

# Amendments to the Carbon Emissions Reduction Target

April 2009

Northgate Public Services Response

## Response

### Introduction

1. Northgate warmly welcomes the opportunity to respond to the Department of Energy and Climate Change's consultation on amendments to the Carbon Emissions Reduction Target (CERT).
2. Under the current CERT obligation, energy suppliers must by 2011 deliver measures that will provide overall lifetime carbon dioxide savings of 154 MtCO<sub>2</sub> - equivalent to the emissions from 700,000 homes each year.
3. The Consultation proposes a number of amendments to the current CERT Order. This includes increasing the level to 20 per cent to 185 MtCO<sub>2</sub> and ensuring that at least 40 per cent of the benefits of CERT will go to people aged over 70 and households on low incomes. The government aims to ensure that households in receipt of eligible benefits or over 70, together identified as the 'Priority Group', are able to benefit from CERT measures.
4. Northgate applauds the approach laid out in the statutory consultation. CERT aims not only to create a radical shift in the energy efficiency of homes in Britain, but also to make sure that people most in need of help receive it. Linking energy efficiency strategy to the eradication of fuel poverty is crucial to promoting environmental equity for citizens. This promotes equal access to energy improvement measures as well as fair protection against environmental hazards.
5. Our response focuses on issues raised by the consultation where we believe our experience or expertise gives us insight into possible solutions, or where we believe we have a contribution to make in terms of a substantive issue.
6. The response draws upon our experience of working for over fifteen years in innovative partnerships designed to promote energy efficiency and develop sustainable communities, as well as working with a range of stakeholders in the field of energy efficiency including local authorities, surveyors, architects and most recently domestic energy assessors.

## General comment

7. Climate change is one of the most pressing problems facing the world. It requires all of us to act differently if we are to respond effectively. This challenge has to be weighed against the need to break down inequalities within our diverse communities.
8. The current economic situation presents an exceptional challenge. It requires a co-ordinated response from key organisations - including government, developers, energy services companies, local authorities, social landlords, the not for profit sector and the private sector. This has to be aimed at enhancing collaboration and developing innovative implementation in the delivery of energy efficient, affordable housing and buildings, as well as one which above all promotes positive action to combat climate change.
9. We believe that alongside traditional energy efficiency measures to improve the housing stock, behavioural change is essential to long term sustainable development and in reducing household carbon emissions at the domestic level. There is growing evidence to suggest that changing energy related behaviour offers substantial scope to save energy and hence reduce carbon emissions.
10. CERT has an important and valuable part to play in helping to promote behavioural change through co-ordinated action. We support the way in which it aims to combat the issue of carbon consumption whilst also addressing fuel poverty by reducing energy bills for those in disadvantaged households. In this way it helps to promote environmental equity which meets the needs of the most disadvantaged in our communities.
11. We believe, however, that in respect of the Priority Group the consultation document does not go far enough. In our work with local communities across the country, we believe that tackling fuel poverty is critical to promoting well being in society. The Fuel Poverty Charter states that the average home in the UK today has a SAP rating of 48 whereas the average home in fuel poverty has a SAP rating of 33.
12. We think, therefore, there is a strong case for extending the support to the most disadvantaged households. This could be achieved either by introducing greater protection to ensure that low income households have equitable access to behaviour changing mechanisms such as real time displays, or by raising the overall requirement of delivery to low income groups. We discuss this in more detail below.

### **CERT target**

13. We welcome the obligation placed upon suppliers that requires them to increase the overall CERT target by 20 per cent. This will help to ensure that electricity and gas consumers in the household sector reduce their carbon impact - their footprint - by firstly using energy more efficiently, and also through using energy from renewable/microgeneration sources. This will in turn reduce fuel costs, cut emissions and promote healthier communities. Given the level of the challenge created by climate change, we believe that the proposed 20% increase to the CERT target is ambitious but certainly achievable.

