are prepared in Scotland. Our assessors are not trained in the same way as those in England and Wales so may not be capable of producing true 'whole house surveys' which fully address the energy efficiency of a property.

Furthermore, and especially with the proposed merger of Consumer Focus Scotland with the Citizen's Advice Bureau, we are concerned that there does not seem to be any independent monitor of the finance schemes that will be made available through the Green Deal. We are already seeing Feed-In-Tariff schemes being manipulated by unscrupulous developers, a long-term finance scheme such as the Green Deal must have independent monitoring in place from the outset.

The Private rented sector

As a first comment, we would express concern that the period provided for the review of energy efficiency in the private rented sector seems to be very short. The review cannot commence until one year after the Green Deal comes into force, but must be complete by April 2014.

Furthermore, clause 50 provides that the powers of the Scottish Ministers to make regulations are only exercisable if the regulations "will not decrease the number of properties available for rent." Whilst we understand the intention behind this stipulation, it seems to be one that would be near impossible to measure, and thus could restrict the ability of Scottish Ministers to use the regulations proposed.

We would also take issue with regulations which require a tenant to request improvements. Many tenants are unwilling to raise repair or improvement issues for fear of rent increases or eviction. Indeed, this is partly why so many houses in the private rented sector need energy efficiency improvements. Suggesting this be the trigger for energy efficiency improvements in the private rented sector is naïve at best. If this method is to be retained then tenants' rights will need to be improved.

Regardless, we would suggest that alongside any voluntary scheme, the Energy Bill should set a deadline of no later than 2016 after which it will be an offence for a landlord to let a property which does not meet agreed energy efficiency standards.

Existing Scottish legislation

The Climate Change (Scotland) Act makes various provisions for energy efficiency of homes in Scotland. How the UK Energy Bill provisions which ask for a report between 2013 and 2014 will work alongside the requirement that Scottish Ministers set out by March 2011 how they intend to improve the energy efficiency of Scotland's housing stock

must be clarified. The provisions in the UK Energy Bill must be seen as complementary to rather than replacing the legislation passed in 2009.

Local authorities and HECA

If HECA is to be repealed, regulations must be introduced both requiring action on the part of local authorities to monitor the energy efficiency of homes in their areas, and also empowering local authorities to take action to require the improvement of properties, especially in the private rented sector.

We would suggest that as part of their duty under the Climate Change (Scotland) Act 2009 to contribute both to the 42% target and to adaptation to the impacts of climate change, local authorities should have a duty to ensure that they are using the powers already at their disposal to ensure energy efficiency improvements are being made and fuel poverty addressed. Additionally, as mentioned, where necessary they should be given powers to enforce such improvements, to better enable them to comply with that duty.

Conclusion

Currently the UK Energy Bill is well intentioned but unclear on how exactly it will deliver the energy efficiency improvements it promises.

To be truly effective the Energy Bill must put in place the key building blocks to start cutting emissions quickly and to provide confidence and direction for the industry to invest. It must set out the Government's overall ambition, and:

- Ensure strong impactful delivery of high-quality, reliable Energy Performance Certificates to give people information on the energy efficiency of properties and how they can be improved. This must acknowledge the discrepancies currently between the understanding and use of EPCs in England and Wales as opposed to in Scotland;
- Establish a minimum standard of energy efficiency for private rented properties from 2016;
- Improve the Green Deal scheme to provide low-interest up-front capital for all home owners, including landlords and people on low incomes;
- Ensure the most cost-effective improvements are made when properties are bought, sold or let.

The production and consumption of energy in Scotland is unique within the UK. We have a colder climate, a wider variety of housing types and standards and geographical challenges. These conditions are reflected in the fuel poverty figures and levels of energy consumption. To achieve the standards of energy efficiency that will make Scottish homes fit for the 21st century will require a step change in our attitudes. The UK Energy Bill does not reflect that requirement, nor does it recognise Scotland's unique challenges in meeting that requirement.

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