

IEA White Certificate Workshop

Energy Efficiency – A
Business Perspective

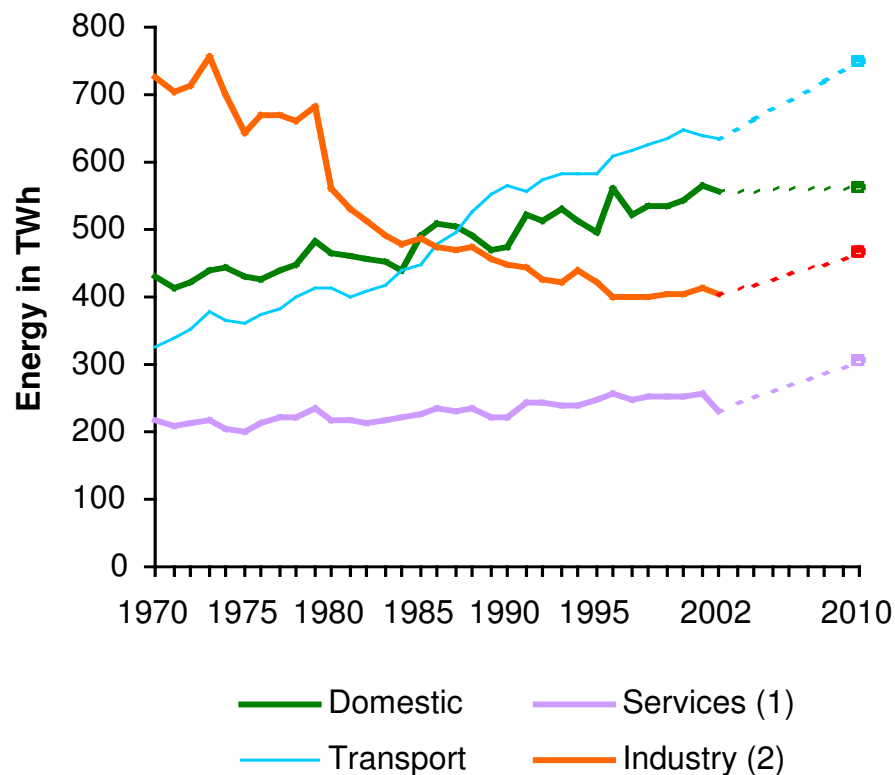
Russell Marsh
Head of Policy, UKBCSE

9th November 2004

Success of Energy Efficiency Policy

- EEC and SOPs have been successful
 - Suppliers have consistently met their targets
 - White goods market transformed
- BUT energy consumption (and carbon emissions) still rising in domestic sector

Projections of energy consumption



Final energy consumption by sector, 1970 to 2002, with projections to 2010

- Services include the commercial and public sectors and agriculture
- Industry includes construction

EEC 2 - Outline

- Target expected to be set at 130 TWh (double the current level)
- Estimated to cost £9.00 per customer, per fuel per year
- 50% to be delivered in Priority Group
- Large proportion expected to be delivered through insulation

EEC 2 - Issues

- Concerns over capacity of insulation industry to deliver
- Will become more difficult to find 'willing' consumers
- Could lead to higher deliver costs and therefore increased costs to consumers
- Inclusion of Priority Group complicates the package and reduces the carbon impact
- No incentive to beat target and trade surplus.

Energy Services

- Seen as being **the** solution, but not currently being developed on large scale
- Government introduced trial in attempt to stimulate development – too early to see results
- Not clear whether 28-day rule enough to stimulate – cheaper to fund measures through EEC
- Will consumers sign up to longer-term contracts?

White Certificates – New incentives?

- Focus on whole house rather than individual measures
- Could provide enhanced incentives to invest
- If linked to buy-out price could reduce risk (and overall cost to consumers) and encourage innovation

White Certificates - Issues

- Target denomination – energy savings installed (as currently), absolute or percentage energy demand reduction, carbon reduction
- Links to other schemes – EU Emissions Trading
- Priority Group
- Measurement and Verification
- Application in the commercial building sector

Other measures

- Fiscal incentives to encourage demand (Stamp Duty, Council Tax, Business Rates, Climate Change Levy)
- Increasingly tighter building regulations
- Dedicated fuel poverty programme