

# **The Home Energy Conservation Bill**

## **[Bill 8 1994/95]**

**Research Paper 95/5**

**16 January 1995**



The Home Energy Conservation Bill, due for second reading on 20 January, renews attempts to require local authorities to draw up energy conservation plans for residential properties. This paper describes existing energy conservation measures and the motives underlying them. An overview of debates on this subject conducted during the 1993/94 parliamentary session provides a backdrop for a discussion of the Bill.

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## A. Energy conservation

The House of Commons Library Research Paper (94/14, 25 January 1994) on *Energy Efficiency and the Energy Conservation Bill (Bill 11 1993/94)* included a discussion of UK and EC energy conservation initiatives as well as a summary of recommendations from parliamentary Select Committees. The aim was to provide a broad background for a discussion of the *Energy Conservation Bill* introduced by Mr Alan Beith. Despite enjoying significant cross-party support, the Bill did not proceed beyond a Report Stage for which 7 new clauses and 216 amendments had been tabled. Mrs Diana Maddock, who came first in last November's Private Members' Ballot, has presented a similar Bill (HC Deb 14 December 1994 cc943-4) and much of the content of the above mentioned Library Research Paper (94/14) remains relevant. Accordingly, the present paper serves to replace and update the earlier one.

It is worth beginning by defining the difference between the terms energy efficiency and energy conservation, which are often used interchangeably. **Energy efficiency**, or the **rational use of energy** as it is more commonly referred to on the continent, can be defined as deriving the maximum benefit from a given amount of energy. One of the main ways of achieving energy efficiency is through **energy conservation**, a term which implies a net reduction in the amount of high quality energy consumed (and converted ultimately into low quality waste heat). By way of example, a fuel-efficient car will travel more miles per gallon of petrol, conserving energy if the driver chooses not to exploit the improved energy efficiency by travelling further. For similar reasons better insulation of homes regularly fails to achieve anything like its full potential for reducing fuel bills as the occupiers often prefer to enjoy greater warmth instead.<sup>1</sup> At a national level, energy efficiency can be quantified in terms of the **energy ratio** which is the energy needed to produce a unit of GDP. Despite falling energy prices the UK's energy ratio improved every year during the 1980s,<sup>2</sup> reflecting greater energy efficiency as well as a shift away from energy intensive manufacturing activity. However, between 1989 and 1992 the UK's energy ratio has shown a sustained increase.<sup>3</sup> There were signs that, in 1993, the energy ratio was beginning to fall again.<sup>4</sup>

There are several reasons why an energy efficient economy is desirable. The Department of the Environment estimates that 20% of the UK's annual £50 billion energy bill could be saved through efficiency measures.<sup>5</sup> In addition to such financial considerations, there is also the question of being able to reduce the dependence on imported energy sources, often from politically unstable areas.

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<sup>1</sup> *ENDS Report*, November 1993

<sup>2</sup> *Energy Efficiency in Britain*, FCO, August 1991

<sup>3</sup> *Energy Efficiency in Buildings*, Environment Committee, HC 648 1992/93

<sup>4</sup> *Energy Efficiency in Buildings* Government response Cm 2453, February 1994

<sup>5</sup> *Department of the Environment Annual Report 1993*, Cm 2207

Emissions of carbon dioxide gas from the burning of fossil fuels (e.g. coal and petrol) will enhance the natural greenhouse effect and could, if unchecked, lead to a significant warming of the earth's atmosphere with unpredictable climatic consequences. Though the scale of the problem is hotly debated, there is a consensus that preventative measures should be put in place given the effectively irreversible nature of the effects (such as a rise in sea levels) that global warming would bring about. As a result of the Climate Change Convention at the 1992 Rio "Earth Summit", the UK Government aims to reduce emissions of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (such as methane) to 1990 levels by the year 2000. In an environmental white paper *This Common Inheritance: The Second Year Report*, Cm 2068, the Government notes:

"Using energy efficiently is the quickest and most cost-effective way of reducing CO<sub>2</sub> emissions".

While the need to control carbon dioxide emissions is increasingly cited as the key motivation for improved energy efficiency and conservation, there are also wider environmental benefits, not least the reduction of the pollution that invariably accompanies energy use. Examples include vehicle exhaust emissions, acid rain from power station emissions of sulphur dioxide and nitrogen oxides as well as the problems of radioactive waste disposal.

Sustainable economic growth implies the exploitation of energy resources in a way which does not unduly compromise access to energy by future generations. In order to compensate for their lack of purchasing power in a free market system, there is some recognition of the necessity of government action to promote energy efficiency. In this context the Prime Minister has stated:<sup>6</sup>

"Growth is not the enemy of the environment. Growing economies can invest in technologies which save energy and dynamic businesses can lead the way in raising the standard of corporate environmental practice... We must show that we will act at home. The environmental buck stops in our backyard. Nowhere else. That means Government must act even when that means taking difficult and unpopular measures."

Government can promote energy efficiency in a number of ways.<sup>7</sup> Information campaigns can alert consumers to the financial and environmental benefits of energy efficiency. One example of a statutory measure can be found in section 3 of the *Electricity Act 1989* which imposes a general duty on the Director General of Electricity Supply to promote energy efficiency on the part of public electricity suppliers. Another example is the improved insulation requirements contained within the *Building Regulations (Amendment) Regulations SI 1994/1850*. Grants may also be provided, such as in the Home Energy Efficiency Scheme covering insulation and draught-proofing. Government can similarly support research and development work into energy saving technologies.

Taxation measures such as VAT on domestic fuel and increases in road fuel duty can be justified partially on energy efficiency grounds. Ms Clare Short, for the Opposition, has stated that "Anyone who has scrutinised the proposal objectively knows that the imposition of VAT on fuel is a tax-gathering measure at the cost of some of the least well-off people in our country" (HC Deb 26 July 1993 c 902). According to an article in *ENDS Report* (November 1993), the UK's recent commitment to a sustained rise in road fuel duty is a more credible carbon dioxide abatement measure than controversial and ill-fated proposals for an EC-wide energy/carbon tax favoured by the Netherlands and Denmark.<sup>8,9</sup>

## B. UK policy initiatives

### 1. Climate Change

In *Climate Change: The UK Programme* (Cm 2427, January 1994), the Government sets out its commitments aimed at returning emissions of carbon dioxide (CO<sub>2</sub>) and other major "greenhouse gases" to 1990 levels by the year 2000. These commitments arise from the signing of the Framework Convention on Climate Change at the Earth Summit in Rio in June 1992. Although it is difficult to predict the precise rise in global temperature arising from projected increases in atmospheric concentrations of carbon dioxide, methane and other gases, Principle 15 of the Rio Declaration on Environment and Development states:

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<sup>7</sup> *Energy Efficiency Policies*, Victor Anderson, 1993

<sup>8</sup> "Energy/CO<sub>2</sub> Tax: Commission Proposal on Burden-Sharing" *Europe Environment* 12 October 1993 p.16  
"Energy/CO<sub>2</sub> Tax: Changes to Accommodate UK... and Rekindle Growth" *Europe Environment* 30 November 1993 p.3

<sup>9</sup> "EU rift takes steam out of energy taxes" *Financial Times* 22 December 1994

"In order to protect the environment the precautionary approach shall be adopted by states according to their capabilities. Where there are threats of serious damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

According to the UK National Air Emissions Inventory, UK anthropogenic emissions of carbon dioxide in 1990 stood at 158 million tonnes of carbon (equivalent to 579 million tonnes of carbon dioxide). The main end users responsible for these emissions were industry (30%), domestic (27%) and road transport (21%). The figure of 27% for domestic emissions, which includes a contribution from power stations supplying electricity in addition to the burning of household fuels, underlines the importance of securing energy conservation improvements in the home.

