

Engaging stakeholders in the implementation of the Energy Performance of Buildings Directive: example of collaboration in the UK through the Energy Efficiency Partnership for Homes

David Weatherall
Energy Efficiency Partnership for Homes
c/o Energy Saving Trust
david.weatherall@eeph.org.uk

Keywords

Energy Performance of Buildings Directive, collaboration, partnership, stakeholders, energy efficiency, housing, homes, energy performance certificates, allies, opponents

Abstract

The paper focuses on the role of the Energy Efficiency Partnership for Homes (EEPH) in responding to the transposition into UK law of Article 7 of the European Energy Performance of Buildings Directive (EPBD). The paper discusses the work of a formal, multi-sectoral partnership in responding to EPBD and in aiming to increase its impact and effectiveness.

EEPH is a voluntary network with 700 members from the supply chain for domestic energy efficiency and 17 structured working groups organised around particular industry sectors or issues. With such a comprehensive footprint, EEPH has been central to information dissemination about EPBD to the industry and provided a pool of experts for consultation. Seminars and workshops have been staged on different aspects of the directive implementation.

The working groups of the Partnership - with formal structured support on planning and delivery - have collaborated to increase the impact of the legislation. For example, the home purchase working group of the Partnership has worked with banks on the introduction of preferential mortgages (green mortgages) for energy efficient homes, linked to Energy Performance Certificates (EPCs).

The paper examines different elements of the EPBD requirements affecting the domestic sector - in particular Energy Performance Certificates for home sales - and how these have been or will be introduced in the UK. It considers how the formal partnership structures provided by the EEPH are supporting

and responding to the transposition process, and where challenges have arisen in the process of building collaboration.

Introduction

The Energy Efficiency Partnership for Homes (EEPH/ the Partnership) is unique in Europe. A formally structured, but voluntary, partnership it is funded by government to bring together the fragmented supply chain for energy efficient goods and services in the domestic sector. The Partnership has over 400 different companies, associations, government bodies and voluntary groups involved, and over 700 individual members.

For many parts of the energy efficiency supply chain, the transposition into law for England and Wales of the Energy Performance of Buildings Directive (EPBD) is the biggest single change to their operating environment since the turn of the century. This paper explores the role of the EEPH in informing the supply chain of the requirements of the EPBD, of assisting them in dialogue with government about its transposition, and of helping them to develop joint actions in response to the new legislation and regulations.

The paper aims to explore the role of a formal collaborative structure in assisting in the effective implementation of European energy efficiency legislation in a particular member state. The paper should assist thinking about how energy agencies or others can develop collaborative structures to help build an effective response by the energy efficiency supply chain to European level policy changes.

This paper does not in any way aim to present a full picture of the process of EPBD implementation in the UK or even to present all aspects of the Energy Efficiency Partnership for Homes response to the directive. In particular the paper fo-

cuses on the requirements in Article 7 for energy performance certificates (EPCs). The paper also does not address the mechanism for transposing EPBD in Scotland and Northern Ireland, concentrating instead on England and Wales. It should also be noted that EPBD transposition is still a work in progress, as the UK has delayed implementation of some aspects of the directive until 2009, as it is allowed to do – in agreement with the Commission – under article 15 of the EPBD.

The Energy Efficiency Partnership for Homes

MEMBERSHIP AND OPERATION OF THE EEPH

Membership of the Energy Efficiency Partnership for Homes falls into two categories. Firstly, general members make up around half of the 700 individuals in the network. These individuals receive invitations to free EEPH seminars and conferences and regular communications through emails covering a wide range of topics in energy efficiency. General membership of the EEPH is available to anyone from across the UK¹ who can demonstrate a professional interest in domestic energy efficiency issues. A large part of the membership are drawn from the core energy efficiency industries – insulation and heating companies, for example. Others come from public sector or voluntary agencies with a role to promote sustainable energy – local authorities and housing associations or environmental organisations. But increasingly members of the EEPH are coming from a much wider range of bodies, for example finance companies, who are beginning to see that they have a role to play in this agenda.

While half the EEPH members are general members, the other half are more actively involved: serving on formally constituted standing working groups. These individuals tend to be senior stakeholders in particular industry sectors or who have a professional concern with particular issues. Membership of the working groups is on a by-invitation basis.

The seventeen working groups fall into two broad categories. Firstly, there are trade groups which bring together the makers and retailers of energy efficient products alongside government stakeholders, the Energy Saving Trust (EST – the national domestic sector energy agency), and the Building Research Establishment (BRE – which has developed the UK methodology around measuring domestic energy saving). The EEPH has trade groups covering lighting, heating, fenestration, insulation, white goods and brown goods (consumer electronics).

EEPH intermediary groups bring together bodies concerned with promoting a whole house approach to energy efficiency through different types of intermediary agency or activity. Groups of this type include a social landlords' group, a fuel poverty co-ordination group and an energy advice providers' group. Both trade and intermediary groups are formally constituted with a chair drawn from the industry concerned, annual workplans, and quarterly minuted meetings.

