



Response to the Government's Consultation on 'Making Better Use of Energy Performance Certificates'

May 2010

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Summary

We agree that Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs) could play a role in encouraging emissions reductions from the built environment, which at present accounts for almost fifty percent of the UK's overall emissions.

- Both EPCs and DECs could become a rich source of data on the localised efficiency of our current building stock. Such data will be helpful if not essential for a smart meter rollout, a Green Deal energy efficiency rollout or for prioritising CERT and CESP delivery. Government should therefore consider how the data on EPCs and DECs could be affordably updated on a regular basis to provide a comprehensive view of the building stock. Government must then consider how such data can be shared in a manner targeted to best deliver energy efficiency to the householder / business.
- The business sector arguably has the most to gain in energy efficiency in cash terms – but is often the worst at making energy efficiency improvements. We therefore support the extension of DECs to commercial buildings
- EPCs and DECs should provide householders and businesses with the information needed for them to enact affordable improvements in their energy efficiency – and at a time when such improvements are likely to be on their mind. We therefore support requiring landlords to provide them for rentals and also of improving the prominence of EPCs in property advertising.
- Vast changes in energy efficiency are expected with the advent of smart meters and Government –sponsored energy efficiency roll-out schemes. We therefore believe DECs and EPCs should not automatically have long validity periods but should be updated as often as is affordable – above all when works take place, as this will enable the building occupiers to find out what else can affordably be tackled.

Finally, we must also recognise that many people will need an additional stimulus to engage in the subject and take action, and that information alone will not always be enough. To drive mass take up, Government should therefore further promote the move to a more efficient housing stock by considering fiscal incentives to support EPCs such as:

- differential Stamp Duty on property sales;
- differential Capital Gains Tax rates;
- low or zero VAT on energy efficiency or microgeneration products;
- differential Council Tax rates for more energy efficient properties.

British Gas and Energy Efficiency

British Gas is trusted to engage with customers on energy efficiency and has a strong willingness and ability to drive the market. As well as being the biggest supplier of energy to Britain's homes, British Gas is the largest installer and maintainer of central heating, microgeneration and of energy efficiency measures.

Altogether, British Gas provided more than 63 million energy efficiency products in 2008, saving around 900,000 tonnes of CO₂. We have also dispensed energy saving advice to 2.3 million homes through our Energy Savers Report making it the UK's largest ever energy survey. 91% of respondents found it helped them understand how to save energy and money. If customers took up all the recommendations made they would see an average saving of £175 a year.

Businesses are also under significant pressure to reduce costs, comply with climate legislation and achieve environmental targets through energy efficiency. To help, British Gas Business has developed Energy 360[®], which provides a range of energy services and products to over 1 million business customers.

The unique approach taken by Energy360 is based on four key pillars; monitoring to establish where a business is wasting energy, e.g. through the use of Automatic Monitoring and Targeting (aM&T); advising a company on where and how they can reduce consumption; implementing methods such as microgeneration technologies, and maintaining the solution, as taking care of energy is a process and not a one-off. Typically, our Energy 360[®] team will find opportunities to reduce a customer's energy consumption by at least 10% and sometimes up to 30%.

With our long experience on energy efficiency, British Gas is therefore pleased to respond to this consultation

Chapter 2: Making Better Use of Energy Performance Data

Question: Do you agree with our approach to giving access to 1) address level data and 2) anonymised data?

Arguably access to anonymised data on EPCs already exists via the Energy Saving Trust's Homes Energy Efficiency Database (HEED). HEED is a national database which tracks house-by-house the sustainable energy characteristics of the UK's housing stock. It collects datasets on energy efficiency and microgeneration installations such as cavity wall insulation and solar hot water, along with property survey information such as Energy Performance Certificates. It currently covers 1 in 3 homes.

British Gas would instead welcome a link between the EPC and energy efficiency obligations such as CERT and CESP, and any Green Deal. British Gas believe that the current restrictions on the use of data for commercial or profitable gain should be reconsidered in this instance i.e. companies who provide EPCs should not be prevented from delivering carbon reduction measures if they help towards reducing the energy consumption especially for the priority group.