### **Low income and vulnerable customers**

14. The proposed 20% increase will raise the carbon emissions saving target from 154 to 185 million lifetime tones of CO<sub>2</sub>. This increase in the overall target will apply pro rata to the absolute scale of the Priority Group target and increase expenditure in the Priority Group from £1.5 to £1.9bn.
15. We welcome the increase in expenditure that the increased target will facilitate within the Priority Group. This will help to ensure that the most vulnerable in society receive further energy and cost cutting benefits.
16. We believe in the principle that the Priority Group should have equality of access to all of the CERT measures and support the retention of the Priority Group obligation. However, we are concerned that the system for incentivising suppliers through uplifts should not detract from the implementation of measures with a reduced or no uplift score being used within the Priority Group.
17. An effective balance should ensure that within the Priority Group access to a range of measures including behavioural measures is readily available. At the moment arguably, the current set of proposals would act to incentivise suppliers to provide the Priority Group with measures that do not promote changes of behaviour and promote improvement in the housing stock. Yet low income households may also gain considerable economic and social benefits from measures which encourage behaviour change over a sustainable period.
18. There are a number of options available including consideration of reducing the uplifts relative to other measures or increasing the overall target for the Priority Group. We believe that the current proposals underestimate the potential benefits of promoting behaviour change within the Priority Group.
19. We support the Government's proposal to add a new benefit - the employment and support allowance - to the qualifying benefits listed in the order. This will make the

qualifying benefits for the CERT Priority Group the same as those for the Warm Front Scheme in England and their devolved equivalents.

## **Innovation**

20. We welcome the government's approach to innovation and support the proposal to increase the cap on innovative activity to 10 per cent. This will help to enhance the scope for suppliers to use behaviour measures such as real-time displays (RTDs) and home energy advice.
21. CERT includes features designed to encourage two categories of innovation by energy suppliers:
  - i) demonstration activity, where a score is based on the cost of an action which is reasonably expected to achieve a reduction in carbon emissions but to which accurate carbon savings can not yet be attributed;
  - ii) market transformation activity (including microgeneration, which covers action where carbon saving can be determined but which were:
    - not included as qualifying action in the first phase of the energy efficiency commitment; or
    - that deliver savings significantly greater than a benchmark action.
22. The consultation proposes leaving the current 2% cap for microgeneration activity unchanged. Although discussion around the subject is beyond the scope of this particular consultation, we consider micro-generation to have an important role to play in the future for carbon reduction.

## **Measures relating to consumer behaviour**

23. As we have indicated throughout this document, we wholly support measures which promote changing energy related behaviour. We welcome the early use of RTDs and home energy advice visits. There is good and growing evidence to suggest that these measures could offer a significant reduction in consumer's bills.
24. The consultation document points out that determining an evidence-based lifetime score for behavioural measures requires lengthy trials. The government proposes to maximize the opportunity for suppliers to utilise behavioural measures quickly, by assigning them fixed carbon scores within the CERT order. We support this approach as a practical way of ensuring that suppliers are able to use these measures as part of their CERT obligations.

### **Real time display devices (RTDs)**

25. We support the use of RTDs as an effective way to encourage households to save electricity through behavioural change (e.g. switching appliances off rather than leaving them on standby; switching off lights in rooms that are unoccupied; reducing the temperature at which clothes are washed. etc.).
26. The government proposes using two basic types of RTD - those that use short lived disposable batteries and those that run off the mains. We believe that it is appropriate that the RTD which uses disposable batteries is awarded a lower score than the one that runs off the mains. Trials show that consumers may not replace disposable batteries when they run out and so may only receive a few months usage from the device.
27. We are concerned about the definition of a qualifying RTD for the purposes of CERT. This suggests that only those will qualify for a score where a RTD has been provided to customers who want them and who are willing to use them to save energy, for example by responding to an offer or signing up to an energy saving tariff or provided as part of a home visit. It is arguable that disadvantaged households will be less likely to sign up to any of these options and therefore it may be easier for suppliers to target such activities amongst able to pay households rather than the Priority Group.
28. We are also concerned that there will be no technical standard to which RTDs must conform. A minimum technical standard would offer guidance and protection to consumers who wish to purchase RTDs direct.
29. We believe that displays with additional attributes such as the ability to have detailed information about individual appliances could attract higher scores, and that it is important that as the market for RTDs grow, low income households should have equitable access to these.

### **Home Energy Advice**

30. We welcome the proposal that Home Energy Advice is to be given a carbon score. We support the use of face to face Home Energy Advisors as a means of encouraging behavioural change within a household and recognise the carbon saving benefits that a home visit would facilitate. Recent research highlights that individuals who have received face-to-face energy advice are more likely to implement energy efficiency measures and alter their behaviour.
31. Our experience within the energy performance certificates markets shows that there will be a demand for such services and that they will be effective. Our experience of citizen services more generally is that disadvantaged households may be less likely to

seek services of this nature. Services will need to be targeted effectively and will need to reach out to these households.