1. The Partnership has a UK-wide remit (covering England, Scotland, Wales and Northern Ireland). Most areas of government policy with an impact on domestic energy efficiency have been devolved to the separate legislatures of Northern Ireland and Scotland, while the Welsh Assembly Government has a more limited set of devolved powers. Accordingly this paper deals principally with policies covering England and Wales which are largely set at Westminster (London).

Key to the EEPH's operation is a set of dedicated resources, both staff and financial resources. A secretariat staff of four people are based in the Energy Saving Trust (the UK energy agency funded by government to promote energy efficiency in the domestic sector). These staff work entirely to facilitate the EEPH under the direction of the network's Steering Committee. Alongside this dedicated resource in terms of staff, the EEPH budget also allows for funding of research projects².

How have articles 7 & 8 of the Energy Performance of Buildings Directive been implemented for the household sector in England and Wales

This section gives an overview of how the relevant sections of the EPBD have been implemented in England and Wales. The section deals with Articles 3 and 4 as well as Article 7, as Articles 3 & 4 provide for the establishment of the underpinning methodologies for EPBD implementation.

ARTICLES 3 & 4

Developed by the Building Research Establishment, the Standard Assessment Process (SAP) provides the methodology used in the UK to assess the energy performance of dwellings. Based on energy cost, SAP provided a numerical rating of the home's energy efficiency. In response to the EPBD, new versions of SAP were developed. Firstly, a 2005 revision of the full SAP methodology for the first time provided a way for including renewable energy and community heating measures as part of the home rating – as required under EPBD Article 3. Secondly a version of the methodology was produced which can provide an energy rating with a reduced set of data about the home's characteristics. This methodology – RDSAP (Reduced Data SAP) – is used as the methodology to give a rating to existing homes for the Energy Performance Certificate.

A home with a better energy performance scores higher on the SAP rating. This is the reverse of the methodology being employed in many European countries where rating systems are being based on energy used per m² of floor area.

A substantial revision was made to the English and Welsh building regulations in 2005. For the first time – and in line with the directive Articles 4 & 5 – this introduced a minimum energy performance standard for new buildings. This is calculated as a target emissions rating on the basis of the home's size and layout.

The 2005 building regulations also considerably strengthened other aspects of the regulations concerned with domestic energy efficiency. Most notably, the regulations outlawed non-condensing gas boilers for new purchase or replacement in most domestic situations.

2. The ability of the Partnership to undertake activities of this sort has been declining over several years, due to a budget that has remained fixed at £1 m per annum (EURO 1.5 m) for over five years – therefore declining in real terms. This has been coupled with rising secretariat costs related to a significant increase in membership of the network – membership has tripled in the last three years.

ARTICLE 7 – GENERAL

Article 7 of the EPBD requires that “when buildings are constructed, sold or rented out, an energy performance certificate is made available to the owner or by the owner to the prospective buyer or tenant, as the case might be.”

The finalised design of the Energy Performance Certificate to be used in England and Wales for marketed sales of existing homes will include the following elements:

- Energy efficiency rating (based on fuel costs)
- Environmental impact rating (based on CO₂ emissions) of the home.
- Estimated energy use (kWh/m²), CO₂ emissions (tonnes per year) and fuel costs (£ per year) for lighting, heating and hot water, for both the current and potential situations where all ‘cost-effective’ measures have been implemented
- Information about the energy performance of the main elements of the home
- Information about measures that can be taken to improve the property, divided into cost effective lower cost measures (with a cost of up to £ 500/EURO 750), cost effective higher cost measures (with a cost of over £ 500) and further measures to achieve even higher standards
- Examples of no-cost energy saving tips and information about contacting the Energy Saving Trust’s advice network

In the case of new homes, EPCs will be based on the SAP assessments that are carried out to demonstrate compliance with

Part L1A of the Building Regulations. These assessments are carried out by ‘Authorised SAP Assessors’ based on drawings and specifications rather than a survey of the property. Since in the case of new homes there will be few (if any) appropriate energy efficiency improvement measures, there may be a different format for the certificates in these cases, but this has yet to be confirmed.

Article 7 – Introduction of Energy Performance Certificates for Marketed Home Sales

The introduction of Energy Performance Certificates for home sales has been by the far the most controversial aspect of the transposition of EPBD requirements in England and Wales. Some background to the political situation is necessary to understand why this has been the case.

2004 saw a new Housing Act in the UK – an Act which would include wide reforms to the cumbersome home buying and selling process in England and Wales. The government’s idea was to introduce a Home Condition Report (HCR) within a Home Information Pack³ (HIP) as a mandatory part of the home sale process for all homes sold. The HCR would give information about many aspects of the home’s condition, and the Energy Performance Certificate would sit as one – fairly minor – element within it.

Home Condition Reports were to be put together by a new cadre of home inspectors and a new training programme and accredited qualification was developed for these inspectors. One part of the home inspectors’ work would be to prepare the Energy Performance Certificate using RDSAP (see above).

