



**WWF** *for a living planet*

**WWF Scotland**

Little Dunkeld, Dunkeld  
Perthshire PH8 0AD  
t: 01350 728200  
f: 01350 728201  
ISDN: 01350 728276  
[wwfscotland.org.uk](http://wwfscotland.org.uk)

# UK Energy Bill – Legislative Consent Memorandum

## Evidence to the Economy, Energy and Tourism Committee

January 2011

### Summary

The Economy, Energy and Tourism Committee will consider the content of a Legislative Consent Memorandum on the UK Energy Bill and will report to Parliament on whether or not it should agree to the UK Government legislating on its behalf in this area.

Scotland's homes account for about a quarter of our greenhouse gas emissions and a third of Scotland's households are in fuel poverty. WWF Scotland has worked on home energy efficiency for a number of years, advocating a 'pay as you save' mechanism to encourage greater take up of energy efficiency measures. The UK Energy Bill contains several provisions that could dramatically enhance domestic energy efficiency activity in Scotland. These provisions include the Green Deal programme and the Energy Company Obligation. In addition, the Bill contains provisions on the Private Rented Sector and the Home Energy Conservation Act (HECA) which may not, in our view, strengthen the Scottish position, without additional supporting measures from the Scottish Government.

WWF Scotland believes the Parliament should seek to clarify and enhance the following provisions to maximise Scotland's potential to meet its climate change and fuel poverty eradication targets:

- The **Green Deal** report for prospective home buyers or tenants in Scotland should include a 'whole-house' energy plan which sets out how the house can reach NHER 8 by 2020 and beyond for 2050.<sup>1</sup>
- **Energy Performance Certificates** should be provided as part of the Green Deal, but must be significantly reformed to be credible and meet the needs of Scottish circumstances.
- The **Energy Company Obligation** should include requirements to meet targets in Scotland and at least pro-rata investment in Scotland.
- The **Private Rented Sector** provisions are discretionary and it should be made explicit that these do not impinge on powers in the Climate Change (Scotland) Act to set energy performance standards for living accommodation.
- Any repeal of the **Home Energy Conservation Act** must be matched by a duty on local authorities to set targets for and report on carbon emissions reduction and fuel poverty eradication in all housing in their area.

### Green Deal

The Energy Bill provides powers to make regulations for 'disclosure provisions' of the Green Deal in connection with sale or letting out of properties. WWF believes this disclosure should form part of the Energy Performance Certificate (EPC), and also part of the Home Report, and include information on energy use, the impact of behaviour change, costs and savings. This is

---

<sup>1</sup> National Home Energy Rating. NHER 8 is classed as 'very good'



Director of WWF Scotland: Dr Richard Dixon  
President: HRH Princess Alexandra,  
the Hon Lady Ogilvy KG, GCVO  
Chair: Ed Smith  
Chief Executive: David Nussbaum

WWF Scotland is part of WWF-UK, a charity registered in England number 1081247 and in Scotland number SC039593 and a company limited by guarantee registered in England number 4016725.  
VAT number 733 761821  
Printed on recycled paper

a key opportunity to raise awareness of the energy performance of homes, and thus relate it to their market value. It is also a trigger point at which homeowners are often motivated to invest in energy improvements to their new home. It is important that the Green Deal offers and incentivises the full range of energy saving measures to meet our 2020 and our 2050 emissions reduction targets. Therefore, the disclosure to prospective home buyers or tenants that a house has Green Deal finance should include a 'whole-house' energy plan setting out how the house can reach NHER 8 by 2020 and beyond for 2050.

## **Energy Performance Certificates (EPCs)**

WWF believes that EPCs should continue to be provided alongside the Green Deal. Communicating clear, credible and consistent advice is central to the success of the Green Deal and the EPC is currently the main tool for informing consumers about the energy performance of their properties. However, research has shown that consumers are often not aware of the EPC, or find it confusing and irrelevant to their needs. This is reflected in the views of other stakeholders, particularly estate agents, who believe the EPC has low market credibility and would benefit from reform. EPCs are criticised for containing insufficient information to support rational and informed decision-making by consumers and for not reflecting the energy performance of a property accurately.<sup>2</sup> In responses to the consultation on the Energy Efficiency Action Plan for Scotland, most respondents felt that, while useful for raising awareness, EPCs are currently unfit for purpose, given that their methodology is not particularly suited to Scotland's geography and climate.<sup>3</sup>

It is clear the EPC needs to be reformed, as it will play a key part in the success of the Green Deal and in future setting of energy performance standards. The Bill refers to the intention to take an 'equivalent alternative approach' to ensure the regulations of EPCs represent the Scottish interest. WWF believes the following changes are still needed to suit Scottish circumstances:

- The methodology behind EPCs should incorporate location, climate and traditional building solutions. The current methodology, RdSAP, does not take into account the more extreme climate in Scotland or exposed locations of homes when measuring fuel bills and carbon emissions. Professionals estimate that the level of inaccuracy can be as much as 25%. In terms of traditional buildings, bespoke solutions such as shutters which are very cost-effective, are not allowed for in calculations.
- The methodology must be rigorous enough to serve the purpose of Green Deal *and* for setting and enforcing minimum standards of energy performance. This will minimise costs and reduce the number of processes any householder needs to undergo to meet different requirements.
- EPCs should be held on a 'live' database which can be continuously updated so that assessors can download the relevant information and update it rather than repeating the whole survey. The 10 year lifespan for an EPC is too long to help subsequent homebuyers and renters make informed decisions about costs and benefits of measures.
- EPCs should be included in all marketing materials for sale and rental properties. It is essential that potential purchasers or tenants are informed about energy efficiency

---

<sup>2</sup> Energy Efficiency and Value Project: RCS, Department for Communities and Local Government, March 2010

<sup>3</sup> Analysis of responses to Conserve and Save: a consultation on the Energy Efficiency Action Plan for Scotland, Scottish Government, April 2010

before they decide to buy or rent, as is done with energy ratings for white goods or cars. This will also motivate decisions about investment in a Green Deal finance package.

