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Elmhurst Energy's response to:

CALL FOR EVIDENCE – Energy Efficiency of Existing Homes

Prepared for: Committee on Climate Change

1. Introduction

Elmhurst Energy are pleased that the Committee on Climate Change are seeking a call for evidence on the 'Energy Efficiency of Existing Homes' and as such we are delighted to respond to each question in turn.

The Call for Evidence asked 13 questions and we have answered them all below. We hope you find the responses considered and useful for taking 'Energy Efficiency of Existing Home' forward in a progressive manner.

2. Executive Summary

Elmhurst are the largest Energy Performance Certificate Accreditation Scheme in the UK with over 7,000 energy assessor members who lodged over a million EPCs last year. We have operated in energy efficiency of dwellings for over 25 years and helped develop and deliver energy assessments in homes throughout the UK.

Some contributors will undoubtedly say we need a totally new approach but that is not the case. We already have an internationally respected system that has produced over 20 million assessed properties, science based methodologies for the assessment of buildings and innovative ways to measure actual energy efficiency, What we need now is to bring all the parts together. Our core message is that we need:

- A clear road map with milestones to achieve the Clean Growth Strategy targets
- Focus on the 98% of homes that are not 'new build'
- Raise Awareness – Using existing tools, and self-service tools such as Elmhurst's Green Check, homeowners should be encouraged to understand their property and the benefits that can be achieved by making low cost improvements.
- Launch a national home retrofit programme which includes focus on the large and uncharted owner occupied sector, as well as rental and those in fuel poverty.
- Increase the trigger points for an EPC to ensure that the estimate 14 million homes without one are understood allowing homeowners and policy makers to focus their attention



- Guidance and support – Using the established concepts of PAS 2035 provide a government funded Retrofit Plan for very poor performing home to ;
 - To manage what each property needs
 - To agree with the homeowner desired outcomes in an independent manner
 - To predict cost and carbon savings from improvements
 - To ensure quality design and implementation of all measure(s)
- Incentives – provide financial incentives to homeowners with removal of VAT on all energy efficiency projects, grants and incentives for those most in need. Reward homeowners with the best performing home with stamp duty and council tax reductions.
- Provide energy efficiency information on both the home and how it is occupied
- Learn from the food industry when it comes to presenting energy efficiency with its various, sometimes conflicting, metrics – carbon (Co2), cost (£) and energy (kWh).
- Focus and Invest in the methodologies to make them as close to the truth as possible.
- Close the loopholes in regulation, such as extended transition periods, that perpetuate the 'performance gap'
- Reduce the validity period of Energy Certificates to three years to ensure the information reflects the current condition of the property, the latest innovation in technology and up-to-date pricing information.
- Assure the quality of energy assessments undertaken for planning and building regulations compliance
- Design all policy around whole house calculations, assessing the asset, with occupation and condition as part of finding out the right energy efficiency measures for the right people in the right home (PAS2035)

In short, build upon the infrastructure and processes. The UK really leads the way in this space. We simply need a joined up long term commitment, not stop start policies that mean a boom and bust industry that becomes tired and frustrated. The pieces of the jigsaw exist, and Elmhurst message is to bring them together to allow people to make informed choices about the energy efficiency of their home.

3. Questions and Answers

1. What evidence can you provide of low carbon heat technologies being taken up without government support?

No strong opinion

2. Are the Government's targets on residential energy efficiency still appropriate to achieve its ambition to reach net zero emissions by 2050?

The Government targets are OK, but progress is simply not happening at a quick enough scale, so the very simple answer is 'No'. There is no clear progress in owner occupied properties. There are however clear goals and roadmaps for social and private rental properties. There is also a consultation on new build and the future homes standards that is a stepping stone towards this goal, which to be fair, is long overdue.

But the vast majority of our homes do not receive an EPC as they are not being sold or let, and therefore they are completely off the radar in terms of energy efficiency. We must start to implement solutions that focus on these homes if we are serious about getting to 2050 and any targets that are set.

3. What are the potential risks and opportunities of bringing forward the Government's energy efficiency target?

Elmhurst has always advocated for a "carrot, stick and tambourine" to incentivise the people who are prepared to go early, penalise those that don't and noise to make sure that people know about it. The stop start policies and lack of long term proposals means that people are confused and probably believe that any new rules will not last or indeed be enforced. It seems that MEES has shown that regulations can work to drive behaviour, but it must ensure that effective enforcement is in place. We would fully support bringing targets in place early and as mentioned incentivise the people that engage.