Plans for Home Condition Reports ran up against powerful opposition, particularly from real estate agents. There were fears that the cost of the reports (estimated at £ 600/ EURO 900) would slow down the housing market. House prices have doubled in the UK in the last five years and anything that impacts on house prices raises public and political concern. By summer 2006 the government were faced by a home purchase industry lobby opposed to HCRs, attacks in parliament led by the opposition Conservative party and an increasing number of negative front pages in the press. On 18 July 2006 the minister concerned changed her mind and announced plans to introduce the Home Condition Report on a voluntary, rather than mandatory, basis. The Energy Performance Certificate, however, was the one element of the HCR that would remain compulsory for house sales. This was essential if the government was going to comply with EPBD.

With the government’s change of heart the biggest impact has been a very rapid rethink about the plans for the independent inspectors. With no date in sight for the HCR to become mandatory, becoming a home inspector became a comparatively unattractive option. However, the UK still needed a body of “independent and accredited experts” to produce mandatory Energy Performance Certificates. The government therefore committed to producing a new accredited qualification for “energy inspectors” who would be qualified to prepare the EPCs. The new qualification was only finalised in February 2007.

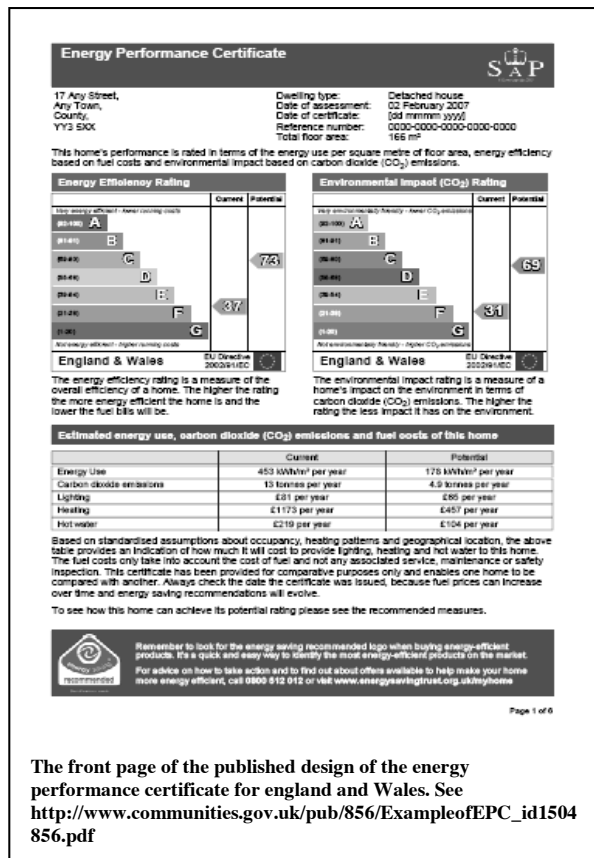


Figure 1

The front page of the published design of the energy performance certificate for England and Wales. See http://www.communities.gov.uk/pub/856/ExampleofEPC_id1504856.pdf

3. The wider Home Information Pack – in addition to the Home Condition Report – contains details of the sale, nature of the lease etc.

Energy Performance Certificates will now be launched in the UK on a mandatory basis (within Home Information Packs) from June 2007. The full national roll-out of the certificate is being preceded by a roll out in trial areas, where the provision of the EPC is grant-aided. These pilots began in November 2006.

March 2007 has seen the launch of publicity targeted at householders for the new certificates, and it now seems certain that the certificates will indeed come into compulsory force in June. However, several industry organisations from the Home Purchase supply chain remain opposed to the implementation date. This is particularly because they argue that – given the late finalisation of the training regime – there will not be sufficient numbers of energy inspectors qualified to produce the new certificates.

Article 7 – Introduction of Energy Performance Certificates for Rented Homes

Plans for the introduction of EPCs for home sales have enjoyed high public profile and press attention. In marked contrast, the fact that an energy certificate will be made available every time a home is rented out remains largely unknown among the public in England and Wales.

Government has advised that the EPC for social rented housing will be introduced in Spring 2008. The Department of Communities and Local Government (DCLG)⁴ is encouraging social housing landlords to incorporate certificate into their existing stock management processes. DCLG is also looking into the possibility of allowing scope for representative certification by social landlords (ie an energy certificate for one type of property instead of forevery single property of that type) – as is allowed under Article 7.

Plans for the implementation of the certificate in the private rented sector remain even less well developed. Government has given an implementation date of Autumn 2008 for certificates in this sector – effectively the final deadline given that the UK has exercised the three year derogation option under Article 15 of the EPBD.

EEPH action relating to the EPBD

This section gives examples of some of the activities the EEPH network has undertaken in response to the introduction of the EPBD, explaining how these have either helped to ensure smooth implementation of the directive, or to build new initiatives that can maximise the directive's impact.

The range of EEPH activity has been:

- Dissemination of information about progress on implementing the EPBD through email and events;
- Facilitating industry in responding to consultations on aspects of the directive implementation;
- Research projects undertaken using the Partnerships core budget looking at aspects and likely impact of EPBD implementation;

- Collaborative working between EEPH members – supported by the Secretariat – to identify the potential for new commercial initiatives in response to the changed policy environment put in place by the EPBD.