The Government has projected that without additional abatement measures, emissions of CO<sub>2</sub> (the most significant greenhouse gas) would be 10 million tonnes of carbon higher in 2000 than in 1990. This equals the size of the necessary reduction in CO<sub>2</sub> emissions, assuming the prediction is accurate. Of this, the Government expects reductions amounting to 4 million tonnes of carbon to be achievable by improving energy conservation in homes. Their chosen instruments include the introduction of VAT on domestic fuel and measures proposed by the Energy Saving Trust (see below). Predicted CO<sub>2</sub> savings in the business, public and transport sectors are respectively 2.5, 1.0 and 2.5 million tonnes of carbon (MtC).<sup>10</sup>

Although the relative effectiveness of the various instruments for achieving emissions reductions is being disputed<sup>11</sup>, the US Climate Action Network and Climate Network Europe consider that the UK is one of the few nations likely to achieve her overall target. The key measures are considered to be fuel taxes and the conversion from coal to natural gas.<sup>12</sup> The recession has also been a significant factor, according to Cambridge Econometrics.<sup>13</sup> Overall CO<sub>2</sub> emissions in the UK fell by 3.9% over the period 1990-1993, a figure which compares favourably with other EU countries bar Germany (7.7% reduction).<sup>14</sup> UK emissions of CO<sub>2</sub> arising from household energy use were estimated as being 42 MtC in 1990, 44 MtC in 1991 and 43 MtC in 1992 (HC Deb 8 July 1994 c.326W).

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<sup>10</sup> Department of the Environment News Release 42, 25 January 1994

<sup>11</sup> *Energy Efficiency: UK and Europe* The Green Party 1994

<sup>12</sup> "Most Nations Miss the Mark On Emission-Control Plans" *Science* 23 December 1994 p.1939

<sup>13</sup> "Optimism on global warming targets" *Financial Times* 7 February 1994 p.10

<sup>14</sup> "Air Pollution: Poor Score in Fight Against CO<sub>2</sub> Emissions" *Europe Environment* 28 June 1994

The UK carbon dioxide emissions target has been criticised by Lord Ezra, in a House of Lords debate on Energy Efficiency of Buildings (HL Deb, 17 June 1993 cc 1720-34):

"It could well be asked whether the national target is sufficiently demanding. If the European Community as a whole is to stabilise emissions by the year 2000, and if countries such as Greece, Spain and Portugal are to be permitted to increase emissions in order to achieve their economic growth targets, it follows that the more affluent countries such as the United Kingdom should be aiming to reduce emissions significantly below 1990 levels. Such an example is being set by Denmark, which is seeking a reduction of 20 per cent. by the year 2000, and by Germany, which is targeting a reduction of 25 to 30 per cent. by the year 2005. Why is the UK being so modest?"

For the Government, Lord Strathclyde asserted that the UK had "performed well in recent years" while noting the "aspirational targets" set by countries like Denmark and Germany.<sup>15</sup> The concerns underlying Lord Ezra's comments have been reinforced by a report from the Intergovernmental Panel for Climate Change which is intended to inform discussions at the Berlin meeting in March of countries, including the UK, which have ratified the Climate Change Convention.<sup>16</sup> The report shows that the present emissions targets fall far short of the reductions necessary to stabilise the accumulating atmospheric concentrations of CO<sub>2</sub> at today's level.<sup>17</sup>

More information on the link between carbon dioxide emissions and global warming, and some of the measures for combating the problem, is available in the House of Commons Library Research Papers *VAT on Fuel and Power* (Research Paper 93/36, 24 March 1993), *The Earth Summit: One Year On* (Research Paper 93/71, 25 June 1993) and *Carbon Taxes and Global Warming* (Research Paper 93/106, 25 November 1993).

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<sup>15</sup> HL Deb, 17 June 1993 cc 1720-34

<sup>16</sup> "All gas and guesswork" *New Scientist* 30 July 1994 p.14

<sup>17</sup> "Carbon targets not tough enough" *New Scientist* 17 September 1994 p.5

### 2. Energy Efficiency Office

The Government's policy, set out in *This Common Inheritance: the third year report* Cm 2549 (May 1994), describes energy efficiency measures in industry and commerce, the home, and the public sector. These include promotional campaigns, labelling schemes for homes and domestic appliances, VAT on fuel, changes to the Building Regulations, and the work of the Energy Saving Trust. The range of current government initiatives has also been summarised in a chapter on energy efficiency in *Sustainable Development: The UK Strategy* (Cm 2426, January 1994). Ms Joan Ruddock has characterised the government schemes as being "... piecemeal - soon started and soon ended" (HC Deb 1 November 1994 c.1382), a criticism which may reflect the current debate on how best to encourage energy efficiency.<sup>18</sup>

The Department of the Environment's Energy Efficiency Office, through its **Best Practice Programme**, promotes government policy working directly with energy consumers, the energy efficiency industry and architects and builders. Funds are provided for research, development and demonstration projects as well as for supporting energy efficiency surveys and encouraging insulation and draught-proofing (HC Deb 9 February 1994 c.304W). The total 1993-94 budget for the EEO stands at around £70 million, and is being increased to over £100 million in 1994-95.<sup>19</sup> A substantial increase in the Office's budget from 1990-91 to 1991-92 came about mainly due to the introduction of the Home Energy Efficiency Scheme.<sup>20</sup>

The Scottish Energy Efficiency Office and the Energy Efficiency Service of the Northern Ireland Department of Economic Development have responsibility for their respective parts of the UK. In Northern Ireland, for example, the Action for Community Employment programme will provide about £440,000 in 1994-95 towards the draughtproofing of low income households (HC Deb 11 July 1994 c.423W).