4. Should Government targets for energy efficiency be legislated for, and if so, what difference would this make?

Yes, for too long there have been many words about ambition and indeed we have seen and responded to a plethora of consultations following the Clean Growth Strategy. In the world of energy efficiency we need to see carrots, sticks and tambourines. The carrots incentivise the public and the sticks will be the regulations and penalties and vitally enforcement, but all this must be backed up with clear positive messages of why energy efficiency is a good thing for all.

Industry is more than ready to back government with these messages; but the drive and leadership must come from Government. Without legislative drivers, people will simply not commit to energy efficiency, the balanced approach to incentivise early adopters and penalise those that choose to ignore seems to work well.

The current process of enforcement via local trading standards is a model that simply doesn't work. We have found that enforcement has been much better when many other professional bodies actually check for energy calculations for example banks, lenders and solicitor's checking for EPCs during the lending and conveyancing stages has forced legal compliance. We need to see more professional organisations needing to enforce new regulations taking the strain from local trading standards officers.

5. How effective is the EPC rating at measuring energy efficiency? Are there any alternative methodologies that could be used? What are the challenges for rural areas?

Yes, the approved national calculation methodology which is RdSAP for existing dwellings is the correct tool to calculate the energy efficiency of our existing homes. It was delivered over 10 years ago specifically for UK homes and indeed has had many improvements and updates to it, following research and evidence. There are many misconceptions around this and a lack of genuine knowledge of the methodology itself, this is likely down to the fact that many people only see one of the physical outputs of the calculations the EPC and sometimes only the A-G rating.

We need to improve the look and information displayed on the EPC. The good news in E&W, and NI is that this is coming soon with the new Government register. We need to redesign the output (which is what most people criticise the methodology for!) A good example would be that the EPC uses terms like 'assumed' or 'defaulted', when in reality what it means is that an authorised figure is used that reflects the fabric built at the time according to building regulations. Using the correct values is the only way to undertake effective energy assessments of existing dwellings. The words therefore are unhelpful and mean that many people think it is not accurate which is untrue and extremely unhelpful. RdSAP also caters for community heating, U-values of all fabric elements, measured windows and orientations, full PV information. Some misinformed people state that it doesn't cover these type of elements and technologies and it does. In fact they should remove the word 'Reduced' from its title as over the last decade it is very nearly full SAP now. A model by which most people agree is perfectly acceptable for a detailed energy assessment of dwellings in the UK.

What we need is for all the metrics to be displayed on an EPC, carbon, cost and energy, rather like a food label roundels for your home. This will solve one of the issues and give everyone the information they want.

We then need to get polices that align e.g. if you want to fight fuel poverty look at cost, if you want to fight carbon look at carbon emissions. Don't be surprised if you get a home that chooses a low carbon source, but costs more to operate!

It is also essential that we update SAP and RdSAP urgently to ensure that it gives as close the truth answer as possible. This update (SAP10) is long overdue and is held up in new building regulations. This effectively means that the carbon emissions and cost associated to different fuels are out of date and misleading on EPCs. Elmhurst advocate for updates to the methodologies regularly to ensure that not only are new technologies recognised, but that the output (EPCs) are correct and relevant.

6. How will lack of progress on residential energy efficiency impact the decarbonisation of heat and the associated costs of this?

It is estimated that we do not know the energy efficiency of up to 14 million homes in this country and that is because they have not been put on the market for sale or rent in the last 10 years. Many of these will be in the owner occupied sector who may be "asset rich and cash poor" or simply unaware of the opportunities they have to save energy. Without that basic knowledge we have no understanding on the energy efficiency of a vast majority of our homes, then why will people want to change any habits to move to a low carbon future? We must start with helping people understand their building with an assessment, and move them through the advice and options what Each Home Counts review clearly said was the way forward. Once we have this starting position, then a low carbon future can be delivered.

7. How can the Government frame a Covid-19 stimulus strategy around improved energy efficiency of homes?

We welcome the talk of a strategy around energy efficiency in homes. But we must not fall into the old trap that all we need to do is to install 'stuff' in people's homes. Elmhurst suggest that we have to accept the findings in the Each Home Counts review. We have to firstly understand the asset, understand the occupants, and find out what is right for them in that building. The whole home approach is essential, and it must be done in an independent way; so the advice is not persuaded by one technology over another. Indeed we always suggest a fabric first approach to ensure that if a new heating system is required that it would be much better if needed to deliver less energy to the home. The UK is very lucky that we have all the pieces of the jigsaw, we just need to bring them together to ensure that it works. We can't have a tick box approach to the solution that bases results on number of

installs. We must base this new strategy around consumers and what is right for them and their home.