Through these different activities the EEPH is assisting in the effective transposition of the EPBD by:

1. Countering the negative messages around EPCs for home sales through research and supporting partners' public relations work;
2. Keeping stakeholders informed of the progress in transposing the directive into UK law and enabling discussion between stakeholders;
3. Supporting informed and effective policy implementation by government, by enabling formal and informal discussion with key stakeholders;
4. Supporting the energy efficiency industries in collaborating to respond to the new market opportunities provided by the launch of EPCs.

Examples of each of these four activities are provided below.

COUNTERING THE NEGATIVE PUBLICITY: RESEARCH INTO THE REACTION TO ENERGY PERFORMANCE CERTIFICATES

The Partnership's Home Purchase and Finance Group brings together home purchase industry players who are positive about the plans for introduction of energy performance certificates. The group's chair and vice-chair come from financial companies that have particularly sought to offer products to a niche "green" audience. Other members come from companies developing home energy rating products, from surveying companies and larger lenders such as Barclays Bank and the Council for Mortgage Lenders – the trade association for lenders.

As identified above, there has been extensive negative media coverage in the UK about the planned introduction of EPCs within Home Condition Reports. Most of this was based on uninformed assumption about the attitudes of both sellers and the industries involved. The EEPH Home Purchase and Finance group felt it was important that actual research to be undertaken in order to provide a more balanced view of the likely response to EPCs.

As one of their main activities in 2006 this group therefore commissioned a market research agency to carry out quantitative and qualitative research into attitudes of consumers and the home purchase supply chain to EPCs.

The conclusions of this research did not paint a wholly positive picture of the likely response. However, the research did not support the widely stated view that EPCs within Home Condition Reports would have a disastrous impact on the market. In particular the research showed that the attitudes of staff on the ground in the supply chain – particularly estate agents – was much less negative than that of their national trade association. The outputs from this market research was widely used by members of the EEPH Home Purchase and Finance group, including government, particularly in press and PR work.

The research found that most consumers did not envisage that the certificate would have a significant impact on the buying and selling, and would be of comparatively little interest

4. DCLG is the central government department with responsibility for EPBD transposition

at the time of home sale. However, on the positive side most consumers welcomed the information it contained. The below gives some examples of the views expressed by consumers in focus groups⁵:

- “I’d be interested if you were saving on your bills, but I don’t think it would sway me whether to buy it or not”
- “If you saw a crap [very poor] [energy rated] property you could go in with a lower offer”
- “If I’m buying an older property I already know it’s not going to be energy efficient”

Research into the supply chain looked at attitudes of estate agents, lawyers, mortgage lenders and surveyors. One estate agent in the focus group said “It’s always good to have a fuller picture of a property you’re buying, but I just don’t think people are interested in an environmental perspective”⁶. Looking across all the different sectors surveyed the overall response to the certificate was positive⁷:

- 73 % agreed it would provide useful information for house purchasers to act on in the future
- 64 % agreed it would create an interest in energy efficiency and how energy can be saved
- 59 % agreed it would encourage people to save money on their utility bills
- 54 % agreed it would influence price negotiations (based on 103 interviews).

It is interesting to speculate how attitudes to EPCs might have changed were this research to be repeated in 2007 – a year later. In the UK, over the past year the issue of climate change has become a major issue in the media on a daily basis. Coupled with this, plans for the introduction of Energy Performance Certificates have become much more widely known. The government’s change of plans away from a wider Home Condition Report is likely to have a positive impact on the profile of the EPC, which will now be the only piece of information about house condition which has to be available by law at the point of sale.

INFORMING THE POLICY IMPLEMENTATION PROCESS

The EEPH brings together the main players in energy efficiency from sectors ranging from the insulation industry to local authorities to private landlords. EEPH therefore provides an easy and cost-effective way for government to engage with affected industries as it plans for policy implementation in the area of sustainable energy.

The Partnership has a strong and close relationship with government. Representatives of government departments sit on several of the working groups. Because the Partnership is government-funded neither the EEPH, nor its working groups,

can take a position on political issues. However, the Partnership’s working groups can comment and advise on policy implementation and a key activity for the groups is responding to government consultations.

At its simplest level the EEPH, through its wider network and working groups, ensures that information and progress by government on implementation of the EPBD directive is communicated to the relevant industry stakeholders. Much of this is done directly from civil servants to stakeholders on the EEPH working groups, and since 2004, DCLG has increased steadily its representation on the Partnership’s groups.

A good example of this role in facilitating dialogue between government and stakeholders is the engagement with the private rented sector which has been facilitated by the EEPH structures. Standards of energy efficiency are lowest in the private rented sector in the UK and the sector is dominated by small landlords owning a handful of properties. In general private landlords have been very resistant to perceived state interference in their market and have had a historically antagonistic relationship with government. Against this background, a challenge for government is engaging in consistent, positive dialogue with this sector – particularly when the subject of the debate is the introduction of new regulations.

The EEPH has played an important role in enabling positive dialogue with the private rented sector on EPBD requirements. A new EEPH working group for private landlords was formed in 2004. This group, for the first time, brings together representatives from the UK’s two main private landlord associations alongside environmental organisations and government representatives to discuss energy efficiency. Importantly, this is a group who – within their formal terms of reference – are supportive of higher energy standards in the private rented sector. Government has drawn extensively on the membership of this group for formal and informal discussion about the implementation of EPCs in this sector. Members of the group have been involved in discussion with government through the meeting, but also most of the members have also been invited for bilateral discussions directly with DCLG on aspects of the directive. The EEPH group thus serves both as a forum in itself, and as a resource for government in providing a pool of skilled people from the relevant sector who are interested to be supportive of the policy implementation process.