### 3. Domestic Housing

The *Home Energy Conservation Bill* focuses on domestic housing, emphasising the potential role of local authorities. One way of achieving energy savings is through the provision of information, an example being the three year £14 million publicity campaign,<sup>21</sup> launched in 1992, called **Helping the Earth Begins at Home**. This campaign encourages the commissioning of surveys which produce a home energy label (or rating); this states in detail

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<sup>18</sup> *Energy Policy* (Special Issue. Markets for energy efficiency) October 1994

<sup>19</sup> *This Common Inheritance. The Third Year Report* Cm 2549, May 1994

<sup>20</sup> *Energy Efficiency in Britain*, FCO, August 1991

<sup>21</sup> Department of the Environment News Release 82, 11 February 1994

the energy efficiency of a home and suggests improvements. The energy (heating, lighting etc) used by the average home creates (for example at the power stations) some 7.5 tonnes of carbon dioxide each year.<sup>22</sup> A more recent energy efficiency information campaign, entitled **Wasting Energy Costs the Earth** (WECTE), was launched on 6 October 1994 and is expected to run until March 1996. This includes a promotion, funded by regional electricity companies and lighting manufacturers, of energy saving light bulbs.<sup>23,24</sup>

The incentive to make domestic fuel savings has been increased further by the introduction of VAT on household fuel and power. An editorial in *The Independent*, 25 October 1993, argued that "several million poor households can save energy only by suffering more cold, discomfort and the risk of hypothermia." It went on to call for an increase in the annual £37.5 million budget (in 1993/94) of the **Home Energy Efficiency Scheme** which provides grants for loft, tank and pipe insulation as well advice on energy efficiency measures. In their report on *Energy Efficiency in Buildings* (HC 648 of 1992/93, 3 November 1993), the Environment Committee argued that "The imposition of VAT on domestic heat and power from April 1994 makes it vital that some expansion of HEES takes place as soon as possible." In his November 1993 budget statement the Chancellor of the Exchequer (Mr. Kenneth Clarke) announced (HC Deb, 30 November 1993, c.923):

"... my right hon. Friend the Secretary of State for the Environment has decided to boost the home energy efficiency scheme by £35 million a year over the next three years. An equivalent extension will be made in Northern Ireland. This will provide substantial financial assistance with home insulation, helping people to reduce their fuel bills whilst staying warm. By almost doubling the present provision, we will be able to extend eligibility to all pensioners and all disabled people."

These additional funds coincided with the scheme's extension to those receiving disability living allowance and people aged 60 and over.<sup>25,26</sup> Last November the Chancellor announced an extra £10 million per annum for the HEES (HC Deb 29 November 1994 c.1082), disappointing the pressure group Neighbourhood Energy Action who pointed to 90,000 people on waiting lists for grants.<sup>27</sup> One week later, during the debate on Budget Resolutions and

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<sup>22</sup> *Helping the Earth Begins at Home*, Department of the Environment, March 1993

<sup>23</sup> "TV Dino family set to make energy waste extinct" *Energy Management* November/December 1994

<sup>24</sup> Department of the Environment News Release 548, 3 October 1994

<sup>25</sup> HC Deb 17 March 1994 cc791-2W

<sup>26</sup> *The Home Energy Efficiency Grants (Amendment) Regulations* SI 1994/637

<sup>27</sup> *The Observer* 4 December 1994 p.17

Economic Situation, the Chancellor added another £20 million to the HEES (HC Deb 6 December 1994 c.241). Though VAT on domestic fuel was subsequently not increased to 17.5% as the Government had planned, the increases to the HEES remained intact (HC Deb 15 December 1994 cc1051-2).

The HEES, which is administered by the Energy Action Grants Agency, was launched in January 1991 since when over 500,000 homes have benefited,<sup>28</sup> compared with a potential eligible pool of 6 million.<sup>29</sup> The target for 1994-95 is to treat 440,000 homes (HC Deb, 11 January 1994, c5W). The original regulations, made under the Social Security Act 1990, were revoked and re-enacted by *The Home Energy Efficiency Grants Regulations* SI 1992/483. These regulations include specifications of the persons eligible to apply and a description of the kind of work which may be undertaken. *The Home Energy Efficiency Grants (Amendment) Regulations* SI 1993/2799 removed the client contribution. Grants up to a maximum of £305 (for combined loft insulation and draught-proofing) are currently available to qualifying home owners and tenants, in both the public and private sector.

#### 4. Labelling and Standards

In the area of appliance labelling and standards, the EEO and the Regional Electricity Companies have co-operated in the launching of a voluntary scheme of energy efficiency labelling for refrigerators and freezers. Since 1 January 1995 labels, which include an estimate of the appliance's annual energy consumption, have become obligatory for newly-supplied fridges and freezers as a result of *The Energy Information (Refrigerators and Freezers) Regulations* SI 1994/3076. These follow from Commission Directive 94/2/EC and Council Directive 92/75/EEC.<sup>30</sup> The importance of energy information labels in this context becomes clear when one realises that refrigeration is the second largest user of electricity in the home (space heating uses more) and the costliest (space heating can take advantage of cheaper off peak rates).<sup>31</sup>

The *Boiler (Efficiency) Regulations* SI 1993/3083, which came into force on 1 January 1994, implement EC directives (92/42/EEC and 93/68/EEC) placing minimum efficiency standards on new gas and oil fired hot water boilers. Boilers which fail to meet the requirements will be excluded from the market. The EC's SAVE (Specific Actions for Vigorous Energy

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<sup>28</sup> *This Common Inheritance. The Third Year Report.* Cm 2549, May 1994, p.43

<sup>29</sup> *An Interim Evaluation of the Home Energy Efficiency Scheme*, Building Research Establishment, April 1994, Deposited Paper 9203.

<sup>30</sup> *Environmental Health* May 1994 p.125

<sup>31</sup> "Is Britain a Third World country?" *Energy Policy* September 1994

Efficiency) programme, discussed later, is designed in part to provide a pool of experience from which further energy efficiency directives of the above kind can emerge.

## 5. Building Regulations

It is stated in *Climate Change: The UK Programme* (Cm 2427, January 1994) that "In choosing instruments to stimulate improvements in energy efficiency, the Government is adopting a presumption in favour of economic instruments rather than regulation (although regulation will continue to have an important role to play in certain circumstances)." The following recommendation by the Environment Committee emphasised one area where regulation has significant potential:<sup>32</sup>

"We strongly recommend that Building Regulations be revised in order to raise standards of energy efficiency for new build properties. We also recommend that they be extended to major refurbishment and repair of existing properties, and that such material alterations be clearly defined. As the Minister himself has argued, the Government must be concerned with the very long term. If opportunities are missed now to improve the energy efficiency of new buildings, then it will be more costly to retrofit them later and will bequeath an unfortunate legacy of an energy inefficient housing stock for future generations."

