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Dear Stuart,

Consultation on Guidance to Local Authorities in England and Wales on Climate Change Mitigation and Fuel Poverty Response

This paper has been produced as an industry-wide response from the energy suppliers forming the Energy Retail Association (ERA). The Energy Retail Association, established in October 2003, is the only dedicated trade association for domestic energy suppliers in Great Britain. All the main energy suppliers operating in the domestic market in Britain are members of the Association: British Gas, Scottish & Southern Energy, RWE npower, E.ON Powergen, EDF Energy and ScottishPower.

The Energy Retail Association (ERA) is pleased to provide a response to the DBERR (formally DTI), Defra and Communities and Local Government's consultation Guidance to Local Authorities in England and Wales on Climate Change Mitigation and Fuel Poverty.

The ERA welcomes the Government's commitment on producing an 'energy measures report' by August 2007, which contains practical information on proactive measures that local authorities can take in order to:

- Improve energy efficiency;
- Increase the levels of microgeneration;
- Reduce greenhouse gas emissions; and
- Reduce the number of households living in fuel poverty.

However, as local authorities will have to 'have regard' to the report when exercising their functions, and there will be no binding responsibility on councils to take concrete action, there is the danger that councils who are already very active in the four areas identified in the consultation will have no need for such a report, and the councils who have no or little interest focusing on these areas will continue to do the bare minimum. To resolve this, clear targets should be included within the proposed Local Area Agreements (set out in the Local Government White Paper) for all local councils.

Energy suppliers are already very involved with energy efficiency and climate change mitigation, and are increasingly interested in their role regarding microgeneration.



Q3. Do you agree that tailored advice for different types of local authorities is needed? If so, how might the report approach the needs and perspectives of different types of local authority?

The notion of standardisation of tailored advice goes against the concept that suppliers should be pushing towards Priority Group/rural areas, as is envisaged by the opt-out under CERT 2008 onwards. For example, a rural Local Authority in England and Wales would require different advice such as being encouraged to take up the 5% opt-out where as in urban areas certain type of energy efficiency measures will be more appropriate. Any guidance should reflect this.

Q4. What key opportunities for joint working do we need to highlight in the report? Who are the key delivery partners on climate change and sustainable and affordable energy at a local and regional level?

Energy suppliers are key delivery partners on climate change and sustainable and affordable energy at a local and regional level and face significant challenges to meet the proposed targets for Carbon Emission Reduction Target (CERT) post 2008. Over the course of the earlier programmes, energy suppliers have successfully worked on a collaborative basis with local authorities and social housing providers to improve social housing and promote energy efficiency measures in private households. Energy suppliers are keen to continue and improve on these partnerships to assist them in reaching their targets.

Local authorities should be encouraged to support innovation and work with industry to deliver the practical energy saving initiatives. In particular, suppliers need the support of local authorities to identify households that qualify as Priority Group households, particularly if the proposed flexibility option in CERT is to make a significant difference to carbon reduction.

Given this important function in identifying members of the Priority Group it is helpful to note that some councils have interpreted the Data Protection Act 1998 (the DPA) to mean that delivering services that benefit the taxpayer such as energy efficiency measures overrides privacy considerations. It would be beneficial if this method of interpreting the DPA could be shared amongst all councils to assist all members of the Priority Group in accessing energy efficiency measures.

Regional and sub-regional partnerships can strengthen and co-ordinate local authority delivery as well as disseminate knowledge and exchange good practice to other stakeholders. There are a number of successful locally based initiatives funded by the suppliers and the Government needs to explore how to develop area based initiatives for energy efficiency improvement. For example, in 2007 one supplier established a council tax rebate scheme in partnership with 42 district councils, offering rebates of up to £100 on cavity wall and loft insulation. This scheme will be rolled out to more local authorities and extended to include solar technologies in 2007.

In addition, 'warmzone' type of activities, which is an area based approach, are a good example of partnership working and have been a valuable way of tackling fuel poverty.

The nature of energy supply means that it cuts across a number of public policy agendas. Local authorities must develop their climate change strategies in discussion with health, housing and education departments. Local strategic partnerships, community strategies, local area agreements and local public service agreements are all delivery tools for energy efficiency awareness and promotion and should be used more widely.