EEPH consultation on the design of the Energy Performance Certificate

The role for EEPH in supporting government on policy implementation was demonstrated in the role it played as a vehicle for stakeholder consultation on the design of the Energy Performance Certificate for marketed sales of existing homes. The EEPH – at the request of Defra⁸ – staged extensive consultation on the design of the certificate and the new RDSAP methodology that would be used to calculate the rating on the certificate for existing dwellings.

The partnership structures provided two routes for these consultations. Firstly different potential designs and questionnaires on aspects of the EPC design and methodology were placed on

5. Focus groups were convened in two parts of the country (Leeds and London). In each case two groups were convened – one involving first time buyers and the other more experienced purchasers. For the full report see *Energy Performance Certificate Supply Chain Research, Market Research Report*, Energy Efficiency Partnership for Homes, London, UK, 2006, Page 20

6. Ibid. Page 38

7. Ibid. Page 35

8. Defra (the Department of the Environment led the process of developing the design of the certificate for the Department for Communities and Local Government)

the Partnership website, and the consultations highlighted in the Partnership's eNews bulletin. This enabled all EEPH members to be involved in consulting on the design. These pages rapidly became the most visited sections of the site. Secondly, through the working group structure of the Partnership, groups of stakeholders from particular sectors or with particular areas of interest were able to discuss aspects of the EPC design. Defra, and consultants working with them on the design of the certificate, assessed and responded to comments and, on some aspects of the design, decisions were taken on the majority view expressed by members of the Partnership. This process and its results were all placed in the public domain.⁹

INFORMATION AND DISCUSSION

The EEPH news service is produced weekly and is used in relation to EPBD principally to communicate about formal consultations and announcements about policy decisions. The news service has also provided more detailed overviews on the progress in implementing the directive requirements¹⁰.

The EEPH has staged two events on the EPBD. The first of these was held in late 2004 and provided a general introduction to the Directive for all members of the Partnership¹¹. The second event, held in September 2005, was focused specifically at the home purchase and finance supply chain and provided information about the directive requirements particularly relating to EPCs.

Opportunity for open discussion is provided on the EEPH website. To give an example, one particularly heated debate ensued when a leading social housing provider argued through the forum that energy performance certificates in his sector could actually lead to lower levels of investment in energy efficiency improvements¹². The case made was that social rented housing already had comparatively high energy efficiency standards. Against this background imposition of a rigorous and expensive certification regime for all properties, will simply take money away from investment in actual energy efficiency measures. Responders made the points that social housing tenants had the same right to know about the energy efficiency of their property as any other type of householder. An outcome from this discussion is probably the government encouragement for social housing providers to integrate EPC production within their existing stock management systems (see above).

The EEPH discussion forum does not have any direct route to influence policy makers, but provides a way of enabling discussion directly between members of the wider network of 700 people. Members of the network tend to use it as a way of building support within the wider energy efficiency community for views that they will then go on to present to government through other routes. This is an area the EEPH Secretariat would like to see develop, but the forum has been affected by some of the issues that affect all such facilities: debate is some-

times uninformed and dominated by the people who can shout loudest.

INFORMING INDUSTRY AND HELPING THEM PREPARE FOR THE NEW LEGISLATION: RESEARCH TO ASSESS THE IMPACT ON THE ENERGY ADVICE PROVIDER INDUSTRY

The Energy Advice Providers Group of the EEPH brings together representatives of the sectors involved in providing impartial energy advice in the UK. These include representatives from:

1. The energy retailers who – as a condition of their license to trade – are obliged to provide impartial energy efficiency advice;
2. The Energy Saving Trust's local energy advice network funded by central government;
3. Local authorities;
4. Local Energy agencies funded through other sources (such as EU programmes).

In 2006, the Energy Advice Providers Group commissioned research into the likely impact of the EPC on advice providers across these four sectors. The rationale behind this research was to assess how advice providers might adjust their services to (a) respond to queries arising from EPCs and (b) to maximise the positive opportunities for their advice business arising from the new certificates. It was clear that no other agency or government department was directly addressing this issue.

One million, six hundred thousand homes are sold each year in the UK. From June 2007 each one of these sales will be accompanied by the EPC and of course both sellers and buyers potentially have an interest in the contents of the certificate. If only around 5 % of sellers and buyers¹³ seek follow up advice and action then the likely impact will be a very significant increase in demand for the services of the advice industry¹⁴. The likelihood of buyers and sellers seeking follow-up advice to their EPC is made more likely by the inclusion in the document of the number for EST's local advice network.

As part of the research undertaken for the EEPH working group, a survey of advice providers was carried out. Particularly highlighted by the advice providers in their responses was the potential of EPCs to increase the overall client base for advice, to assist them in reaching clients at an opportune time to influence investment, and to develop new partnerships, for example with estate agents and EPC/ Home Information Pack providers. Many of the advice providers were also examining how they could become qualified home energy inspectors themselves in order to provide a more joined up service to their clients.