The Committee also recommended "... that the Government consider a mandatory scheme for home energy labels, to be introduced at the point of sale or at the point of a major renovation."

The *Building Regulations (Amendment) Regulations* SI 1994/1850 have as one of their main purposes the strengthening of the energy conservation requirements of Part L of the *Building Regulations* SI 1991/2768. The Part L changes, which include new insulation standards and the introduction of an energy rating (called the Standard Assessment Procedure) to indicate the energy cost of running a new home, will come into force on 1 July 1995. They will apply not only to new buildings but also, for the first time, to certain building conversions.<sup>33</sup> The Association for the Conservation of Energy reportedly reacted to the new regulations by stating that new buildings in Britain "will at last be constructed to the same energy standards as were common in Scandinavia in the 1960s".<sup>34</sup>

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<sup>32</sup> *Energy Efficiency in Buildings* Environment Committee HC 648 of 1992/93

<sup>33</sup> Department of the Environment News Release 415, 15 July 1994

<sup>34</sup> "New homes code will save energy" *The Guardian* 16 July 1994

### 6. Local Authorities

Local authorities also invest in energy efficiency measures, to the tune of £200 million annually, through the repair and improvement programmes for their housing stock.<sup>35</sup> During its three year lifetime the Government's **Green House Programme**, launched in December 1990, provided £60 million to 130 local authorities to encourage the introduction of new heating and insulation schemes at a demonstration level, e.g. blocks of flats.<sup>36,37</sup> Experience gained as a result of the Green House Programme has informed updated and consolidated Department of the Environment guidance to local authorities entitled *Energy Efficiency in Council Housing* (June 1994).<sup>38</sup> Local authorities are expected to survey the energy efficiency of public housing to help them draw up their bids for support under the housing investment programme.<sup>39</sup> These surveys share common ground with some of the proposals in the *Home Energy Conservation Bill*.

By March 1994 some 250 councils had signed up to the Government's **Making a Corporate Commitment** campaign, introduced largely to encourage industry and commerce to set energy efficiency targets.<sup>40</sup> Some local authorities, like Falkirk District Council, Gordon District Council and Fife Regional Council, have commissioned "green audits" giving rise to proposals for *inter alia* household energy efficiency works; the EC and central government have been suggested as possible sources of further funding.<sup>41</sup>

The Institution of Environmental Health Officers has drawn attention to the mechanisms within the *Housing Act 1985* which enable local authorities to influence property owners,<sup>42</sup> which include private landlords who as a whole invest least in energy efficiency.<sup>43</sup> In assessing whether a house is fit for human habitation, either as a basis for making grants available or for taking legal action, a number of criteria are considered. The Institution noted that it is "... quite extraordinary that energy efficiency is not included as the ability to adequately heat a dwelling has a direct impact on human health." In their Fourth Report of the 1992/93 session, the Environment Committee recommended "... for a second time that the Government include energy efficiency in the fitness standard of housing".<sup>44</sup> The Government's response noted that this would have the likely result of more dwellings being classed as unfit, with consequences for public expenditure.<sup>45</sup>

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<sup>35</sup> *This Common Inheritance. The Second Year Report* Cm 2068, October 1992 p.51

<sup>36</sup> *Department of the Environment News Release*, 9 January 1992

<sup>37</sup> *Department of the Environment News Release* 328, 13 June 1994

<sup>38</sup> *Department of the Environment News Release* 328, 13 June 1994

<sup>39</sup> *ENDS Report* March 1994 pp30-1

<sup>40</sup> "Energy Efficiency Bill hits Treasury Blockage" *ENDS Report* March 1994

<sup>41</sup> "Audit advises key steps for better environment" *The Scotsman* 23 January 1993 p7

<sup>42</sup> *Energy Efficiency in Buildings* HC 648 of 1992/93, vol III pp475-86

<sup>43</sup> "Landlords criticised on energy efficiency" *Financial Times* 26 May 1994 p.9

<sup>44</sup> *Energy Efficiency in Buildings* HC 648-I of 1992/93 para 142

<sup>45</sup> *Energy Efficiency in Buildings* Government Response Cm 2453, February 1994

## 7. Energy Saving Trust

The Energy Saving Trust is a private sector independent body which was formally established on 17 November 1992. It was set up jointly by the Government, British Gas and the Regional Electricity Companies, Scottish Power and Scottish Hydro-Electric "... to propose, develop and manage new programmes to promote energy efficiency".<sup>46</sup> The Trust's target is to save more than 2.5 million tonnes of carbon annually by the year 2000, about a quarter of the national target.<sup>47</sup> In 1993-94, up to £4 million had been invested in a few pilot projects, including the provision of rebates for home owners wishing to install gas condensing boilers and the establishment of Local Energy Advice Centres.<sup>48,49</sup> The latter provide free energy efficiency information to the public.<sup>50</sup>

An area of controversy has been the funding of the Energy Saving Trust. In a speech which was critical of falling levels of investment in energy efficiency, Lord Graham of Edmonton styled the level of funding for the EST as being "nothing short of a disgrace" (HL Deb, 17 June 1993, c1729). The Energy Committee has recommended "... that the Government adopt as a matter of urgency a much more active role in identifying how the resource needs of the Energy Saving Trust can be met and in ensuring the regulators, major utilities, other fuel suppliers and agencies make substantially greater contributions to the EST."<sup>51</sup>

Much of the EST's funding was to have come from the "E" factor which is an efficiency levy built into the gas price tariff, together with the equivalent mechanism in the electricity price. However, the replacement of Sir James McKinnon as Director General of OFGAS by Ms Clare Spottiswoode brought about a change in position. Ms Spottiswoode has questioned the use of the "E" factor levy for funding Energy Saving Trust Schemes,<sup>52,53</sup> though she allowed continued support of this kind for pilot schemes which were already under way. A recent statement of the funding position has been given in the following written answer (HC Deb 17 October 1994 cc22-3W):

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<sup>46</sup> Department of the Environment News Release, 17 November 1992

<sup>47</sup> *Promoting Energy Efficiency and Conservation* Energy Saving Trust 1994

<sup>48</sup> Letter from Lord Moore and others *Financial Times* 2 June 1994 p.20

<sup>49</sup> "Off on the wrong foot" *Financial Times* 16 February 1994 p.20

<sup>50</sup> Department of the Environment News Release 82, 11 February 1994

<sup>51</sup> *Energy Efficiency in Buildings* Environment Committee HC 648 of 1992-93

<sup>52</sup> HC Deb 9 May 1994 c.69W

<sup>53</sup> *Energy Efficiency in Buildings. Replies to the Fourth Report of the Committee in Session 1992-93*, HC 349 1993/1994

**"Mr. Bennett:** To ask the Secretary of State for the Environment if he will now list the funding available to the Energy Saving Trust over each of the next three years, the source of the funding and what steps the Government are taking to increase this funding; if he will make a statement about the future of the Energy Saving Trust and its contribution to achieving the United Nations conference on the environment and development, Rio summit, targets.

