



WWF

SUMMARY

MARCH

2013



Tackling climate change

RAISING THE STANDARD OF OUR HOMES

Homes represent a quarter of Scotland's carbon emissions, while at the same time more than a third of households are living in fuel poverty. The government's commitment to making Scotland's homes "warm, affordable and low carbon by 2030" is essential. We now need to make it a reality.

The UK Committee on Climate Change still states that "a substantial amount remains to be done"

"incentives and encouragement on their own are not delivering the changes required"

Introduction

Scottish Government insulation and fuel poverty programmes have improved the energy efficiency of our homes. However, the UK Committee on Climate Change still states that "a substantial amount remains to be done". With commendable ambitions to tackling fuel poverty and climate change, the Government now needs to signal a step change in action if it is to achieve significant reductions in energy demand in Scotland's homes.

However, it is clear that incentives and encouragement on their own are not delivering the changes required. There is an urgent need to accelerate efforts to tackle rising fuel poverty, shield home owners from continuing energy price rises and reduce emissions.

In this briefing, we explore the case for the introduction of regulation to ensure that all homes in Scotland reach a minimum standard of energy efficiency, and learn from examples where this has already been implemented.

The Policy context

The Scottish Government's climate change plan relies on the National Retrofit Programme to deliver the bulk of emissions reduction from homes. However, research shows that the current levels of Government investment fall well short of what is needed to meet the government's own emission reductions targets. According to the CCC, all lofts and cavities should be filled by 2015, but currently only half of lofts in Scotland have good levels of insulation and a third of cavity walls still need to be filled. Solid wall insulation is virtually at a standstill, yet the CCC estimates that 230,000 solid wall properties should be treated by 2020 to meet our climate change targets.

The 2009 Climate Change Act provides an opportunity for the Scottish Government to introduce regulation for a minimum standard of energy efficiency in private homes. The current 'tolerable standard' only requires the *presence of insulation* – with no requirement on depth or quality. A meaningful standard, combined with incentives like the Green Deal, will drive demand for energy upgrades. They would provide certainty to both homeowners and the industry that good energy performance is expected and valued. Standards have worked well in the social housing sector since 2004 for exactly this reason, and now a tougher standard is planned for 2020. The Government has proposed a working group to develop regulation for the private sector, but stated that it does not intend to introduce it until 2018, adding unnecessary delay.

There are a range of examples where a standard has been tried and tested.

Boulder, Colorado: SmartRegs

In 2011, the City of Boulder introduced ordinances that required all rental properties to meet a minimum energy efficiency standard by January 2019. The regulation was designed to help the city achieve its ambitious carbon emissions reduction goals and to improve the quality, safety, and marketability of Boulder's rental housing stock.

\$1.2m was spent on upgrades, most of which were funded by landlords, an unprecedented level of investment in energy efficiency. In many cases, landlords upgraded properties beyond the minimum standard. Landlords, estate agents, and tenants were brought on board through an extensive engagement process with the City Government. Enforcement through the existing rental licensing process and health and safety inspection has meant little additional financial or administrative burden to the City Government.

Berkeley, California: Residential Energy Conservation Ordinance

Berkeley has the longest experience of regulating for standards. The Residential Energy Conservation Ordinance (RECO) was adopted in 1987 (revised in 1992) to increase water and energy efficiency to help meet the city's climate change targets. Similar provisions exist in San Francisco.

Under RECO, energy efficiency measures (eg draught-proofing, insulation for hot water tank, pipes, and loft) must be in place before selling or conducting a major renovation to a property.

In Boulder, \$1.2m was spent on upgrades, most of which were funded by landlords, an unprecedented level of investment in energy efficiency .

Between 2000 and 2005 natural gas use in Boulder was down 14% and electricity down 5.4%.

Annual potential cost savings in Berkeley have been estimated at \$698 for the average household .

