

Energy Efficiency Statement

We are facing an energy crisis. Our energy infrastructure needs extensive renewal: we are increasingly reliant on fossil fuel imports and millions of households are in fuel poverty. The rapid transition to a low carbon economy will only be achieved if political leaders commit now to prioritising the most strategically important intervention of them all – energy efficiency. This urgent task requires strong political leadership.

Energy efficiency is the ultimate stimulus package. It reduces the amount of energy needed to provide heat, light and services, improves energy security, reduces the amount of money needing to be spent on new energy capacity, creates thousands of jobs, addresses fuel poverty and cuts CO2 emissions. In addition, over the lifetime of the technologies, the savings to householders can eliminate or substantially offset the cost.

Energy efficiency is the cheapest and most effective way to de-carbonise. In fact, 'avoided energy' is the lowest cost approach to tackling the looming energy supply gap. It is also the most effective way to tackle fuel poverty.

Improving the energy efficiency of homes to the standards required could create more than 100,000 decent jobs per year until 2020. Furthermore, reducing reliance on fossil fuel imports through energy efficiency means more money will be available for inward investment in the UK economy – at least £2 billion a year by 2020.

The cost of failing to prioritise energy efficiency should not be underestimated. It will undermine economic recovery and compromise energy security and climate change targets. Only the Government has the resource and authority to leverage the necessary levels of investment required to de-carbonise the housing stock and eradicate fuel poverty.

One of the greatest opportunities for increasing energy efficiency is in the UK's housing stock, responsible for more than a quarter of the UK's emissions. The Government will shortly outline its energy efficiency plans for households. The Government must publish ambitious plans detailing how it proposes to ensure that every home in the country is given access to the capital and services it needs to maximise energy efficiency, including the use of small-scale renewables. We call on all political parties to work together to ensure cross party support for an ambitious energy efficiency programme which includes the following key elements:

1. **Scale** – The programme must transform the UK's housing stock within a generation. The programme must have a realistic and 'investable' timescale of at least 20 years and ensure that a substantive proportion of UK homes are low carbon by 2020 in the first instance, with all homes low carbon by 2030.
2. **Repayment** – The requirement for up front investment from able-to-pay householders needs to be minimised, through the provision of up front capital via a Green Infrastructure Bank. The cost of refurbishment should then be recouped through attaching a long-term and transferable standing charge to the home (a Pay-As-You-Save type scheme) so that both the benefit and the cost transfers from owner to owner in the event of sale. Crucially, this charge should be structured so that it is lower than the savings made, leaving the householder better off from day one.

3. **Incentives** - A form of subsidy scheme will be required that guarantees the delivery of energy and carbon savings. These funds should be used to subsidise retrofit costs and, alongside other fiscal incentives linked to Energy Performance Certificates rating, will enable all householders to take up energy efficiency offerings on a mass scale. Effective feed-in-tariffs and renewable heat incentives are also needed.
4. **Fuel poverty** – Additional, targeted, financial support is needed to ensure fuel poverty is eliminated by 2016.
5. **Private finance** - Government has a key role to play in unlocking private sector capital to invest in home energy efficiency. Up front capital investment of more than £100bn should be made available to householders through setting up a Green Infrastructure Bank and issuing Energy Efficiency Bonds to back the refurbishment programme.
6. **Credibility** – A credible delivery plan is required, one that moves beyond aspirational targets and provides a robust investment trajectory.
7. **Competition** - The private sector is often better placed than Government to market refurbishment as an attractive proposition to householders. A range of providers, such as high street retailers, energy companies or tradespeople, should be able to offer refurbishment packages to householders.
8. **Trust** – All providers must be properly trained and accredited through a nationally recognised programme. Households need to have easily accessible information and reliable, consistent and trustworthy advice. Government must ensure improvements conform to the highest standards.
9. **Standards** – Minimum standards for domestic properties are required to show a clear direction of travel and to manage long term programme costs.
10. **Strategic approach** – There must be a strong strategic role for local authorities to enable the programme to adopt a community-based approach, where this is appropriate and complementary to approaches made to individual households. The programme itself should be delivered on a street-by-street basis to ensure that all households, and particularly fuel-poor households, can benefit from assistance.

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Notes:

- The statistic on the potential to create more than 100,000 jobs per year in the energy efficiency field to 2020 is taken from a forthcoming report from WWF entitled '*Retrofitting the UK's Homes: Opportunities for the Economy*' due to be published in March 2010.
- Data on energy efficiency investment being cheaper than equivalent investment in new capacity are taken from the UK 2007 Energy White Paper, which calculated that in the UK saving electricity cost 2.1p/kWh compared to the cheapest generation option, combined cycle gas turbines, at 3.8p/kWh.
- Data on energy efficiency investment being capable of delivering at least £2 billion/year inward investment to the UK economy by 2020 is taken from a 2009 report by Delta Energy & Environment to the REA entitled '*A High-level Assessment of the Impact of Renewable Energy and Energy Efficiency Development on the UK Fossil Fuel Trade Balance*'.