In terms of action that the advice providers had already begun to take, the research found the level of uncertainty around the details of implementation of EPCs in England and Wales had made it difficult for the providers to plan for any additional activity. However, a number of agencies were starting to pro-

9. Available here: http://portal.est.org.uk/uploads/documents/partnership%20Consultation%20Response%20FINAL%2026_05_06.xls

10. See http://www.eeph.org.uk/energy/lead/index.cfm?mode=view&news_id=466

11. Details of this event are available at: http://www.eeph.org.uk/resource/events/index.cfm?mode=view&category_id=2

12. <http://www.eeph.org.uk/resource/opinion/005>

13. ie an additional 160,000 people a year

14. The Energy Saving Trust's advice network in 2005/06 dealt with 840,000 customers

mote their services to estate agents, and to build EPC promotion into annual marketing plans.

An additional output of this work was the outline of a training plan for advice providers on how they can respond to the introduction of EPCs. This training plan has been used as the basis of a training programme for the Energy Saving Trust local advice network on EPCs

Though this research involves many speculative elements – the impact of EPCs on homebuyers' behaviour is essentially unknowable until it happens¹⁵ – it has served to highlight to advice providers the impact of the forthcoming certificates, providing a base of knowledge for the EEPH advice providers group in order to disseminate information. It has led directly to new action by the major strategic agencies in preparing for the certificates' introduction.

BUILDING COLLABORATION TO MAXIMISE THE IMPACT OF THE NEW CERTIFICATES: GREEN MORTGAGES

Through collaborative action EEPH members have sought to help in the effective and smooth implementation of the EPBD in the UK. However, the work of the EEPH does not stop at collaboration to ensure effective policy implementation. The EEPH also aims – through collaboration – to identify new products and services that can be provided in energy efficiency. Such initiatives can build on new government policies and regulations like those introduced by in transposing the EPBD.

An example of this is the work of the EEPH Home Purchase and Finance Group in looking at how the introduction of Energy Performance Certificates in the domestic sector could support the introduction of green mortgages. The concept of a green mortgage – a mortgage which in some way incentivises environmental action on the part of the householder – has been discussed in the UK for a long time.

The Home Purchase and Finance Group, and particularly an informal sub-group made up of banks and building societies, in 2005 commissioned research into the viability of green mortgages in the UK market. This research proved fairly negative reading: it concluded that there were few – if any – products in the marketplace that could be said to constitute a green mortgage. It said that energy efficiency would have to enjoy a higher profile in the UK for consumers to be interested in green mortgages, and consequently for large banks and building societies to be interested in developing them. The report also concluded that there was no agreed definition of a green mortgage¹⁶.

The EEPH sub-group, responding to this report, spent the latter part of 2005/6 consulting across a wide range of stakeholders to agree the definition and characteristics of a green mortgage. They agreed on the following: *"A green mortgage (home loan or further advance) offers a financial incentive which encourages the home owner to buy or to work towards a high energy performing home."*¹⁷

The group have also argued that the introduction of EPCs from June 2007 will help overcome many of the obstacles identified in their 2005 report. The EPC should give energy efficiency a much higher public profile at the point of home purchase, particularly when coupled with increased public awareness of climate change. The EPC also provides a way for the lender to assess whether a home is already a "high energy performing" property, or to identify the actions which the buyer needs to take in order to make it one.

In order to promote the development of green mortgage products among UK lenders, the group have worked closely with the Council for Mortgage Lenders – the trade associations and one of the members of the group. The group also asked the EEPH secretariat to arrange a meeting of lenders to discuss green mortgage in November 2006. This proved very encouraging with the vast majority of the UK mortgage market represented.

A further meeting for industry representatives held in January 2007 in the House of Commons by a Parliamentary Group on Climate Change and involving members of the EEPH Group further called for the industry to follow the Group's definition.¹⁸ In March 2007 the Chancellor of the Exchequer (Finance Minister) called on finance companies to make financing for sustainable energy measures in homes more accessible. At this point many of the industry players – particularly smaller lenders – announced that they would be launching new products in this area. The details of how most of these products will work is not yet clear, but it seems that most will comply with the group's definition.

The EEPH industry group has thus played a leading role in driving the development of this new product category – from research in 2005 which identified the barriers to the product development, through identifying what the products should look like, and promoting these to industry. Of course this work hasn't been undertaken alone and government support for this agenda has also been critical. At the time of writing we are entering a new exciting phase with products just coming onto the market and the EEPH Secretariat will now shift to looking at how they can work with the industry to ensure these have maximum impact.

The EEPH Contribution to the Effective Transposition of the EPBD in England and Wales: Assessing the Collaborative Approach

This section will review how the formal collaborative structures of the EEPH have contributed to the effective transposition of the EPBD requirements.

LIMITATIONS OF THE COLLABORATIVE APPROACH

A formal collaborative approach can do much to ensure smooth implementation and increased impact of energy efficiency policy. But the collaborative approach also has its limitations, both in terms of the types of stakeholders that can be reached and in supporting new initiatives.