### **Energy Company Obligation (ECO)**

The Energy Company Obligation will replace the existing energy company obligations – CERT (Carbon Emission Reduction Target) and CESP (Community Energy Saving Programme). ECO will support the Green Deal by focussing on the fuel poor and hard-to-treat homes which require additional financial support on top of Green Deal finance. The ECO will work to a UK-wide home-heating cost reduction target alongside a carbon emissions reduction target.

In previous energy company obligation schemes, Scotland has not received its 'fair share' of investment. This is due to factors such as geography (including remoteness from competitive installers and suppliers), a more severe climate and higher numbers of hard-to-treat properties. WWF believes any new scheme should address this flaw and ensure Scotland receives a proportionate share of ECO investment, if not more to deal with past under-investment. Specifically, WWF calls on both UK and Scottish Ministers to ensure;

- targets are set to ensure investment in Scotland is commensurate with meeting its climate change, fuel poverty eradication and energy demand reduction obligations;
- the differences in Scotland's more severe climate is recognised in scoring measures and setting targets;
- powers are given to the Scottish Government to coordinate ECO activity in Scotland to ensure it addresses Scottish circumstances and maximises benefits to Scottish households.

### **Private Rented Sector**

The Bill makes provision for Scotland which is equivalent to that made for England and Wales for the private rented sector. Under clause 49 of the Energy Bill, the Scottish Government is required to conduct a review of energy efficiency of domestic private rented properties and non-domestic private rented properties, and there are powers under clause 50 to make domestic energy efficiency regulations.

The Scottish Government already is required under the Climate Change (Scotland) Act 2009 to regulate the energy performance of living accommodation [S.64(1)(b)] with similar provisions for non-domestic buildings (S.63). The Act states that, "Scottish Ministers must, by regulations, provide for the assessment of the energy performance of living accommodation; the emission of greenhouse gases produced by or otherwise associated with such accommodation; require owners of such accommodation to take steps, identified by such assessments, to improve the energy performance of such accommodation and reduce such emissions". Ministers must set out by March 2011 how they will use these powers.

The Scottish Government's Legislative Consent Memorandum describes Scottish Ministers' powers for the Private Rented Sector under this Bill as 'a broad enabling power for Scottish Ministers to use if we decide this is required'. In his evidence to the Energy, Economy and Tourism Committee on 12 January 2011, Rt Hon Chris Huhne MP recognised that Scotland has greater powers in the Climate Act to 'prod the Green Deal into action'. It is therefore essential for the Scottish Government to make clear that obligations under the Climate Act are in no way compromised by these new powers under the UK Energy Bill.

## **Home Energy Conservation Act (HECA)**

The Energy Bill repeals HECA in England, Wales and Scotland. When consulted in 2010 on whether or not HECA should be retained in Scotland, most respondents felt that it was important that local authorities 'retain a duty' to promote energy efficiency, and that this could be incorporated in Local Housing Strategies and/or Single Outcome Agreements.<sup>4</sup> However, recent commitments in the Scottish Government's Energy Efficiency Action Plan only extend to strengthening guidance for Local Housing Strategies and there is no requirement or duty to promote energy efficiency.

It is WWF's view that HECA should only be repealed in Scotland when local authorities are given a clear *duty* to promote energy efficiency, requiring them to set targets for and report on carbon emissions reduction and fuel poverty eradication in all housing in their area. Given the support for local authorities to retain this duty in the Scottish Government's recent consultation, it would seem strange to repeal HECA without providing similar duty for energy efficiency elsewhere. At the very least, if HECA is to be repealed, Scottish Ministers must keep under review progress made on energy efficiency in the absence of the duty on local authorities, and review whether or not such a duty at a later point is required.

## **UK and Scottish energy efficiency schemes**

WWF does not believe that the implementation of the Green Deal should preclude any earlier action by the Scottish Government to make a start on energy efficiency schemes. As Scotland has challenging annual emissions reductions targets and fuel poverty eradication targets to meet, the Scottish Government should not be delayed in implementing their own policies to meet their own targets by awaiting the introduction of a UK Green Deal programme, still subject to considerable uncertainty. Indeed, when introduced in late 2012, the Green Deal should complement measures already introduced by the Scottish Government.

WWF Scotland is already disappointed with the lack of ambition on domestic energy efficiency contained in the draft Report on Proposals and Policies and the draft Budget, so the imperative to make a start now is considerable. WWF Scotland welcomes the Committee's request in its recommendations on the draft RPP (December 2010) for 'further information from the Scottish Government on what finance options are in place for consumers prior to the introduction of the UK Green Deal in Autumn 2012.'

### **For more information, contact:**

Eva Groeneveld, Public Affairs Manager, WWF Scotland, 07766 150944

[egroeneveld@wwfscotland.org.uk](mailto:egroeneveld@wwfscotland.org.uk)

Elizabeth Leighton, Senior Policy Officer, WWF Scotland

[eleighton@wwfscotland.org.uk](mailto:eleighton@wwfscotland.org.uk)

---

<sup>4</sup> Analysis of responses to Conserve and Save: a consultation on the Energy Efficiency Action Plan for Scotland., Scottish Government, April 2010