32. We agree with the government that if advice to be offered under CERT is to be trusted and credible, advisors must have had suitable training and be appropriately qualified. We believe that Domestic Energy Assessors represent a substantial cadre of independent and quality assured personnel.
33. The proposed criteria for energy advice includes advice specific to the circumstances of the householder. Given that 40 per cent of the work will be for priority groups, it is important that advisors have access to benefits information or are trained in benefits advice so that individuals who are failing to take up benefits may be identified.
34. We welcome the idea of installing RTDs as part of a combined visit. This would maximize the added value of the visit, and also ensure greater efficiency savings within the household. Further if as the government proposes, Home Energy Advisors may be expected to install equipment such as RTDs as part of a combined visit, they should be appropriately trained and qualified in this field also.
35. We recommend that the added value provided by a combined visit be recognised with a higher score. The score must reflect the benefits of explaining the use of an RTD as part of a Home Energy Advisor visit; therefore the combined score must be greater than the sum of the individual scores for installing an RTD and a Home Energy Advisor visit.
36. We also believe that there would be significant benefits from follow up action and contact with the householders. We believe that this follow up could be by personal visit or may be backed up through a variety of channels, making the fullest use of modern technology and social networking sites such as MSN, Twitter and Facebook.
37. Further measures could be used to enhance the awareness of consumers and affect behaviour, including providing information in Home Information Packs about current ratings and providing access to Home Energy Advisors through this.

### **New incentives for loft insulation**

38. Loft insulation is one of the most significant measures capable of tackling the poor thermal performance of existing homes.
39. The Government proposes to make three changes to encourage the promotion of loft insulation: a 50 per cent uplift on the score for professionally installed loft top-up; a 100 per cent uplift on the score for professionally installed top-up loft insulation in the Priority Group; and a 50% uplift on the score for all types of DIY loft insulation. Whilst

we support the added incentive placed on measures taken within the Priority Group, we have expressed our concerns earlier that these may act as a disincentive for suppliers to use other measures which do not have the same or similar uplifts.

### Energy efficient lamps

40. A number of stakeholders have raised concerns about the large numbers of unsolicited compact fluorescent lamps (CFLs) that have been delivered directly to households, especially in the priority group. We share the concern of these stakeholders and accept that there is a risk that some of these CFLs may not be being used.
41. We believe that the provisions of CFLs would be much more beneficial if delivered during a HEA visit where the benefits could be explained and, if needed, they could be installed for the household. We would expect that this added value would be reflected in a higher score.

### Reporting

42. We welcome proposals to increase the transparency and improve information on the delivery of CERT consistent with legal requirements and good practice on disclosure of data and confidentiality.
43. We recommend that the government should make the provision of information on the geographical focus of measures a compulsory feature of CERT. Ideally, this should be driven down to local government area so that an assessment of its impact can be used as part of the place shaping agenda and as part of the wider development of area-based services.
44. We do not believe that this would be particularly onerous on suppliers and that this information is essential in reviewing implementation and in ensuring high performance. Companies know the addresses of the properties and can obtain boundary data sets from the Ordnance Survey. It would be possible to map the two together so that energy suppliers can report by authority area.
45. This would help allow the government to monitor the implementation process and identify whether there is a need to introduce a minimum national standard applicable to geographical areas, enforced across the nations and regions. This information could then be used to target low and/or high potential low cost saving SAP rated properties for additional assistance and aid via the Landmark EPC database.

## Conclusion

46. We welcome the overall thrust of the document. The proposed 20% increase to the CERT target is ambitious but certainly achievable. It is consistent with the imperative of acting boldly to combat climate change.
47. We also welcome the increase in expenditure that the increased target will facilitate within the Priority Group, ensuring that the most vulnerable in society receive further energy and cost cutting benefits.
48. We support strongly the view that promoting energy efficiency and combating fuel poverty are inextricably entwined and that strategies must be aligned to reflect this.
49. We consider it important that those households within the Priority Group should receive priority treatment across all measures on the grounds of equity and efficiency in delivering carbon reduction targets. For this reason, we recommend that additional measures be taken to ensure greater parity for the Priority Group across all measures.
50. We support the use of the RTDs and Home Energy Visits as a means of encouraging behavioural change. There is evidence to suggest that carbon emissions can be reduced through changing behaviours.
51. It is essential in the training and development of energy advisors that the links between carbon reduction, energy efficiency and fuel poverty are readily identified. This will help to ensure that the dual strategies of reducing carbon emissions and eradicating fuel poverty are clearly reflected in the work of the energy advisors.
52. We believe that enhanced information is critical to improving the delivery of CERT and ensuring equity for the Priority Group and we recommend that information is collated on a local authority wide basis. This could then be used to target low and/or high potential low cost saving SAP rated properties for additional assistance and aid via the Landmark EPC database.