The requirement may be passed on to the buyer and there is a total spending cap. As a result of the improvements required under RECO, Berkeley consistently scores better on home energy use than neighbouring cities - between 2000 and 2005 natural gas use was down 14% and electricity down 5.4%. The annual potential cost savings have been estimated at \$698 for the average household. Compliance with RECO is checked as part of overall building inspections by City building inspectors, and a contractor verifies compliance prior to a property sale. Most of the cost of operating RECO is covered by the form filing fee.

In Germany, standards have resulted in a 50% reduction in energy use in buildings treated since 2002

Almost 900,000 jobs have been created in Germany retrofitting homes and public buildings such as schools between 2006 and 2010

Germany: Energy Conservation Act

To date, Germany has the most ambitious energy-saving programme in Europe. The Energy Conservation Act aims to increase the efficiency performance of new and existing buildings across all sectors, by 30% by 2020 and refurbish all existing housing by 2030.

The minimum standard applies to existing homes for any significant refurbishment. Major changes to the building envelope (e.g. roof, exterior walls, windows) must result in 30% increases in energy efficiency, and the envelope must be 15% better insulated. Heating, hot water, ventilation, shading, cooling systems must be upgraded to include energy efficient, renewable technologies (e.g. solar thermal).

These measures have resulted in a 50% reduction in energy use in buildings treated since 2002. Almost 900,000 jobs have been created in retrofitting homes and public buildings such as schools between 2006 and 2010.

England and Wales: UK Energy Act

A minimum energy efficiency standard was introduced under the 2011 UK Energy Act for houses in the private rented sector. From 2018, landlords will be unable to rent out a house that does not reach the minimum standard of "E" on the Energy Performance Certificate scale.

The requirement is subject to there being no upfront financial cost to landlords. Landlords will have fulfilled the requirement if they have either reached "E" or carried out the maximum package of measures funded under the Green Deal and/or ECO (even if this does not take them up to an 'E').

The regulation is expected to lift 150,000 homes out of fuel poverty, save an average of £500 per annum on energy bills for those properties upgraded, and reduce 200m tonnes CO₂ annually. It will cut the £145m annual NHS bill in England spent treating illness due to people living in cold rented homes. The Residential Landlords Association and the National Landlords Association have responded with a Green Deal service to help landlords take advantage of Green Deal and ECO.

Scotland's opportunity

These examples from around the world show that the introduction of a minimum standard of energy efficiency can save energy, cut people's fuel bills, create jobs, without undue financial burden. Standards can become an accepted part of buying, selling, renting or renovating homes. Scotland could be a world leader if it set standards for the whole private housing sector, which befits its challenging climate change targets and high levels of fuel poverty.

The introduction of regulation of minimum standards of energy efficiency enjoys cross-party support in Parliament and has the backing of a wide range of housing, health, fuel poverty, building, and environmental organisations. In the consultation on the Scottish Sustainable Housing Strategy, two-thirds of those who responded to the question on regulation for the private sector supported it, with only a tenth saying no.

The Scottish Government should leave no doubt that regulation for a minimum energy efficiency standard will be introduced to the whole private sector as of 2015. Scotland can then enjoy the benefits as seen in other jurisdictions in Europe and the US without any further delay. It is important that Scotland's standards are set in line with Scotland's ambitious climate and fuel poverty targets. WWF recommends a standard of band 'E' on the Energy Performance Certificate (EPC) scale at the point of sale and rental as of 2015 with the standard rising to band C by 2020.

These standards would:

- provide at least 14% of emissions reduction potential in private and social sector housing,
- encourage uptake of government retrofit programmes and incentives,
- ensure Scotland receives its fair share of the Energy Company Obligation,
- put social and private housing on a more equal footing, supporting the upgrade of mixed tenure properties, and
- provide certainty to industry and investors, creating thousands of green jobs.

FOR MORE INFORMATION, PLEASE CONTACT
EVA GROENEVELD, PUBLIC AFFAIRS MANAGER
egroeneveld@wwfscotland.org.uk