**Mr. Robert B. Jones:** The Energy Saving Trust is an independent organisation, but I understand that funding for schemes in which it is involved is as follows:

a. Each electricity company in England and Wales has been set standards of performance on energy efficiency by the electricity regulator after consultation with the Trust. OFFER is also proposing standards for Scottish companies. Funding for schemes of up to £22 million in 1993-94 and £25 million over each of the next three years raised from electricity franchise customers will be available to help meet those standards. This includes funding proposed under the Scottish price control.

b. Funding of £1 million in 1994-95 is available for the second year of the Trust's pilot combined heat and power scheme. The level of funding to be raised from gas customers for future schemes is a matter for on [sic] the decision of the Director General of Gas Supply. She is currently considering proposals for five schemes submitted by British Gas based on proposals from the trust.

c. In addition the trust expects to raise some £2 million each year until 1997 from a variety of sources, including this Department, which will be spent on their pilot scheme for local energy advice schemes.

The Government are considering how energy efficiency schemes involving the trust might be funded in the future. The Government is committed to its climate change programme which includes energy efficiency measures involving the trust."

The lack of "E" factor funding from gas bills has stalled plans for two EST energy efficiency projects for the domestic sector: **Homes 2000** and the **Social Housing Scheme**.<sup>54</sup> Taking the former (and larger) scheme as an example, this would provide grants to home owners, up to a maximum value of £250, towards the cost of implementing the following measures:<sup>55</sup>

- loft insulation
- lagging of hot water cylinders/pipes
- draught stripping and caulking (which would for example render the area around window frames more airtight)
- improved heating controls

Energy efficient compact fluorescent lamps would also, it is proposed, be made available at a 50% discount. The work would be performed by contractors, with many of the details being worked out by a Managing Agent acting on behalf of the EST. At full operation it is envisioned that the programme would involve some 350,000 homes per annum. Low income owners qualifying for the existing Home Energy Efficiency Scheme would be eligible for a 100% grant for the additional measures of Homes 2000. A similar range of measures are envisaged for the Energy Efficiency in Social Housing Programme,<sup>56</sup> alluded to above, which covers properties owned or managed by Local Authorities and Housing Associations.

Though the Director General of Gas Supply (Ms Spottiswoode) has stated that she does "... not currently have the freedom to allow "E" factor funding for substantial energy management schemes",<sup>57</sup> this situation could change if the forthcoming Gas Bill becomes law. The Trade and Industry Select Committee's Report on *The Domestic Gas Market* (HC 23-I of 1994/95) recommends that "provision be made in the Gas Bill for the Government to impose an energy efficiency levy on gas consumers if such a levy should prove necessary to achieve the Government's targets for reducing carbon dioxide emissions." This recommendation has been endorsed by the chairman of the Environment Committee (Mr Barry Field) as a means of ensuring that the EST receives the funds (nearly £2 billion by the end of the decade)<sup>58</sup> needed to support its programmes.<sup>59</sup>

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<sup>54</sup> *EST Domestic Energy Efficiency Schemes. HOMES 2000 and Social Housing. Consultation Discussion Paper* November 1993 (Energy Saving Trust)

<sup>55</sup> *Homes 2000. Energy Efficiency for Owner-Occupiers. Draft Programme Plan.* EST November 1993

<sup>56</sup> *Energy Efficiency in Social Housing. Draft Programme Plan.* EST November 1993

<sup>57</sup> *Energy Efficiency in Buildings. Replies to the Fourth Report of the Committee in Session 1992-93, HC 349* 1993/1994

<sup>58</sup> "Energy Saving Trust seeks £2bn" *Financial Times* 13 May 1994 p.9

<sup>59</sup> "Energy Efficiency: The Role of Ofgas" Environment Committee press notice 7 December 1994

Ms Spottiswoode has indicated a willingness to use the "E" factor to fund **Least Cost Planning** schemes, in which energy efficiency measures are implemented as an alternative to expanding capacity. Interest in this approach, widely used in the USA,<sup>60,61</sup> was highlighted by the Energy Committee in its 1991 report on *Energy Efficiency*.<sup>62</sup> One example from the electricity sector of how such demand side management can improve home energy conservation is Manweb's Holyhead **Power Save** project. This has benefited domestic customers with offers of low energy lamps at less than 10% of their normal price, a free lagging jacket for water tanks containing an immersion heater, low-cost draught-proofing and loft insulation as well as cash rebates for old electrical appliances.<sup>63</sup> The scope of OFFER's support<sup>64</sup> for similar measures has been criticised on the grounds that the electricity price mechanism still favours maximising electricity sales disproportionately over energy efficiency measures.<sup>65</sup>

### 8. Industrial, Commercial and Public Sectors

Although the subject of this paper is domestic energy conservation, this brief section outlining other measures is included for completeness. Aimed largely at the industrial and commercial sectors, expenditure on the EEO's **Best Practice Programme** amounted in 1992-93 to £15.4 million.<sup>66</sup> This provides information through energy consumption guides, case studies and research support with the aim of achieving energy savings of £800 million a year by the year 2000.<sup>67</sup>

An integral part of this programme is the promotion of Combined Heat and Power schemes whereby waste heat from electricity generation is channelled into nearby buildings.<sup>68</sup> The government target is that CHP systems should account for 5000 megawatts (about 8% of installed electrical power capacity) by the year 2000.<sup>69</sup> Lord Strathclyde has acknowledged that the UK has a low incidence of CHP in comparison with other EC States (HL Deb 17 June 1993 cc 1730-4). In an *Energy World* (March 1994) article, the Director of the Combined Heat and Power Association highlighted a wide range of regulatory and institutional barriers impeding the realisation of CHP's potential.