8. Is the £5 million Green Home Finance Innovation Fund enough to stimulate the market for and drive action from the banks to encourage owner occupiers to improve the energy efficiency of their homes?

No, but we are seeing early signs through lenders of a raised understanding and using energy efficiency ratings as part of the lending decisions, this is more so in rental properties. Lending to homes with better ratings and/or making extra funds available to drive energy saving measures. The message is already working with lenders, not lending on buy to lets that are 'F' or 'G' rated on the EPC, helping drive MEES regulations.

This works right now, we at Elmhurst supported the 'Lenders project' to make best use of the EPC data collected at sale/rent and use it to drive consumers to green mortgages, or indeed lend money specifically to improve the energy bills of a home.

All this is also good for the bank as the owner will have more monthly disposable income to pay back the loans, a win-win situation for everyone. But we have to see the same approach for the owner occupied sector, not just the private lettings.

9. What policy and/or regulation could supplement it?

All government policy for existing homes retrofit must point towards the PAS2035 framework.

We have always advocated for an evolution of SDLT, community tax, building regulations, building extensions, or changed controlled services should always use EPCs. These policies need to be amended to direct the goal towards energy efficient homes. Government need to take this seriously and start to make these changes now. The triggers for EPCs need to wider from just sale and let, as this means that millions of homes are not measured and are off the radar. This is why we need to approach energy efficiency in a new way and make sure that all homes have an up to date EPC, and from this point Government can support those that need help, and encourage and regulate everyone else.

10. Which models in other countries have been successful at stimulating demand for energy efficiency within this market?

No Strong opinion

11. What additional policy interventions are needed for social housing, leaseholders, landlords and tenants?

MEES and HHSRS are really starting to work. We suggest that we ratchet up the standards over time and help drive any funding into those that are in most need e.g., fuel poor. Make the policies work for the worst homes and the families living in them.

12. How should the proposed Home Upgrade Grant Scheme be delivered to help the fuel poor? Should the new grant scheme supplement ECO in its current form, or should ECO be redesigned?

ECO must be fundamentally redesigned to follow 'Each Home Counts' 27 recommendations. At the present time it is still measure led and that will always result in single measures and, even worse, the wrong measures being installed in the wrong homes. Deemed scores favours the smallest homes with the most bedrooms (4 or 5 bedroomed homes) and it ignores the occupant, the building and its condition. It doesn't work for the sort of properties that most people in fuel poverty live in. The EHC report was categorically clear that it must be about a whole building assessment and the occupiers within it. Not what policy ticks a box and gives an estimate of carbon savings as the goal. The power company's also need to be taken out of their primary role, as they do not have a clear interest in reducing consumers spend!

Once this occurs, use existing data sources in Government to find people who fall into the fuel poverty definitions, and target these for PAS2035 approach, but it must start with independent advice, not start with the singular measure installers.

The funding of ECO has to start at the beginning, to ensure that advice, assessment and whole house improvements are generated in an independent way, before it gets to the installers. Installers should be left to do what they are good at e.g. install good quality materials and technology into home. But they must be in to the right homes in the right order. A good example is that for too long boiler replacements take place with no thought of fabric improvements, so that occupiers, can have smaller heating systems that need to use less energy due to the insulation in the fabric! We need activity to drive homes to use less energy in the first place. The ECO policy at the moment is fundamentally flawed due to this.

Success in the future should not be solely measured by number of installs. It has to measure by the results for the occupants e.g. lower fuel bills, less carbon, less energy use etc. The PAS2035 'whole building' approach must be supported and enforced.

13. Are there examples of where energy efficiency policy has fallen between Government Departments? How could cross-departmental coordination be improved?

Energy efficiency in buildings has sat between MHCLG and BEIS (and previous names of the departments) for over 25 years. It is not helpful when it comes to decision making and, at times, their department aims have been at conflict. An example of the confusion is that it is MHCLG who own the building regulations and the EPBR Regulations (EPCs) and the SBEM methodology for commercial buildings and yet it is BEIS who own the RdSAP and SAP for domestic properties. BEIS (DECC before them) also produce many policies in energy efficiency arena e.g. RHI, FiTS, Green Deal, ECO etc.

Government must issue new updated versions of the methodologies regular and often – the last SAP change was SAP2012 now over 8 years old – and we as industry delivering EPCs are getting criticised on fuel prices and carbon emissions, through no fault of our own, due to a serious hold up on new building regulations.

We would suggest that the whole of the sphere of energy efficiency sits with one department to ensure a clear focus so that it can managed more effectively moving forward. Again as before, we have all the pieces of the jigsaw, we just have to bring them all together for the good of our homes and families throughout the UK.

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