Question: Are the safeguards relating to the sharing of address data adequate?

Yes

Question: Do you agree that a list of DEC's for public buildings should be published?

We welcome publication of a list of DEC's for public buildings as this could enable local authorities to focus and prioritise energy efficiency improvements as well as improve standards. It would also promote competition between public bodies to quickly improve the energy efficiency standards of their buildings.

Chapter 3: Energy Performance Certificates for houses in multiple occupation

Question: Do you agree that an EPC for a HMO should be required and triggered when a room in an HMO is rented out?

We agree that an EPC for a HMO should be required and triggered when a room in a HMO is rented out as this will provide the tenant with recommendations for reducing energy consumption. We would also recommend that this is accompanied by advice on how tenants could implement the recommended reductions especially if the tenant is in the priority group.

Question: Do you agree that EPCs extended to HMOs should have a validity period of 10 years?

We feel there is scope to consider changing the validity period of EPCs in order to better inform both householders and Government about the current energy efficiency of the housing stock, and how best to improve it. Please see the Response to Question 4.

Chapter 4: Energy performance certificates for short-term holiday lets

Question: Do you agree that the guidance should be amended to provide that an EPC must be produced when a holiday let is rented out on a short-term basis?

We agree that guidance should be amended to provide that an EPC must be produced when a holiday let is rented out on a short term basis as this will help drive energy efficiency awareness in this industry. We also urge the government to work with companies such as ourselves to drive carbon reduction.

Question: Do you agree that this should only apply to holiday lets that are rented out for a combined total of four months or more of the year?

We agree that this should not be too onerous for the industry and that it only apply to lets that are rented out for a total of four months or more per year.

Question: Do you agree that the EPC should have a validity period of 10 years?

Energy efficiency will be critical in order to combat the predicted rise in energy bills over the next decade. Moreover, the Government plans to roll out both smart meters and an energy efficiency Green Deal within the next decade.

As a result, we feel there is scope to consider changing the validity period of EPCs in order to better inform both householders and Government about the current energy efficiency of the housing stock, and how best to improve it.

For example, an EPC could be triggered when a smart meter or insulation is installed at relatively low cost, and with high educational value for the householder.

Chapter 5: Energy performance certificate ratings in property advertisements

Question: Do you agree that advertisements for the sale or rent of domestic and non-domestic property should include details of the EPC rating?

We welcome the proposal that advertisements for the sale or rent of domestic and non-domestic property should include details of the EPC rating. We consider that a more prominent role for the EPC rating in property sales and rental could lead to valuations more accurately reflecting the value of energy efficiency and microgeneration into the property. This would give homeowners more comfort that they would recover the cost of any measures when considering their installation. We also feel that Government should work with surveyors and estate agents to help facilitate this process.

Question: Do you agree that the scheme should be made compulsory by implementing the relevant provision in EPBD2 at an early opportunity?

Yes.

Question: Do you agree with the proposed coverage of all properties advertised for sale and rent including social rented dwellings marketed through choice-based lettings?

Yes.

Chapter 6: Extending Display Energy Certificates to commercial buildings

Do you agree that the requirement to produce DEC's should be extended to commercial properties?

Introducing DEC's into the commercial sector would be a major catalyst for energy improvement. By displaying a building's energy performance, employees, customers and business owners can clearly see how the building ranks with others, and details the improvements that could be made.

The retrofit of energy efficiency technologies in commercial buildings has previously been overlooked, and is something that needs to be addressed. The most cost-effective route for major energy efficiency work is when an event happens (e.g. lease break and renovations) but there are many other products and services that do not need to wait for an event (for example lighting, heating, and insulation) and which could be implemented now if we could resolve the tenant / landlord dilemma.