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<sup>60</sup> "Demand-side management" *Energy Policy* October 1994

<sup>61</sup> *Energy Efficiency: Challenges and Opportunities for Electric Utilities*, Office of Technology Assessment, US Congress, September 1993

<sup>62</sup> *Energy Efficiency* Energy Committee HC 91 of 1990-91

<sup>63</sup> *Energy World*, July/August 1993; *The Independent*, 7 October 1993; *Financial Times*, 8 September 1993

<sup>64</sup> *Energy Efficiency: Standards of Performance* OFFER March 1994

<sup>65</sup> "Energy efficiency loses out in electricity price review" *ENDS Report* August 1994

<sup>66</sup> *Energy Efficiency in Buildings* Government Response Cm 2453

<sup>67</sup> *Annual Review of Government Funded Research and Development* 1993

<sup>68</sup> "The market for industrial CHP" *Energy Management* January/February 1994

<sup>69</sup> *Financial Times*, 6 October 1993; *Energy Management*, September/October 1993

The **Making a Corporate Commitment** campaign, launched in October 1991, seeks to persuade company directors to develop an energy efficiency strategy at board of directors level. All public sector organisations are also being encouraged to participate. Over 1,600 organisations have joined so far,<sup>70</sup> some of which have published the energy efficiency targets the campaign urges them to do (HC Deb 2 February 1994 cc804-8W). Central Government, for example, is committed to a 15% reduction in energy consumption on its own estate over five years to March 1996 from a baseline of 1990-91. In the first two years of this campaign, weather-corrected energy expenditure per square metre has, overall, been reduced by 0.9 per cent. This has been accompanied by a 3 per cent. fall in CO<sub>2</sub> emissions across all Departments (excluding the ODA and Scots Courts).<sup>71</sup>

### C. European programmes

JOULE II and THERMIE are two EC programmes which until last year provided support for research, development and demonstration activities in the field of non-nuclear energy. This definition includes energy saving technologies. The Joint Opportunities for Unconventional Energy (JOULE) was primarily concerned with research into new technologies. One of the main objectives of THERMIE's support for the setting up of demonstration projects, and the dissemination of knowledge acquired as a result, was to improve levels of energy efficiency.

Many of the aims of JOULE II and THERMIE now fall within the CEET (Clean and Efficient Energy Technologies) programme, commonly referred to as JOULE-THERMIE. This new programme has been allocated 967 million ECU over the period 1994-98.<sup>72</sup> A continuation of the old style THERMIE programme (THERMIE II) has also been under discussion; the aim of this would be to focus on more market-oriented projects beyond the remit of CEET.<sup>73</sup>

An attempt to remove some of the commercial, regulatory and behavioural obstacles to greater energy efficiency is embodied in an EC programme called SAVE: Specific Actions for Vigorous Energy Efficiency. Launched in 1991, this five-year initiative complements the technology-focused programmes by funding a range of energy efficiency projects under the following headings:<sup>74</sup>

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<sup>70</sup> *This Common Inheritance. The Third Year Report.* Cm 2549

<sup>71</sup> *This Common Inheritance* Cm 2549, May 1994

<sup>72</sup> *International Energy Technology Programmes Framework IV Roadshow* - London, 10 November 1994

<sup>73</sup> *Europe Environment* 19 April 1994

<sup>74</sup> *Energy Management*, November/December 1993

- **Technical measures** cover standards and technical specifications. Greater energy efficiency in buildings is to be encouraged through better standards of insulation, more efficient central heating boilers and energy certification of buildings. A building energy certificate would, in effect, provide information to prospective home buyers or tenants about the likely size of fuel bills. Further measures in this group include the identification and removal of commercial and regulatory barriers to the adoption of combined heat and power schemes. The labelling of domestic appliances with energy efficiency labelling is also being encouraged.
- **Economic measures** receiving attention consist primarily of third-party financing. The third party (i.e. neither the consumer nor the energy supplier) would under such an arrangement provide energy saving services paid for over time by resulting reductions in energy bills. One example given in *Energy Efficiency Policies* (Victor Anderson, New Economics Foundation 1993) is an agreement between New York City and Benec Industries who installed *inter alia* insulation and boiler modifications in municipally-owned flats. The savings in the heating bills, which are paid by the City, were shared between New York and Benec.
- **Behavioural measures** aim to influence consumers by better education and training and the promotion in management circles of Monitoring and Targeting of energy use. A company could then manage its energy use in a way which is analogous to other resources such as raw materials, capital and manpower.

The most explicit embodiment of SAVE is the Council Directive 93/76/EEC of 13 September 1993. This aims "at the limitation of carbon dioxide emissions by improving energy efficiency (present in the framework of the SAVE programme)". The Directive as adopted amounts in effect to a statement of principles giving member states considerable scope for deciding the most appropriate measures, legal or otherwise, aimed at cost-effective energy savings in the following areas:<sup>75</sup>

- energy certification of buildings
- the billing of heating, air conditioning and hot water costs on the basis of actual consumption
- third-party financing for energy efficiency investments in the public sector
- thermal insulation of new buildings
- regular inspection of heating installations (large boilers)
- energy audits of undertakings with high energy consumption

The Department of the Environment believes it is unlikely that the required implementation of the directive by 31 December 1994 will involve further legislative measures. Whether this reflects the adequacy of existing measures, some of which were discussed in the previous section, or the inadequacy of the SAVE directive is debatable. It nonetheless remains the case that the scope and legal force of the SAVE programme has diminished over time, with greater emphasis now being given to its role in providing a knowledge base of energy efficiency awareness.<sup>76,77</sup> Doubts have been expressed that the SAVE directive "could even prove to be a recipe for doing nothing" with little hope that the programme will achieve anything like the originally anticipated reductions in carbon dioxide emissions.<sup>78</sup> The SAVE programme has, according to the European Association for the Conservation of Energy, now been "completely emasculated in the name of subsidiarity".<sup>79</sup> Further details on the SAVE programme appear in a briefing, by the Director of the Association for the Conservation of Energy, entitled *Energy Efficiency: UK and Europe* (Green Party 1994).

#### **D. Energy Conservation Bills in 1993/94**

The 1993/94 parliamentary session saw the introduction of three Private Members' Bills designed to promote energy conservation. The *Energy Conservation (Lighting) Bill* (Bill 69 1993/94) was introduced by Mr Keith Mans under the ten minute rule on 8 March 1994, when it received its first reading (HC Deb 8 March 1994 cc153-4). The purpose of this Bill was to encourage the use of energy efficient lighting by making changes to the Building

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<sup>76</sup> "Enhancing Energy Efficiency Awareness in the UK. The contribution of the EC's SAVE programme" *Energy Management* supplement, November/December 1994

<sup>77</sup> *Financial Times* 28 November 1994, p.1

<sup>78</sup> *Europe Environment*, 22 September 1992

<sup>79</sup> *Europe Environment*, 4 May 1993

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Regulations, by extending the Home Energy Efficiency Scheme, and by releasing loans from the social fund. The Bill did not reach the Second Reading stage, and was not printed.

The *Building Conversion and Energy Efficiency Bill* (Bill 26 1993/94) was introduced under the ballot procedure. It was presented for its first reading on 16 December 1993 by Mr John McAllion who came 17th in the ballot. Brief Second Reading debates took place on 11 February 1994 and 15 April 1994 but both were adjourned. The intention of this Bill was to require that "reasonable provision" be made for insulation against heat loss when buildings are converted for residential use or when existing dwellings are converted into sub-units.

