



EAS Response to: Energy Efficient Scotland Consultation

July 2018

Energy Action Scotland response to the Energy Efficient Scotland Consultation

Energy Action Scotland (EAS) is the Scottish charity with the remit of ending fuel poverty. EAS has been working with this remit since its inception in 1983 and has campaigned on the issue of fuel poverty and delivered many practical and research projects to tackle the problems of cold, damp homes. EAS works with both the Scottish and the UK Governments on energy efficiency programme design and implementation.

The following is only concerned with the domestic sector. EAS has no comment to make in the non-domestic areas of the consultation as this is out with the scope and expertise of the organisation.

EAS believes that the target date of 2040 is too far away to be meaningful. It literally condemns a further generation of Scottish households to a life of fuel poverty. To set this as a target date takes the 'business as usual' approach and will in effect allow home owners, landlords and Government to slow the progress already being made to address fuel poverty. Action needs to be taken sooner and at a higher level of aspiration than set in the consultation.

Consultation Questions

1. What are your views on our proposal for owner occupied and private rented properties to achieve the Long-Term Domestic Standard EPC Energy Efficiency Rating Band C by 2040 at the latest?

EAS agrees that the Scottish Government should set a Long-Term Domestic Energy Efficiency Standard. However, EAS is disappointed that the proposal is set at an EPC Rating Band C and believes that if we are to remove energy efficiency as a negative driver for fuel poverty across Scotland's homes then this should be set at an EPC Rating Band B. Further, all homes should reach an EPC Rating of B by 2035.

EAS notes that a motion passed by the Scottish Parliament in May 2018 on Energy Efficient Scotland stated "That the Parliament welcomes the publication of the Energy Efficient Scotland Route Map, considers that the target for all homes reaching EPC 'C' rating, where feasibly possible, should be no later than 2030, not 2040, given the urgency to reduce carbon emissions and to ensure that every home in Scotland is warm and properly insulated..." However EAS believes that this will not sufficiently expedite the removal of energy efficiency as a negative driver for fuel poverty as many of our homes are already currently sitting at an EPC Rating of D. Lifting homes up by one band on the EPC scale will not have a significant enough impact on the levels of fuel poverty experienced by many fuel poor households. In addition, achieving a B rating will reduce the need for the same homes (i.e. those that had been brought up to a C rating) to have to be made more energy efficient again at some stage in the future, as would undoubtedly be the case.

2. Do you think we should allow for situations where a lower standard is acceptable?

EAS expects that there will need to be exceptions that would allow for a relaxation of the standard where it is not technically feasible or cost-effective for a property to be brought to an EPC band C (or to our preferred band B). However EAS is of the belief that very few homes should be granted an exemption and that the target should be that every home should at least reach an EPC Rating of B. The vast majority of homes should be well within scope of reaching the Scottish Government's target of band C while being both technically feasible and cost-effective over the lifetime of the measure or measures applied.

The energy efficiency target needs to be mindful of the vulnerabilities of the occupants of the home, exceptions should not be considered if meeting a lower target does not meet the primary aim of removing poor energy efficiency as a driver for fuel poverty

There should also be provision for exceptions in the case of extenuating personal circumstances or persistent difficulties with arranging permissions, e.g. a very elderly resident where a decant to allow for disruptive works would have a deleterious effect on health. However the exemption should be reviewed when there is a change of residency. In these cases, it should not be sufficient to do nothing for this household, the fourth aspect of fuel poverty is considered to be the habitual and behavioural understanding of energy use in the home. It may be physically challenging to make improvement to the home, however there should be no barrier to the provision of a personalised home energy advisory service which may need to be a long term relationship between occupant and advisor.

Conversely there should also be a facility for acceleration in the application of energy efficiency measures e.g. in certain cases of cancer diagnoses or where the occupant has been provided with a DS1500 report. Living with a terminal illness should mean a fast-tracking to the benefits of an energy efficient home.

3. Do you think we should allow for situations where a longer period for improvement is allowed? Please explain your answer, giving examples.

EAS does not believe that there should be any need for an extended period to reach the standard where it is technically feasible and cost-effective, given the long notice period for the standard.

EAS is more concerned that there is an incremental approach to achieving the standard. It can often be more challenging to move from a C to a B rating than moving straight to a B rating (which would also obviate the need for the same home to be tackled twice). For example installing an efficient gas boiler to get to a C but then having to remove that boiler and replace it with a heat pump to get to a B, or where the only viable route to a 'B' is with the installation of an integrated renewable generation system, to maximise the benefit to the occupant, a complementary heating and hot water system would need to be installed from the outset.