15. or at least until pilot studies are completed – which in the UK will be in April 2007 – see above. However, the view of the EEPH Advice Providers working Group was that some preparatory work was necessary to give advice providers more than two months to prepare for the introduction of the certificates.

16. Making Mortgages Energy Efficient? Scoping research into the accreditation of financial products that promote sustainable energy use, EEPH 2006

17. It should be noted that this excludes mortgage products whereby the lender offers to offset the CO₂ emissions from the home concerned. For the full definition see <http://tinyurl.com/3dy3ck>

18. A report on this activity and the market response is available from the Guardian a leading UK Newspaper. This report also highlights the EEPH definition: <http://environment.guardian.co.uk/energy/story/0,,2046738,00.html>

The Partnership's work on EPBD illustrates two types of stakeholder who have tended to fall outside the reach of our work in this area. Firstly, there are stakeholders who – though important – are opposed to entire direction of the policy concerned. Estate agents are an example here. With their trade associations opposed to any additional information at all being made available at home purchase on a mandatory basis, it has proved impossible to engage them in discussion and networking focused on the positive opportunities around EPCs.

Secondly, there are the stakeholders whose businesses are so closely affected by the new policy that they need contact with government at a greater frequency and depth than the EEPH structures can provide. An example in relation to EPBD have been energy rating companies. Because energy rating is key to the delivery of EPCs, the government has worked very closely with the leading companies and trade associations in this field. Against this background the information, discussion, research and collaboration with government offered through EEPH offers little additional value. As government focus moves on, and EPBD requirements become an established part of UK law, we envisage that these energy rating companies will engage again more deeply in the EEPH.

The formal collaborative approach can only go so far in terms of supporting the development of new initiatives. Any major new product or service in energy efficiency is likely to be launched under commercial confidentiality. The Partnership's work around green mortgages provides an example here. The Home Purchase and Finance Group has researched the barriers to development of these products, and sought to overcome those barriers. It has defined and agreed between sectors what a green mortgage is – ensuring a common understanding. The group is encouraging companies to develop products in line with the definition. But the detail of how a new green mortgage product will work in detail cannot be led by the EEPH. Work through formal, open collaboration can provide the underpinning research, broad ideas and help build the relationships on which new initiatives and commercial partnerships will be established. But most initiatives themselves will be developed in detail away from the EEPH structures.

CHALLENGES AND LEANINGS FROM THE EEPH RESPONSE TO EPBD

Issues in the relationship with government

The Energy Performance of Buildings Directive has brought new government stakeholders into the EEPH in large numbers. Over the past three years, DCLG – the responsible department for EPBD implementation – has become regularly involved on our Home Purchase and Finance Group, the Fuel Poverty Strategy Group, the Managed Housing Group and the Private Rented Sector Group. However, government involvement has also tended to be erratic with – in most groups – regular changes to the staff attending from government. In the case of DCLG, this has been heightened because of internal restructuring across a number of areas, and the significant change of direction in plans for the introduction of EPCs in the sales sector. Personal relationships and building trust are key to delivering through a collaborative structure. With government representatives changing regularly it becomes hard to maintain the relationships to ensure delivery on projects.

A learning from the EEPH work around the EPBD has also been that when an issue becomes very politically sensitive, as happened with EPCs in mid-2006, government enthusiasm for open and informal stakeholder discussions diminishes significantly. With energy efficiency and climate change rising up the political agenda, this problem may pose a growing challenge for the Partnership.

Linked to the difficulty of maintaining on-going relationships with the DCLG, has been the lack of published information about plans for delivery of many aspects of the EPBD implementation. In particular there has been very little published timetables for the implementation of the directive. This has particularly made the planning of research and follow-on activities difficult for the EEPH working groups.

Working in a devolved environment – adding value in Scotland and Northern Ireland

Though this paper has not dealt with the arrangements for EPC implementation in Scotland and Northern Ireland, the EEPH covers the whole UK and has facilitated research and meetings relating to the impact of EPBDs in those countries. There is one EEPH working group which meets on a devolved basis in Edinburgh and which brings together social housing providers. This group has met with the relevant government agency to discuss EPBD and commented on the proposals for energy certification in the country. However, as a whole, the Partnership has not engaged in depth with the Scottish or Northern Irish plans for implementation. This is largely a problem of resourcing and capacity: with only four staff based in London, for the EEPH secretariat to maintain close contact with the regulatory and legislative process across three different countries on an issue as complex as EPBD would be very difficult.

There is also a capacity problem for the Scottish and Northern Irish stakeholders. The EEPH has several working groups addressing different aspects of EPBD implementation. With a much smaller pool of individuals working in energy efficiency in those countries it is hard for the stakeholders to be involved in all the different discussions staged through the Partnership.

BENEFITS OF THE COLLABORATIVE APPROACH

Background: The fragmentation of the supply chain

The supply chain for energy efficiency is spectacularly fragmented¹⁹. Householders wishing to make energy efficiency improvements can potentially deal with manufacturers, retailers and installers of a wide range of different products. Energy suppliers provide advice and run promotional schemes to achieve their Energy Efficiency Commitment²⁰ obligations both directly and with different partner companies and agencies. Local Authorities have responsibilities for building regulation compliance issues, and also may provide advice and grants for energy efficiency improvements in their area. Poorer householders

19. The best hope of alleviating some of this fragmentation is probably around the development of energy services schemes for UK households. Though there have been some small steps taken by government in this direction, the market for energy services in the UK remains almost totally undeveloped.