Mr Alan Beith came second in the ballot for the 1993/94 session and sponsored the *Energy Conservation Bill* (Bill 11 1993/94). The Energy Conservation Bill was co-sponsored by members of six political parties and had as its intention:

"to make provision for the conducting of energy audits and the drawing up of energy conservation plans and priorities for residential properties in their areas by local authorities in the United Kingdom; to give the Secretary of State powers to set timetables for such plans and for works arising from them; and for related purposes."

[HC Deb, 16 December 1993, c.1298]

The Bill's co-sponsors included the present Minister for Energy Efficiency (Mr Robert Jones) and Mr. Cynog Dafis who originally presented the *Energy Conservation Bill* (Bill 145 1992/93) under the ten minute rule (HC Deb 24 February 1993 cc886-8). Mr Dafis' Bill, which had been drafted by the Green Party,<sup>80</sup> did not progress beyond its first reading. His version of the Bill differed from Mr Beith's, most notably in the provision it included for a fuel levy (imposed by the Secretary of State) to pay for the works required to implement energy conservation measures. Such a proposal would now be unlikely to find favour in view of the subsequent imposition of VAT on domestic fuel. The other main difference between the Bills is that the more recent one contains no reference to regional energy boards which would have liaised between the local "energy conservation" authorities and the Secretary of State. That this could be considered a "superfluous tier" was later acknowledged by Mr. Dafis (HC Deb 26 July 1993 c.899).

With these changes, and because of the level of support from Members of Parliament and local authorities, there was initially some confidence that the Beith Bill would reach the statute book.<sup>81</sup> During the Second Reading debate (HC Deb 4 February 1994 cc1137-204) Mr Beith outlined how his Bill would oblige local authorities to carry out surveys and prepare a plan to improve the energy efficiency of heating and lighting of domestic dwellings in their areas. He identified as among the Bill's aims the alleviation of cold-related illnesses and fuel poverty, the promotion of local employment, and the reduction of carbon dioxide emissions. He asserted that the Bill would "not make large open-ended commitments to public spending. It ensures that we take an essential first step to work out what the energy efficiency of our housing stock is, both public and private, and where resources could most effectively be channelled to improve it."

Speaking for the Opposition, Mr Chris Smith offered the Energy Conservation Bill his full support and added:

"The Bill represents a substantial push in the right direction. It sets in place a mechanism for producing an audit of energy efficiency needs area by area around the country. It sets in place a planning mechanism for developing the schedule of work that could be carried out. It sets in place also a proper assessment of priorities...

...What it does not do is to enforce the carrying out of energy efficiency work. It lays the foundations that would enable the work to be done and provides a useful impulse to encourage the carrying out of that work."

In his second reading speech, the Parliamentary Under-Secretary of State for the Environment (Mr Baldry) considered the costs of setting up a database on the condition of housing stock (HC Deb 4 February 1994 c.1191):

"Newark and Sherwood district council estimates that it would cost about £1 per dwelling; Derby city council estimates 53p per dwelling. If those costings were replicated by other local authorities, the cost of setting up databases across the United Kingdom would lie between £11 million and £23 million."

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<sup>81</sup> "Energy Conservation Bill" *The House Magazine* 17 January 1993 pp 10-11

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It is worth discussing these cost estimates in detail as they were central to the Government's hostility towards the Bill. They may continue to inform government attitudes to the *Home Energy Conservation Bill* described in the following section. The Association for the Conservation of Energy published in support of Mr Beith's Bill a document entitled *The Energy Conservation Bill 1993: How it could work*. This includes detailed estimates of the costs by the two councils mentioned above. Newark & Sherwood DC estimate that the total cost of drawing up an energy conservation plan in their area would be £46,233, with an annual data update of £4,579. Dividing the first figure by the total number of dwellings (43,000) yields a cost per dwelling of £1.08. This is in agreement with the figure cited by Mr Baldry.

In the case of Derby City Council with 93,169 dwellings, the analogous total set up cost is estimated as £48,700 (with annual costs of £8,100). This translates to 52p per dwelling, again in good agreement with Mr Baldry's statement. These are average costs since most dwellings would not be audited at all - a representative sample would be taken. The figures of £11 million and £23 million cited by Mr Baldry are consistent with taking the two estimates of cost per dwelling, and multiplying by the total number of dwellings in the UK.

The Energy Conservation Bill emerged from its Committee Stage (Standing Committee C 16 February 1994 cc1-32) unamended because government amendments to the Bill were not submitted by the correct deadline. The Minister for the Environment and Countryside (Mr. Robert Atkins) stated during Committee:

"We have considerable sympathy for what the right hon. Gentleman [Mr Beith] proposes. However, we have reservations about the practicalities, and the right hon. Gentleman knows that the Government inevitably have the problem of persuading the Treasury about what does or does not need to be done in certain areas. That is why the amendments were put down late and why you, Mr. Hughes, were unable to accept them, which is correct according to procedure."

Two days before the report stage, Mr Baldry stated in an Oral Answer that "... The straightforward fact is that the Bill would impose a statutory duty to compel every local authority to inspect and audit every home in the country, not only their own housing stock, and we believe that that would impose an unnecessary extra regulatory burden on local authorities and unnecessary extra costs on taxpayers" (HC Deb 20 April 1994 c.875). Judging by a *Guardian* (15 April 1994) article by Mr Beith, such a burden did not deter over 180

local authorities from endorsing his Bill. The Bill placed **duties** on "energy conservation authorities" (i.e. local authorities) to draw up energy conservation plans. After the Bill had passed through its committee stage unamended, seven new clauses and 216 amendments were tabled for Report. Two amendments tabled by Mr Ian Taylor were designed to replace the above-mentioned duties with **powers** (Notices of Amendments: 19th April 1994).

The above amendments were not debated. The only change to the Bill was the addition of New Clause 1 which dealt with arrangements for the inspection of plans (HC Deb 22 April 1994 cc1155-228). New Clause 2 dealing with commencement was read a second time in the brief continuation of the Report Stage on 15 July (HC Deb 15 July 1994 cc1346-8). No further opportunity to continue the Report Stage arose, prompting 100 Members to sign early day motion 1636 (21 October 1994):

"That this House expresses its surprise, dismay and outrage that the newly appointed Minister for Energy Conservation, the honourable Member for West Hertfordshire, should permit a member of his own party to once again block the Energy Conservation Bill on Friday 21st October despite the fact that the Bill is supported by almost 400 honourable Members, well over half of this House, surprise because the Minister himself is a sponsor of the Bill, and at a promotional reception for the Bill held in the Jubilee Room on 2nd December 1993 stated that he was 'very glad to be here to support the Energy Conservation Bill. It is a measure that is long overdue. I shall urge my colleagues who have been successful in the ballot to adopt it and I shall urge the Government to support it', dismay because the Government's lack of commitment to a national target for energy conservation coupled with the imposition of VAT on fuel will lead to many people, especially the elderly, being cold and ill in their homes during winter time, and outrage because this is yet another example of dishonourable, sleazy conduct and broken promises by this Government on this matter of fuel prices and energy conservation."