4. We are proposing that the definition of a cost-effective measure is that it should pay back over its lifetime. What are your views on this definition?

EAS has some concerns about how this definition would work, particularly if the estimates for costs and payback periods are derived solely from carbon saving. A measure such as a heating system may well need to be replaced on a regular basis (that regularity may be a long period of time, perhaps 12 – 15 years but a fabric improvement may well have a much longer period before it needs any maintenance. If the property that the measure is being attached to has a lifespan of 70 plus years then there should also be a property lifetime expectancy built in.

Payback is sensitive to the cost of fuel, as fuel costs rise, the payback in effect gets shorter over time. This means that once designated as outside the scope of 'cost effectiveness' this would need to be reviewed annually to ensure that a rising cost in energy doesn't make it affordable in the future. The old Green Deal (GD) mechanism for determination of GD loan maximum (the so called Golden Rule) was in essence a good idea. This could be utilised to determine the cost effectiveness of measures assuming that changes were made to the system to better reflect the specific location economies and the Scottish built environment.

5. What are your views on the issue of air quality in relation to the Long-Term Domestic Standard?

EAS believes that it is essential that insulation schemes incorporate design and measures for good ventilation at the same time as delivering improved energy efficiency. Equally important is the provision of tailored face-to-face advice for householders so they fully understand how to use of any new technologies fitted to their homes.

Where homes are in effect being made as thermally efficient as new dwellings were when the ventilation regulations were commenced under Section 3 of the Scottish building standards, then there should be a requirement for health and safety purposes to provide an air pressure test to ensure that occupant ventilation in the home will be effective, assuming that the occupants have been sufficiently advised on how to properly ventilate an energy efficiency home.

6. The EPC Rating of a property can be affected by changes to the underlying methodology and to fuel price data. How do you suggest that the programme takes account of this in setting the Long-Term Domestic Standard?

The existing home RdSAP methodology has already by its reliance on the full SAP methodology a mechanism within it which corrects for fuel price fluctuations within the calculation of the EPC rating. Fuel factors only affect the rating on each full revision of SAP, and this is corrected within the model by application of a post calculation adjustment to the initial SAP score. This adjustment track the price of energy across all domestic energy types, however as mains gas is the predominant type, the adjustment tends to work well for mains gas properties and less so for other fuel types.

This difference will become more apparent over a generation as we transition to a low carbon energy economy, the traditional cost relationships between different fuels will change. For the most part, our expectation of electricity cost is closely coupled with the cost of petroleum products as one of the more costly generation components of grid supplied energy comes from the price of mains gas which is the flexible energy source on the network. However, as we take on board more and more renewable generation, this cost coupling will be lost.

As such we would like to see a wider and more comprehensive post calculation adjustment to the raw SAP score, with a fuel factor over time being calculated for each specific main fuel type and applied only where that fuel is present. If this cannot be achieved, then we need to push for different thresholds depending upon the fuel type, much as is already applied under the Energy Efficiency Standard for Social Housing.

7. What are your views on the proposal that all PRS properties meet EPC Energy Efficiency Rating Band C by 2030?

As previously stated EAS believes that all homes should reach an EPC band of B by 2035.

We agree that setting out the trajectory in required standard is important to allow landlords to plan improvements in advance and decide the most cost-effective route to achieve that standard over time.

EAS believes that in many cases it will be more cost-effective and less disruptive for landlords to achieve the higher standard of EPC rating B in one intervention, rather than in stages.

EAS accepts that there is merit in supporting and encouraging landlords to consider the most cost-effective route.

Owner Occupiers: Encouraging Action

8. What are your views on our proposal for an initial period of encouraging action?

EAS does not believe it would be appropriate to call it an 'initial period of encouraging action'. The Scottish Government and indeed the UK Government through their many energy efficiency and fuel poverty initiatives have done a great deal over many years to encourage action.

Energy Efficient Scotland should simply set out a clear and credible pathway to introduce regulations to ensure the vast majority of homes reach EPC band B by 2035.

It should give a clear signal of intent to regulate and set regular review dates to assess progress.

A date of 2040 and an EPC target of C are really hoping that a 'business as usual' approach will suffice.

9. What information would be useful for householders to be able to access on how to achieve EPC Energy Efficiency Rating Band C before 2030?

EAS believes that there must be a major public information campaign, with tailored messages and approaches for specific audiences. This could be led by Home Energy Scotland but not in isolation from other local and trusted agencies such as those funded by the Scottish Government's Climate Challenge Fund and other front line advice agencies.