Extending the current Energy Performance of Buildings Directive (EPBD) regulations on Display Energy Certificates (DEC) to private dwellings (in addition to public non-domestic buildings) is a sensible first step in encouraging landlords to adopt new energy efficiency measures. One of the main obstacles is the tenant / landlord dilemma, where costs and benefits may be incurred and accrued by different parties.

The Business Energy Efficiency Agreement (SME voluntary agreement), to which British Gas has just signed up, is aimed at promoting energy efficiency and reducing energy consumption within the SME sector. This will have to resolve the tenant / landlord dilemma to achieve its aspiration of a 5% saving by 2013. We believe that the solution is likely to be a combination of new, or extended, building regulations and some compelling propositions from the private sector (including financing), which benefit both Tenant and Landlord.

Do you agree that DEC's in commercial buildings should be updated every year and Advisory Reports updated every seven years in line with the current requirements for buildings occupied by public authorities?

We agree that the requirements to produce DEC's should be extended to commercial properties as this will help drive uptake of energy efficiency measures in this industry.

We also believe that all DEC's should be updated every year to show movement through the ratings. We feel a measurement of improvement from one year to the next would be valuable, both highlighting buildings that are improving and those who

are not. Recommendation reports should be updated more regularly than seven years as technology is moving so quickly in this sector, low cost improvements could be missed. We see no reason why reports cannot be updated along with the certificate highlighting emerging technologies and how they can be integrated

Chapter 7: Mandatory lodgement of air conditioning reports

Question: Do you agree that the 2007 Regulations should be amended to make it mandatory to lodge ACRs on the England and Wales non-domestic EPC register?

Yes.

The EPC central register allows for a consistent approach to the delivered service and allows quality management of reports. In addition the retrieval of reports by owners and assessors is a key element of the mandatory lodgement process. If the required benefits of inspections are to be achieved i.e. improved energy efficiency, and future benchmarking data then a mandatory lodgement would be considered necessary to facilitate a central source of knowledge.

It would further ensure that consistency of works at both assessor level and accrediting body level could be checked and improvements developed from tangible data for both assessment criteria and methodology improvements.

It is suggested that the ACR register is best kept as a separate register element but linked to EPC, clearly accessible by reference to/from the EPC register i.e. main EPC certificate could include file reference for site, should both pieces of information be sought subsequent to lodgement; in reality the building's unique property reference (UPR) would be the common reference point.

Question: What information would you consider should be recorded on standardised ACRs?

The inspection documents are prescriptive by nature and in accordance with relevant legislative requirements e.g. CIBSE TM44 (guidance on carrying out the required air conditioning inspection).

In addition to the AC related energy efficiency rating and associated emissions it would be useful to have the grading score linked to the overall EPC grade for the building. The impact on the future rating by implementation of recommended actions could be estimated by the assessor.

Question: Do you agree that the fee for lodging ACRs on the England and Wales non-domestic EPC register should remain the same as for

lodging non-domestic EPCs? If not, how do you think the fee should be structured?

Yes.

It would be best served by a flat rate fee for lodgement (if any at all) as this is purely an administrative task and has no relevance to the content of the process undertaken.

The lodgement fee (although relatively small but often requiring assessors to pre purchase in batches) is commonly used by providers as a commercial differentiator and therefore can influence accreditation body preference to the assessor.

The flat rate would remove any potential issues/barriers relating to lodgement through costs.

Chapter 8 Clarifying when an Energy Performance Certificate is required on the sale or letting of buildings

Question: Do you agree that that the 2007 Regulations should be amended as proposed to clarify when an EPC is required during the process of selling or renting out a non-domestic building?

Question: Do you agree that the option to defer making an EPC available until exchange of contracts should be removed?

We agree that the 2007 regulations should be amended as proposed to clarify when and EPC is required during the process of selling or renting out a non-domestic building and that the option to defer making an EPC available until exchange of contracts should be removed.

EPC online tool

We agree that the online tool would be useful to help raise awareness of energy efficiency and the recommended measures for reduction. We urge the government to include information on how these measures could be implemented and by whom.