

Economic Development Committee EDC 05-03(p4)

Date: Thursday, 20 March 2003
Time: 9.00 – 12.30
Venue: Committee Room 1, National Assembly for Wales, Cardiff Bay
Title: Energy Review: Final report on Energy Efficiency

Purpose of Paper

1. To report to the Committee on the responses received in the consultation on their Report on Energy Efficiency and to seek their comments on, and amendments to, the draft Final Report on Energy Efficiency attached at Annex B.

Background

2. Consultation on the Committee's report on Energy Efficiency ended on 21 February. This showed a strong degree of support for the recommendations – although Members will note that most of the responses came from organisations and individuals closely involved in energy efficiency. A note prepared by the Expert Adviser is attached at Annex A.

3. Members already have a copy of the consultation report and have previously been forwarded the intranet link to the consultation responses.

Action

4. Members are invited to consider it and propose revisions to it.

Chris Gwyther
Chair, Economic Development Committee

12 March 2003

Annex A - note by Jake Chapman, Expert Adviser

Energy Efficiency Consultation

This is a first pass at the main points and issues emerging from the consultation process. Once this is agreed and the priorities set then the next stage will be to compile it all into a report similar to the

second renewables report. This report is based on the 29 responses received up to 26-02-2003.

All but two of the 29 responses are from organisations. Apart from the technical and critical response from Ofgem all the responses strongly support the proposed commitment to energy conservation in Wales. A significant number of respondents suggested that energy efficiency should be regarded as a key component of Sustainability Policy. Some also suggested that it was an error to separate energy conservation (and demand) from renewables (and supply) and urged the Assembly to produce an integrated statement of energy policy.

The most contentious recommendation was number 6, "The Welsh Assembly should identify an individual, or unit, responsible for co-ordinating and monitoring the promotion of energy efficiency on a Wales-wide basis". There was some explicit support for this proposal, but most expressed serious reservations. Several respondents pointed out that the difficulty with energy efficiency was that there were already too many bodies administering too many different programmes. There was recognition that co-ordination was required and that there should be some monitoring of energy efficiency initiatives and opportunities in Wales, but the same respondents felt that yet another institution was not the solution. Some comments suggested that the EST and Carbon Trust could, between them, provide this function for the Assembly. The separation between domestic and commercial was seen as useful and important.

Another recommendation that received supportive and adverse comments was number 4, namely that the Assembly should seek powers to impose higher standards through the Building Regulations in Wales. Those supporting this recommendation saw it as part of Wales commitment to sustainability and an opportunity to provide a lead. Those opposing pointed out that it would be difficult and expensive to administer and would impose additional costs and burdens of compliance on house builders.

All the other recommendations in the report were supported by all respondents (except Ofgem who did not comment on the scope or conclusion of the Report). Many respondents added comments to the recommendations with a view to strengthening or extending their scope.

One that gained a lot of support and was subject to several useful comments was number 9 involving the Assembly's use of procurement policy. Respondents pointed out that the Assembly should not only include energy efficiency in its procurement policy but should extend this to include life-cycle assessment of all purchases, including services. Furthermore the Assembly should take an active lead in educating its supply chains of its requirements and how to meet them. One respondent pointed out that the most effective route for improving the energy standards of commercial buildings was for public bodies to specify much higher standards. Landlords wishing to be considered for public sector tenancies would then ensure their buildings complied. Overall there was very strong support for the Assembly to lead by example in the area of commercial buildings and procurement. It was suggested that this is probably the single most significant contribution the Assembly could make – and that it would make a lot of difference.

There were a number of potentially significant suggestions included in the submissions. The Committee

might like to consider including some or all of these in its recommendations. They are:

1. The Report made no mention of Energy Efficiency Advice Centres (EEACs) and other voluntary organisations working in the area of energy efficiency. It was suggested that the Assembly could work with the voluntary sector and support their activities with promotion and funding.
2. Most public bodies, including Local Authorities, will have a significant financial benefit from the Climate Change Levy (CCL). This arises because the increase in their fuel costs is much less than the reduction in National Insurance which is used to recycle most of the CCL receipts. The suggestion is that public bodies and LAs should set aside this windfall from the CCL to invest in energy efficiency in their own buildings or operations.
3. In the long term education, particularly at school, is the key to providing a shift in consumer attitude to the efficient use of energy and other resources. Suggestions were made that the Assembly might be able to support some low cost schools projects or competitions in Wales to increase the profile of energy efficiency in curricula studies. (Note I will be finding out more about the status of current programmes for schools)
4. The Assembly could take the opportunity to review the way in which the main energy efficiency programmes, HEES, HECA and EEC, are working in Wales with a view to recommending changes or taking further action. (I know that such a review of HEES is in hand; I doubt that anyone within NAFW has responsibility for HECA or EEC in the same way.) In addition it was suggested that the Assembly could provide some assistance to LAs (in the form of guidance and examples) of how to obtain and make effective use of EEC funding.
5. An alternative to raising the Building Regulation standards would be to offer developers and builders a 'fast track' planning approval process providing that their schemes had sufficiently high standards of energy efficiency and sustainability.
6. The Assembly could ask for energy audits of all public buildings as part of a drive to improve energy standards. (Note that the European Directive on Buildings will make such audits mandatory with effect from 2006. The Assembly could therefore aim to be ahead of the pack and setting an example.)
7. The suggestion that a Green Dragon award be given to buildings (housing and commercial) that met the highest energy efficiency and sustainability standards. (however another submission implied that such awards already existed. Needs checking.)
8. All improvement grants to householders and commercial organisations should be conditional on the attainment of high standards of energy efficiency and sustainability. (Note that several respondents suggested using the BREAM excellent standard as a measure of energy efficiency. Technically this is inappropriate and a better measurement system is being developed as part of the process of complying with the European directive.)

9. It was suggested that the Assembly should set targets for energy efficiency improvements in Wales and then monitor progress against these targets to ensure that action was taken. However other respondents noted

(a) the dearth of statistics on energy use and energy efficiency in Wales

(b) the very poor results reported by LAs as part of their HECA returns (which collectively should provide a picture of energy efficiency improvements in the domestic sector)

Jake Chapman
March 5th 2003