20. The Energy Efficiency Commitment is the main source of non-householder funding for energy efficiency improvements in the UK. Under the Commitment, energy retailers are required to achieve a domestic energy saving target by promoting domestic energy efficiency measures to customers.

may be able to access support for energy efficiency improvements through fuel poverty alleviation schemes which are run both centrally and at local level, sometimes linked to other energy efficiency programmes, sometimes not. For householders living in rented properties, landlords play a key role.

Benefits for Government

Against this background of fragmentation, the EEPH provides a very cost-effective service for government. Across several government ministries there is an increasing policy programme directed at home energy efficiency. Successfully implementing these policies involves liaison with the fragmented supply chain described above, and the EEPH provides structure for that liaison. Government benefits from the EEPH's wide and accurate membership lists and through the Partnership can rapidly communicate to nearly all the key players in the sector²¹.

Individual working groups of the EEPH – bringing together particular sectors dealing with particular issues – also provide a forum for governments to discuss proposed approach affecting a particular or issue. Much useful discussion is provided through meetings of groups, and through responses from EEPH groups to government consultations.

Though the government uses EEPH for informal consultation and discussion, there are also formal stakeholder consultation processes and working groups established in response to any major policy change. For these activities, the EEPH provides an easy way to find the representatives of diverse sectors who can be involved in specific formal consultation activities. The Private Rented Sector Group illustrates this role – bringing together representatives willing to discuss policy in a positive way from a sector which has been historically unorganised and is made up of thousands of micro-enterprises.

Government has also benefited from the EEPH working groups in the implementation of the EPBD, because the groups provide a supportive voice for progressive regulation and policy implementation in the area of energy efficiency. This is well illustrated in the example of the Partnership Home Purchase and Finance group. While much of the industry was opposed to any interference in the home sale process, through this group the government has been able to point to allies in the home purchase supply chain.

Benefits for stakeholders

For the supply chain, similarly, the EEPH provides an important role in enabling dialogue with government. Just as the energy efficiency supply chain is fragmented, responsibilities for energy efficiency issues are split between central government departments. The promotion of sustainable energy is the responsibility of Defra, while energy generation – including household microgeneration – is the responsibility of the Department for Trade and Industry. Building regulations and housing and overall responsibility for EPBD implementation falls under DCLG, though aspects of the work have been taken forward by other departments.

For companies seeking to capitalise and develop and their energy efficiency business around policy changes like EPBD, the EEPH provides a ready way to gain access to the policy makers to find out what is happening. They can also help ensure that policy is implemented in a way that effectively promotes domestic energy efficiency and is aligned with other initiatives in the sector.

There is a clear issue of strength in numbers. EEPH working groups, being non-commercial and non-political – can put across views to government in a way that has more credibility than is achieved by individual companies and trade associations.

The Partnership's underpinning research can have commercial value to stakeholders in providing market research data or enabling stakeholders to see ways in which barriers to the achievement of their business objectives can be taken forward. Most importantly though, Partnership research tends to be used by members of working groups to make the case to government and key strategic agencies for additional support or activities in certain areas.

Lastly, collaborative approaches on particular projects or areas of interest can help identify new market opportunities or help to overcome the barriers to development of new initiatives. Though major new projects will principally be taken forward by individual agencies or smaller partnerships, formal open collaborative working can provide the basis and support to make them possible.

Conclusion

Action on domestic energy efficiency at a national scale often fails because it is so difficult to join up all the stakeholders who influence home energy use. But as governments increasingly seek to reduce energy demand, they will increasingly need to find ways to work in a co-ordinated way with the supply chain for energy efficiency. Formal collaborative structures provide a cost-effective way of doing that. There are limits to what can be achieved through partnership – in particular, formal collaboration won't ever include all the stakeholders government might need to work with on a new policy. And full-scale innovation and new initiatives are most likely to be happen away from formal collaborative environments. But as the Energy Efficiency Partnership for Home's work around the EPBD has shown, such structures benefit both the stakeholders and government in smoothing the policy implementation process and in preparing the ground for new energy efficiency initiatives that can build on the new policy.

Glossary

DCLG – Department for Communities and Local Government

Defra – Department for Environment, Food and Rural Affairs

EEPH – Energy Efficiency Partnership for Homes

EPBD – Energy Performance of Buildings Directive

EPC – Energy Performance Certificate

HCR – Home Condition Report (a report on home condition through which the UK government proposed delivering the Energy Performance Certificate to householders in England and Wales).

21. Other examples of policy changes additional to the EPBD requirements – government has often used the EEPH to reach stakeholders to discuss or consult on the Energy Efficiency Commitment, changes to building regulations, and national fuel poverty policy.

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Acknowledgements

Thanks are due for assistance in preparing this paper to Richard Bawden, EST Trade Partnerships Manager, Nicholas Doyle, Places for People Group (Chair, EEPH Managed Housing Strategy Group).