European Energy Network

Facts and News from the *UK*

February 2018

Clean Growth Strategy

Under the terms of the UK Climate Change Act 2008, the UK Government is required to publish a plan – the 'Clean Growth Plan' – to address a forecast shortfall in emissions reductions in the 2030s. After some delays, the Clean Growth Strategy was published in October 2017.

While the strategy states that the UK will – by 2032 - be somewhat off track from achieving our national climate change target, it's still a document that's been broadly welcomed by environmentalists.

Nowhere has there been more of a policy gap in recent years than in home energy efficiency. It's good that the Strategy suggests lower-carbon, better insulated homes are firmly back on the Government's radar. Most notably the government announces an aspiration for all homes to meet an Energy Performance Certificate C, reasonable energy efficiency, standard "where practical, cost-effective and affordable". The aspiration is that rented homes are to meet this standard by 2030 and owner-occupied homes by 2035.

This includes a Fuel Poverty Strategy that all fuel poor households should be an EPC "C" standard by 2030. But analysis produced several months ago showed that funding needs to be doubled to hit the fuel poverty target. The Clean Growth Strategy announces an extension to 2028 of the main funding programme – the Energy Company Obligation (ECO). But there's no getting away from the fact that helping the people who are most struggling with their fuel bills will involve additional year-on-year expenditure.

The Strategy also sets out to implement the independent, industry-led Each Home Counts review (see below for more) to improve quality and standards for all retrofit energy efficiency and renewable energy installations. Regarding heat in new homes, the ambition is to phase out the installation of high carbon fossil fuel heating in new and existing off gas grid residential buildings, during the 2020s, starting with new homes as these lend themselves more readily to other forms of low carbon heating. We need to avoid new homes needing to be retrofitted later and ensure that they can all accommodate low carbon heating. This could involve all new homes off the gas grid from the mid-2020s being heated by a low carbon system, such as a heat pump.

According to the Clean Growth Strategy, Government is spending £4.5 billion between 2016 and 2021 to support innovative low carbon heat technologies in homes and businesses. They are also reforming the Renewable Heat Incentive (RHI) to focus the scheme towards long-term decarbonisation through greater uptake of technologies such as heat pumps and bio methane. The Government will also explore the use of the £200 million package of Growth Programme and Countryside Productivity offers to support renewable energy projects in rural areas.

The Clean Growth Strategy announces plans for consultation, which is good news, but must be followed by rapid action. It's vital that that impact assessments for new energy efficiency policies recognise the full benefits of energy efficiency across our economy.

Each Home Counts

The Each Home Counts review was launched in 2015 to consider issues relating to consumer advice, protection, standards and enforcement in relation to home energy efficiency and renewable energy measures in the UK. The resulting report, published in December 2016, set out the recommendations from the review chaired by Peter Bonfield (Chief Executive of the BRE), with workstreams led by industry representatives from across the sector.

Each Homes Counts has a total of 27 recommendations and sets out a new quality and standards framework for all those operating in the sector. This includes the setting up of:

- A quality mark against which all those engaged in design and installation of energy efficiency and renewable energy measures will be assessed and certified
- A Consumer Charter to set out the positive experience that the consumer can expect under the quality mark including response times, financial protections and access to redress procedures when things go wrong
- A Code of Conduct to set out clear requirements and guidance on how companies behave, operate and report in order to be awarded and hold the quality mark
- Technical Codes of Practice and Standards for the installation of home renewable energy and energy efficiency measures so that the risk of poor-quality installation is minimised
- Development of an Information Hub and Data Warehouse.

Following publication of the Each Home Counts report, an Implementation Board is now working to develop action plans and timelines against the recommendations. These implementation plans will propose the structure and functions of the quality mark including the strategic governance board and service organisation to undertake the day-to-day functions of the quality mark.

This is an industry-led Review and government will work with industry to understand how the sector proposes to implement the recommendations of the Review. Implementation will be overseen by the Implementation Board.
Key actions carried out so far include:

- Revisions to PAS 2030 and PAS 2031 standards, published in February 2017 ready for ECO: Help to Heat
- Standards mapping exercise to identify gaps in existing standards or where standards need to be more robust standards
- Establishment of a Retrofit Standards Task Group
- Scoping the future of ESAS, including how this will link to the Information Hub proposed by the Review.

Scottish Policy

Scottish Energy Strategy

Published in December, the Scottish Energy Strategy sets out a vision for energy in Scotland in 2050, this vision is of 'A flourishing, competitive local and national energy sector, delivering secure affordable, clean energy for Scotland's household communities and businesses'.