At the same time an online 'ready reckoner' should be developed that would provide an associated list of measures that should be considered in all cases and next steps depending on construction type and location.

The EPC itself needs to be significantly reviewed to allow it to be an effective platform to convey to the general public as to the routes to action and the realistic, not generalised costs to do this. If this cannot be achieved through the EPC, then the EPC should be utilised in the context of an advisory report and an expert advisor should be on hand to explain in clear terms about the options for the householder. NB both routes would be complementary. The actual role of the Green Deal advisor would be a good starting point for this kind of activity, taking the GD finance out of the relationship means that the future GDA-like advisor can focus of providing bespoke advice and also energy efficiency measures scenario building to meet the needs of the home owner or landlord and their occupants and the requirements of the future standards in housing.

Owner Occupiers: Mandatory Action

10. What are your views on our proposal to follow this initial period with mandating action?

EAS notes that the current proposal is to "monitor progress through wider work to evaluate the roll out of EES, but if this doesn't show satisfactory progress towards meeting our ambition, we think that mandatory action to ensure compliance with the Long-Term Domestic Standard will need to be considered".

EAS considers this to be too vague (for example, what will constitute 'satisfactory progress', and by whom will satisfactory progress be determined?) and that it will fail to act as a driver to encourage householders to act now, meaning more of a requirement for enforcement later.

11. What are your views on our proposal that 2030 is the right point to start mandating action to achieve EPC Energy Efficiency Rating Band C?

EAS believes that 2030 is too late to mandate action for the owner/occupied sector and suggests that regulation is essential as it will shape the market so property values reflect energy performance. Focus needs to be on the E, F and G rated properties, those must make significant progress towards the end goal in a front loaded mandatory action framework.

The owner occupied sector makes up 61% of the housing stock and without some form of regulation EAS believes progress will continue at 'business as usual rates'. This will then never achieve any fuel poverty target nor will it reach the Energy Efficient Scotland milestones.

The Government must set a statutory target for the energy performance of the vast majority of the housing stock to be at EPC band B or above by 2035.

This needs to be backed by a comprehensive engagement programme and financial incentives that will aim for maximum voluntary compliance in advance and minimal requirement for enforcement action. This should be after a drive for the uptake of advice, support and improvements in advance of regulation coming into force.

12. What are your views on our proposal for owner occupied properties to be subject to penalties for non-compliance?

EAS agrees there will need to be some form of penalty (financial, not criminal) for non-compliance to ensure the regulations are credible and will lead to change.

However, the most effective means to encourage compliance will be through positive and supportive engagement efforts, including attractive financial incentives. These would frame energy efficiency in terms of 'warmth', 'comfort' and a modern, desirable home.

We believe that regulating at the point of sale allows the conveyancing process to facilitate compliance. This will be a very effective means of enforcing change and should minimise the need for penalties. It would also allow the option of the house seller to pass on the requirement to the buyer.

Some thought should be given to means to achieve compliance beyond penalties – e.g. through enforcement orders to require improvements. We also think consideration should be given to using the trigger of 'consequential improvements' for regulation of the owner/occupied sector.

This would make sense because it is at the time of major refurbishments that it is easiest and most economical to undertake energy performance improvements and ties in with the homeowners' desire to improve the overall home. In this case, enforcement would be through the existing building warrant procedures.

The current review of the energy part of the domestic building standards should include the existing stock in its remit, and a review of the current standards as they apply to major refurbishments.

As a backstop, consideration should be given to the idea of enforcement action on properties that don't enter in to the sale or rental market over the period. Properties could be improved to the required level via an approved Government contractor, the costs of which could be recovered through the Scottish taxation system

13. What are your views on requiring all types of accommodation to meet the Long-Term Domestic Standard over time? Please explain your answer, giving examples of accommodation you think should/should not be required to meet the Long-Term Domestic Standard if relevant.

It is important that all types of accommodation are included in the Energy Efficient Scotland Route map. Everyone should be entitled to live in a warm, dry, affordable to heat home that does not have a negative impact on the physical or mental health of the occupants regardless of tenure.

As part of the working group that examined the proposals for regulation of the Private Rented Sector, EAS expressed its support for the inclusion of agricultural tenancies and holiday lets in the regulations. While it is positive that ministers are 'considering' the issue of agricultural tenancies, EAS would wish to see a strong commitment with a firm timetable to work with stakeholders to apply the Repairing Standard to agricultural tenancies in the near term.