A focus on affordable warmth and power through investment would be welcomed, where Local Authorities help to identify the suitable households and coordinate the activity. It is also important to distinguish between fuel poor and priority group as the two are not necessarily the same. Investment in warm dry homes will contribute to climate change mitigation, and given appropriate targeting will deliver sustainable solutions.



Q5. Are there key issues that the report needs to address in the translation of climate change and sustainable energy and affordable energy goals into LAAs and similar agreements?

The ERA does not believe that information alone will be sufficient to change deeply rooted behaviours. We believe a comprehensive range of information, incentives and, in some areas, compulsion is needed to bring about real change in behaviour. This will require significant funding for local authorities with energy efficiency as a specific Public Service Agreement. Currently under HECA Local Authorities only have a duty to report their energy performance, with no common methodology of measuring performance or targets in place for local authorities to perform to.

We support the proposals in the Local Government White Paper to set out a simplification of the performance frameworks for local authorities (working on their own or in partnership). Local authorities and their partners need the freedom and powers to meet the needs of their communities and to tackle complex cross-cutting issues like climate change. Climate change should be a set priority for all local councils under the Local Area Agreement, with clear localised targets.

If central Government policy for local delivery can promote 'customer-pull' for energy efficiency products the energy supply industry will be able to respond with a variety of services to help customers reduce their consumption. Industry research shows that local authorities are considered by customers to be a trusted and reliable source of information on climate change and energy efficiency. This suggests that binding targets should be set within local authority departments' Public Service Agreements to deliver energy climate change objectives. The important role of the local authority as a trusted face of the community has been recognized in the Community Energy Efficiency Fund (CEEF), where the engagement of the local authority has been made a condition.

Establishing climate change strategies can be a way of local authorities measuring their progress on broader emissions reduction strategies. Many local authorities have adopted council-wide climate change strategies. Examples include Southampton, Bournemouth and Bristol.

Such a strategy can be valuable as a tool to raise the profile of climate security throughout the local authority, signal the authority's commitment to its wider community, and plan actions in a coherent way. The Nottingham Declaration is a voluntary commitment for UK councils to take action on climate change, launched in October 2000 in Nottingham, which over 80 councils have signed up to. Signatory councils have found it a useful way of raising the profile of climate change and making their commitment public.

The ERA believes that local authority funding should be available to support officers to work on energy efficiency and climate change as a permanent established function of local authorities.

Whilst most local authorities have been very adept at improving energy efficiency in their own housing stock, mainly driven by Decent Homes Standards, there is significant improvement needed in private sector initiatives. To ensure change occurs, local authorities should be set mandatory, stretching targets. This will ensure they focus their own resources and provided additional impetus to engage with energy suppliers to utilise CERT funding to support private homes energy efficiency programmes.



energy retail association

Q6. Do you have any specific examples of successful case studies that could be included in the report? Or existing sources of good practice examples which could be referenced in the report?

The energy retail industry has already spent at least £800 million on energy efficiency measures over the last three years, which avoided 15.5 million tones of carbon emissions. Over the next three years, the sector is expecting to spend a further £2.5 billion on energy efficiency measures in households across the country. Working with local authorities will ensure this considerable amount will be targeted appropriately.

The ERA believes a dedicated research-based energy efficiency consumer awareness campaign to tackle the status quo is much overdue from Government. We welcomed the 2006 Budget announcement that funding would be provided for local authority-led publicity and incentive schemes and feel that such activity should be undertaken at a local level. In addition, we recommend that the Government work closer with the EST and other relevant stakeholders to fully address the ambivalence and ignorance surrounding domestic energy efficiency and its benefits and consequences.

Q7: How can the report help the most in reducing the up front resources local authorities have to commit in developing their approach to climate change and affordable and sustainable energy issues?

On major projects the Government could act as guarantor for local authorities. For example, local authorities can offer financial bonds to raise finance for major projects, like installing a district heating system or combined heat and power projects in high density urban areas where there is limited scope for traditional energy efficiency measures such as wall and loft insulation, and where there are higher percentages of low income and vulnerable groups.

I hope that you have found this response informative and constructive and should you wish to discuss any of the points raised above please do not hesitate to contact me.

Yours sincerely,

Frances Williamson
Industry Relations Manager
Energy Retail Association