The vision is built around six priorities: consumer engagement and protection, system security and flexibility, innovative local energy systems, renewable and low carbon solutions, oil and gas industry strengths, and energy efficiency. It is also guided by three core principles: a whole system view, an inclusive energy transition, and a smarter local energy model.

The Strategy outlines new targets for 2030, including the equivalent of 50% of the energy for Scotland's heat, transport and electricity consumption to be supplied from renewable sources and an increase by 30% in the productivity of energy use across the Scottish economy. There are a series of near term measures suggested, including ones on: consumer engagement and protection, energy efficiency, renewables and low carbon solutions, and innovative local energy systems. Many of these measures relate to schemes in Scotland managed by EST through Home Energy Scotland, namely Smart Metering Advice Portal (SMAP), which provides households with advice on smart meters and a pilot switching scheme which aims to promote impartial tariff-switching.

The strategy goes on to detail the Scottish government's approach to monitoring and engagement which prioritises: information sharing and awareness raising, local conversations, and consultation and deliberation. The Strategy also reiterates the Scottish Government's commitment to setting up a publicly-owned energy company.

A new fuel poverty strategy for Scotland

On 9th November 2017 the Scottish Government published a consultation on a fuel poverty strategy for Scotland. Its publication follows the Scottish Government's announcement in June 2017 that their target to eradicate fuel poverty by November 2016 was unlikely to be met and the subsequent commitments made in both the SNP manifesto and the Scottish Government's Programme for Government to consult on a new fuel poverty strategy and introduce a Warm Homes Bill.

Amongst other things the consultation proposes a new definition of fuel poverty which places more emphasis on households with lower incomes and high housing and fuel costs than is the case under the current definition and as the consultation document notes this should result in it being better targeted 'on those likely to be experiencing the adverse outcomes associated with fuel poverty…'.

The consultation also proposes a number of sub-targets and interim milestones, as follows:

SUB-TARGETS

- The overall fuel poverty rate will be less than 10% by 2040;
- Ensure the median household fuel poverty gap is no more than £250 (in 2015prices before adding inflation) by 2040; and
- Remove energy efficiency as a driver for fuel poverty by ensuring all homes reach a minimum energy performance rating by 2040.

INTERIM MILESTONES TO 2030

- The overall fuel poverty rate will be less than 20% by 2030;
- Ensure the median household fuel poverty gap is no more than £450 (in 2015 prices before adding inflation) by 2030; and
- Progress towards removing energy efficiency as a driver for fuel poverty by ensuring all homes reach a minimum energy performance rating

Second consultation on Local Heat and Energy Efficiency Strategies and the Regulation of District Heating.

The Scottish Government is currently consulting for a second time on Local Heat and Energy Efficiency Strategies, and Regulation of District and Communal Heating. This second consultation is based on the evidence and views gathered from stakeholders through an earlier consultation which was published in early 2017, and other engagement. This second consultation document sets out more specific policy proposals for LHEES, and regulation of district and communal heating. It seeks views and further evidence on more specific policy proposals that were developed to support:

- A coordinated approach to the local planning and delivery of energy efficiency and heat decarbonisation programmes within Scotland's Energy Efficiency Programme. The Scottish Government are consulting further on our proposal to create a statutory framework for Local Heat & Energy Efficiency Strategies.
- Appropriately-sited, low carbon, affordable district heating. The Scottish Government is consulting further on the development of a policy and regulatory system which will see district heating develop in a strategic manner, and provide appropriate conditions on the ground to accelerate delivery of district heating and to grow this market.

Energy Industry Voluntary Redress Scheme

EST has been awarded the management of voluntary redress payments from energy companies regulated by Ofgem, the UK's Office of Gas and Electricity Markets which regulates the energy industry including energy supply, networks and generation.

The scheme is officially called the "Energy Industry Voluntary Redress Scheme" and will distribute voluntary payments from energy companies to redress harm caused by their activities (for example, miss-selling of energy contracts or not achieving social or environmental targets).

The funding will be distributed to charities across Great Britain and will focus on activities that support vulnerable energy customers and innovation on energy. EST has developed an open application process to allocate the funding. We will also be engaging with other funders and service providers to ensure that redress funding integrates with and doesn't duplicate current provision.

The level of funding that will be available is not known in advance as money only becomes available when redress payments are negotiated and approved. However, we expect it to be significant as £191 million has been paid out over the past 5 years.

So far over 70 of charities have expressed their interest in applying for the scheme. We are currently working towards opening applications to this fund in the coming months.