The same applies to holiday lets and HMOs – where 'further work' is referenced. This is an area of increasing concern with the growth of the use of AirBnB and similar platforms that can lead to a practice of short term lets avoiding regulatory requirements for the PRS.

The reviews of the agricultural tenancies and holiday lets should be completed in the near term, so they do not get left behind in the Energy Efficient Scotland programme.

Further consideration must be given to how listed buildings and conservation areas, for example, might be helped to reach appropriate standards.

14. Please provide your views on our proposal that all homes with fuel poor households are to reach EPC Energy Efficiency Rating Band C by 2030, where technically feasible and cost effective?

EAS agrees that the Energy Efficient Scotland Programme should give priority to removing poor energy performance as a driver for fuel poverty. However it needs to be kept in mind that energy efficiency alone will not eradicate fuel poverty, action must be taken on improving incomes, reducing energy prices, and managing energy use (also changing behaviour).

EAS would suggest that consideration needs to be given as to what giving 'priority' to fuel poor homes means. There has been some acceleration of improvements in areas of deprivation through the HEEPS-ABS approach, coupled with the national Warmer Homes Scotland, which provides a certain amount of grant support for those deemed to be fuel poor. In addition, the Scottish market needs to engage much more efficiently with the ECO finance. This is a much larger pot of potential funding which is now 100% focussed on delivery of measures to fuel poor and vulnerable households. LA can have a lead role in the future ECO3 programme through the 'Flexible Eligibility' scheme, allowing LAs to designate non-eligible households as beneficiaries of the scheme due to their specific vulnerability. To date, only 12 of the 32 LAs in Scotland can utilise this mechanism and EAS is keen to investigate ways to improve this proportion.

These programmes need to be built on, in both pace and scale so they will deliver and exceed the expected standard. As commented earlier it makes no sense having to return to a home to move the rating up one band from a C to a B when a B is achievable in the first instance.

It is likely that even with a new definition of fuel poverty that some form of proxy will be needed to identify large areas of fuel poor households. This may be use of council tax bandings for example an area which has mainly council tax bands

A to C is unlikely to be one where the best homes and affluent householders are. Therefore in an area based approach this may be a suitable proxy to identify fuel poor households. It would be very difficult to treat or fit measures to homes that sit side by side to have one achieve an EPC rating of C while the other in fuel poverty has some form of additional measure to take them to a rating of B.

It is recognised that fuel poverty can in some cases be a temporary state perhaps caused by unemployment. Therefore a household not in fuel poverty this year could well be in fuel poverty the following year and vice versa.

15. Please provide your views on our proposal that all homes with fuel poor households are to reach EPC Energy Efficiency Rating Band B by 2040, where technically feasible, cost-effective and possible within limits affordable to the public purse?

As noted in our answer to question 1 EAS's stance is that all homes, with an allowance for exceptions (technically feasible and cost-effective) should achieve an EPC rating of B by 2035. Fuel poor households in private housing should have the same energy performance standard – and the comfort, affordable energy, and healthy home – that social housing provides.

The phrase used in the consultation of 'limits affordable to the public purse' requires further definition and explanation. EAS has no firm offer of what this might mean at this time.

16. In addition to what we have set out in paras 46-50, what should the Energy Efficient Scotland Assessment Short Life Working Group also consider? Please explain your answer.

We commend the Scottish Government's efforts to address concerns relating to the assessment process. We are keen to see the results of the workshops conducted earlier in 2018 based on issues raised in the SEEP consultations. These workshops have come some way in 'myth busting' perceived problems with the SAP assessment methodology and identifying those issues which must be addressed for EPCs to be used in wider policy applications.

Improving and/or supplementing the existing assessment process is critical to the credibility and therefore success of Energy Efficient Scotland. The assessment should answer the following questions:

- What is the current energy performance rating of my property?
- Does it comply with the required (recommended) standard?
- If not, what do I need to do to comply? Advice, measures, process, expertise required.

The consultation does not set out a remit for the working group. In our view, the remit should include:

- Accessibility of information to householders
- Affordability and cost-effectiveness
- Process for updating in terms of technologies, prices and paybacks

- Skills and certification of assessors, specifiers, installers and advisors
- Uniform (across the board) quality assurance procedures
- Relationship to repairs and maintenance

17. What are your views on whether the Long-Term Domestic Standard should be enforced at a local or national level? Please explain your answer.

EAS believes that further detail and greater clarity on the intention to enforce is required before it is appropriate to decide whether local or national would be the better option.