Though the Bill ran out of parliamentary time, the House of Commons had a final chance to discuss the Energy Conservation Bill during an Opposition Day Debate (HC Deb 1 November 1994 cc1356-415). By a vote of 287 to 174, the House commended the Government's "commitment to the efficient use of energy" and deplored the "unnecessary burdens" associated with the Energy Conservation Bill.

### E. Home Energy Conservation Bill

This section focuses on the measures contained in Mrs Diana Maddock's *Home Energy Conservation Bill* (Bill 8 1994/95), whose supporters include Mr Cynog Dafis and the former Minister of State at the DoE, Mr Tim Yeo. It was clear from the Bill's First Reading (HC Deb 14 December 1994 cc943-4) that its general thrust would be similar to that of the *Energy Conservation Bill* (Bill 11 1993/94). However, a number of changes have been made in a clear attempt to address many of the reservations expressed by some Members about earlier versions of the Bill.

Local (housing) authorities would have more scope for deciding how to set about drawing up energy conservation plans for residential accommodation in their area. The plans could be more straightforward to produce, and there would no longer be a detailed prescription for consultation with specified energy interests. The plans, referred to in the Bill as strategy reports, would now have to detail "measures and arrangements" designed to achieve specified energy saving objectives. Such measures and arrangements could amount to as little as the provision of information about existing grants, such as those supported by the Energy Saving Trust. In other cases, local authorities could propose to arrange for works (such as insulation) to be carried out on property in their ownership as well as on private property (at the owner's request).

Local housing authorities would become "energy conservation authorities", charged with assessing the energy efficiency of residential accommodation in their ownership [**clause 2(1)(a)**]. They would also be required to take "reasonable steps to assess or estimate" the energy saving potential of other, including privately owned, homes in their area [**clause 2(1)(b)**]. A strategy report would have to be sent to the Secretary of State. This would detail the "measures and arrangements" either already in train or proposed to achieve overall savings of 30% against current energy use, such as heating and lighting [**clause 2(2)**]. One difference with last year's Bill is that separate strategies to achieve less ambitious energy savings (10% and 20%) would no longer be required.

It is likely that housing and environmental health departments would be closely involved in the actual performance of much of the necessary studies. The Bill's proposals bear similarities to the Energy Action Cities initiative sponsored by the Government during Energy Efficiency Year 1986.<sup>82,83</sup> Furthermore, the reports could build upon work done by the local authority in preparing its bid for housing investment support (see section B, subsection 6, above).

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<sup>82</sup> "Energy Conservation Bill" *The House Magazine* 17 January 1993 pp 10-11

<sup>83</sup> *Regenerating the inner city* Association for the Conservation of Energy 1988

The strategy reports would, however, still need to include assessments of the cost of the suggested measures and of the accompanying decreases in carbon dioxide emissions. The energy conservation authority would still have to include in the report a statement of their policy for targeting energy conservation works on low income households [**clause 2(3)**]. Such statements and assessments would be of a general nature and would not identify particular properties. The clause dealing with low income households, or "accommodation occupied by persons suffering financial hardship" [**clause 2(3)(c)**], is significant in light of some of the criticisms directed against the Energy Saving Trust's condensing gas boiler scheme. In effect all gas consumers were funding, through a small increase in gas bills brought about by changes to the "E" factor, rebates on new central heating boilers to those who could afford them.<sup>84</sup>

**Clause 3** of the Bill gives the energy conservation authorities certain **powers** to add to the **duties** of clause 2. As in last year's Bill, the reports (which the *Energy Conservation Bill* called plans) may include an assessment of the jobs that would be created by the proposed measures and also of the reduction of emissions of nitrogen oxides (e.g. nitric oxide and nitrous oxide) and sulphur dioxide. One of the main sources of these gases, which cause acid rain, is coal-fired power stations supplying electricity to homes. An assessment of the potential savings in fuel bills by different types of household would now be a power [**clause 3(1)(c)**] rather than the duty it was under the *Energy Conservation Bill*. The report from the energy conservation authority could also include other appropriate matters.

The detailed list of consultees specified in the *Energy Conservation Bill* is replaced in the *Home Energy Conservation Bill* by a statement that in preparing their report, the energy conservation authority may "consult such persons as it considers appropriate" [**clause 3(2)**].

The duties of the Secretary of State are set out in **clause 4**. A date would be set for the receipt of all reports from the energy conservation authorities. The Secretary of State would then publish a timetable or timetables for the making of progress reports "and on the ways in which he proposes taking the strategy forward" [**clause 4(2)(a)**]. He may also take any other steps he considers desirable to assist with the measures and arrangements identified in the reports. Such steps could range from encouraging others, such as businesses, to assist with the implementation of energy saving measures or publicity. Alternatively, the Secretary of State could devise a scheme for contributing to any additional costs incurred by the proposals. This latter possibility is not explicitly referred to in the *Home Energy Conservation Bill* as it was in last year's Bill.

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<sup>84</sup> "Off on the wrong foot" *Financial Times* 16 February 1994 p.20

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**Clause 4(3)** allows the Secretary of State to vary any timetable in a way which would presumably allow him to take account of different local circumstances. That this is not stated quite so explicitly as in last year's Bill may reflect the greater flexibility that local authorities would now have in deciding the contents of their reports. Unlike last year's Bill, there is now no provision for regulations to be made by the Secretary of State.

**Clause 5** is a "clarification clause" in which it is stated explicitly that the Bill does not confer powers of entry, nor new powers to compel the carrying out of works or repairs. Furthermore, the Bill would not allow energy conservation authorities to insist that persons provide information when, for example, they are assessing the energy efficiency of households.

If it becomes law, the *Home Energy Conservation Act 1995* would not extend to Northern Ireland, though the Bill contains arrangements [**clause 7**] for similar arrangements to be made in the province.

**F. Further reading**

*Energy Efficiency in Buildings* Environment Committee Fourth Report HC 648 of 1992/93

*Energy Efficiency in Buildings* Environment Committee Second Special Report HC 349 of 1993/94

*Energy Efficiency in Buildings* Department of the Environment Cm 2453 February 1994

*Buildings and the Environment* National Audit Office HC 365 of 1993/94

*This Common Inheritance. The Third Year Report* Cm 2549 May 1994

*Climate Change. The UK Programme* Cm 2427 January 1994

*The Energy Conservation Bill 1993. How it could work* Association for the Conservation of Energy

*Energy Efficiency: UK and Europe. A Briefing for The Green Party* by Linda Taylor (Green Party 1994)

"Energy efficiency Bill hits Treasury blockage" *ENDS Report* March 1994 pp30-1

*Energy Efficiency Policies* Victor Anderson (Routledge 1993)