Transport

The UK is looking to invest in improved infrastructure to move forward our ability to compete on the global stage. Projects such as High Speed Rail 2 and road investment have been hampered by political moves to scupper such projects. Also, there are challenges to investment from environmental issues. Road investment on the Strategic Road Network cannot progress unless improvements to roadside NOx emissions can be made to bring these areas into compliance with legal limits.

Air Quality dominates the headlines with a number of towns and cities identified as areas for urgent action in the UK air quality plan. Although non-transport sources of NOx are considerable contributors, road transport is responsible for 80% of NOx concentrations at roadside, with diesel vehicles the largest source in the local areas of greatest concern. The Government is being taken to the High Court for a third time by Client Earth for failure to meet legal limits of NOx in towns and cities. Funds are being made available but much of the task is being cascaded to city authorities to solve. The approach is proving multi-facetted and not consistent with motoring and business groups crying out for a national approach to ensure clarity for road users.

There is a tangible shift from diesel cars back to gasoline. This is being driven by a range of mixed messages about the danger of diesel fuel emissions, the possibility of diesel vehicles being unsaleable in 2-3 years and the chances of tax and access controls in cities affecting diesels. This trend will see petrol grow in popularity and this will in turn affect CO_2 emissions negatively.

The Energy Saving Trust is supporting the UK Government through a range of solutions that are intended to provide pragmatic, independent advice. We are mainly working with organisations, both public and private, to support the improvement of fleet environmental performance. EST is working on a number of projects to promote the development of electric vehicle charging infrastructure including best practice advice, a grant scheme for on-street residential charging and mapping projects to inform charging infrastructure placement. Having just completed the innovative Ebbs and Flows of Energy Systems project, EST is involved in a new Vehicle to Grid (V2G) project that will develop a system for EV users to “sell back” energy to the grid.

In Scotland, EST has a growing range of Transport Scotland funded grants and loans that are available to support the uptake of electric vehicles and other sustainable transport initiatives. Interest free loans are available to individuals and companies to assist with the purchase of electric vehicles. Scotland is also trialling a bus retrofit scheme to provide assistance to operators of buses. Retrofitting will improve the emissions to an Euro VI equivalence, the latest European emissions standard.

The Scottish Government continue to provide support for consumer advice and EST Scotland is providing outreach services to Scottish individuals to help them make better travel and car purchase decisions.

Clean Vehicle Retrofit Accreditation Scheme (CVRAS)

Energy Saving Trust has a long experience in delivering vehicle retrofit certification and with the recent rise in focus on air quality in UK towns and cities there was a need to tackle the legacy fleet in the UK. To support the transport sector EST was commissioned by Department for Transport to work in partnership with the LowCVP to develop a certification scheme for emissions reduction systems for buses, coaches, trucks, vans and taxis. In short

this scheme will give confidence to operators of vehicles and Low Emission Zones that retrofit systems will give the emissions reductions required to improve air quality.
Retrofit systems are tested over representative drive cycles to prove set emission limits are met and combined with supplier and system technical requirements lead to a listing on a web based register. This scheme is technology neutral so covers exhaust after-treatment systems and engine and drivetrain re-power, for example converting a vehicle from diesel engine propulsion to a fully electric drivetrain.

Energy Saving Trust has been involved in helping improve energy efficiency in freight logistics since its inception with programmes such as the DfT CleanUp, an emissions reduction retrofit programme and the DfT Freight Best Practice programme, also from 2011 to 2016 EST was involved in a technical capacity with Green Freight Europe (GFE), an industry led initiative to reduce GHG emissions from European road freight. This activity has been followed with involvement in the Global Logistics Emissions Council (GLEC) and the EC funded Horizon 2020 LEARN Project.

Global Logistics Emissions Council (GLEC)

EST is a consultee member of the GLEC and provides recognised expertise to the Smart Freight Centre that provides the secretariat to this group of multinational companies, international associations, green freight programmes and the research and consultancy sector. The GLEC Framework aims to harmonise emission accounting across supply chains that can lead to implementing actions that improve freight transport energy efficiency.

GLEC GLOBAL LOGISTICS EMISSIONS COUNCIL
LED BY SMART FREIGHT CENTRE

www.smartfreightcentre.org

International Cooperation

Low Energy Inclusive Appliances (LEIA)

EST has recently embarked on an international project to increase global access to energy. The Low-Energy Inclusive Appliances (LEIA) research and innovation programme aims to develop and accelerate the market for highly energy-efficient appliances in developing countries. These appliances will enable a more reliable and efficient energy system and increase global energy access.

Based on consultation and analysis of the technical and market potential, the UK Department for International Development (DfID) has committed to a 5-year research and innovation programme that will accelerate the availability, affordability, efficiency and performance of a range of Low Energy Inclusive Appliances particularly suited to developing country contexts. The programme is focused in 2 areas:

- Driving Scale in near-to-market off-grid appliance technologies (e.g. refrigerators, solar water pumps and fans) that are in high demand by poor consumers, are close to market readiness and present strong opportunities to achieve scale in the programme timeframe.
- Enabling Innovation in horizon appliance technologies further from low income markets such as electric cooking and distributed processing technologies (such as rice de-huskers), as well as enabling technologies where breakthroughs would drive gains in

multiple appliance segments (e.g. brushless DC motors, advanced insulation and cooling).

LEIA consists of five, interconnected strands of work:

1. Market stimulation and incentives
2. Product testing and quality assurance
3. Marketplace education, communication and coordination
4. Market intelligence and Technology Roadmapping
5. R&D Partnerships and Co-Investment

EST is working in partnership with CLASP – a not-for-profit international energy efficient appliance and market development organisation based in Washington DC. The programme will be delivered through the existing international framework – the Efficiency for Access (EforA) Coalition (see www.efficiencyforaccess.org), convened by the UK and US, launched in December 2015 and involving a range of co-funders and key partners (including GIZ / EnDev). Through the LEIA programme DfID will provide funding for the continuation of (a reinforced) EforA secretariat (provided by EST and CLASP) – with the LEIA programme being the UK contribution to this wider EforA effort.

Digi-label

The Digi-label project is a 3 year H2020-funded project which started in April 2016. It aims to design and deliver a digital tool (PocketWatt) to complement the EU energy label. The tool aims to provide consumers with additional, easy to understand product information at point of sale with a view to positively influencing their buying choices and, ultimately, delivering greater energy savings and increasing market share of the highest performing appliances.

The tool was piloted in the UK and Spain for 3 months (Mar – Jun 2017), the evaluation report from the pilot can be seen here. Project partners in Germany, Spain, Italy, Czech Republic and the UK are now working on a 12 month roll-out in partnership with a number of retailers, the tool is now available in all 5 languages and the consortium are in the processing of recruiting retail partners and filling the back end of the tool with product data.

This project is aligned with the rescale of the Energy Label with close links between the consortium and DG ENER responsible for the build of the European Product Registry Database with the two teams sharing updates and learnings. The project is also aligned with the TopTen project with product data resources being shared between relevant partners.

EU HEROES

EST is a partner in the EU HEROES project which was submitted to the H2020 LCE21 call for proposals and commenced in September 2017. The project is working to develop new models for community solar that address the challenges of integrating large amounts of PV into electricity networks whilst also enabling viable community businesses.

A portfolio of existing PV projects is being monitored, providing detailed case studies to inform the development of new business models. These models will then be tested on a mixture of new projects and existing projects seeking to adapt their business model.

The project is engaging with energy communities, energy network companies, the PV industry and policy makers to inform and disseminate its work. The next co-ordination meeting, in the UK in April, will host a stakeholder workshop to discuss the challenges faced by both communities and network companies and potential solutions.

LEARN: Logistics Emissions Accounting and Reduction Network

EST is one of 13 partners involved in the Horizon 2020 funded LEARN project that is part of the Mobility for Growth work programme and moving towards eco labelling of logistics services. The coordinator of this project is the Smart Freight Centre.

www.learnproject.net

Businesses that measure their emissions have the opportunity to make informed decisions that lead to improved efficiency and reduced emissions. The LEARN project empowers business to reduce their carbon footprint across their global logistics supply chains. Logistics emissions measurement, reporting and verification (MRV) is improved and accelerated by LEARN in four ways:

- Provide support to companies through guidance, training & education, and develop a recommended blueprint for a label
- Test and validate with companies the practical applicability of emissions MRV and a label in complex multi-modal logistics settings
- Promote and facilitate supportive policy and research
- Develop and involve a LEARN multi-stakeholder network to maximize business uptake of carbon accounting and reduction

LEARN partners will work closely with related organizations, initiatives and already existing networks. This includes the Global Logistics Emissions Council (GLEC), a voluntary partnership of companies, industry associations and programs. The LEARN project builds on and seeks to improve the ‘GLEC Framework for Logistics Emissions Methodologies’ that combines existing methods and fills gaps, making carbon accounting work for industry. For the first time, emissions can be calculated consistently at the global level across all transport modes and transhipment centers.