

Minutes of CCC Meeting, 03/07/09

Present were Adair Turner, Julia King, Jim Skea, Michael Grubb, Robert May, David Kennedy

1. *Potential for emissions reductions in non-residential buildings and SMEs*

The Committee considered analysis commissioned from Element Energy using survey data to simulate likely responses by business under alternative policies to support energy efficiency improvement. This analysis suggests that there would be limited uptake of measures, particularly in a *no policy* scenario, but also in capped sectors, where absent supporting measures firms may choose to purchase emissions reductions in carbon markets rather than improve energy efficiency

The Committee agreed that there is a need for greater transparency on energy efficiency in non-residential buildings through more widespread Energy Performance Certificate (EPC) and (Display Energy Certificate) DEC requirements. Greater transparency would underpin a new strategic approach to energy efficiency improvement, both by providing a better understanding of available potential, and through providing an evidence base for monitoring progress implementing measures. In addition, better coverage of EPCs and DECs would allow the possibility of introducing regulatory measures around achieving minimum ratings.

The Committee agreed that the public sector plays a leadership role in improving energy efficiency. In this respect, the Committee agreed that it would be reasonable for all cost effective energy efficiency improvements to be implemented in public sector buildings by the end of the second phase of the Carbon Reduction Commitment.

The Committee noted the absence of a comprehensive policy framework for energy improvement in the SME sector, and agreed the need to introduce new policies to unlock the significant emissions reduction potential in this sector. This policy could be an extension of the Supplier Obligation, although given the landlord – tenant split in the non- residential sector a regulatory approach may be more appropriate.

2. *Mitigating fuel poverty impacts through rising block tariffs*

The Committee recapped the recommendation in the December report that rising block tariffs should be further considered to mitigate fuel poverty impacts and provide incentives for energy efficiency improvements.

The Committee considered new analysis commissioned from the Buildings Research Establishment (BRE) which shows that the fuel poor use more energy than the non-fuel poor, because they spend relatively large amounts of time in relatively energy inefficient homes.

The Committee noted therefore that rising block tariffs would not mitigate fuel poverty, but could strengthen incentives for energy efficiency improvement.

The main conclusion for the Committee based on the BRE analysis is that energy efficiency improvement for the fuel poor is a no regrets option.

The Committee agreed that new analysis of fuel poverty should be included in the October report to Parliament in the chapter on energy efficiency improvement rather than a self standing chapter.

3. *Potential for demand side emissions reduction in transport*

The Committee recapped the key message in the December report that price is an important lever for constraining vehicle emissions, and noted new analysis presented by the Secretariat suggesting that there is a significant emissions reduction potential through road pricing if this were to be introduced as a complement to fuel duty but not as a substitute.

The Committee agreed that evidence from sustainable travel towns appears positive and that scaling up of Smarter Choices is warranted.

The Committee agreed that the Government should enforce the existing speed limit and that emissions reductions from enforcement should be included in the Extended rather than Stretch Ambition scenario.

The Committee noted the scope for reducing transport emissions through an integrated approach to land use planning and transport as this relates to new homes. The Committee requested that analysis of emissions reduction potential from changed transport and land use planning as this relates to existing buildings be provided, noting that existing buildings will dominate the stock of all buildings for the next decades.

4. *Delivery models for the Supplier Obligation*

The Secretariat presented evidence from Germany, where people attach great importance to energy efficiency, are prepared to take out loans to finance energy efficiency improvement, and where there is a well established industry to implement measures to improve energy efficiency.

The Committee considered differences between the situation in Germany and that in the UK, and agreed that a whole-house / neighbourhood approach led by government here could help to create a situation similar to that in Germany (where people attach great importance to energy efficiency, etc.).

The Committee noted that local authorities in the UK are committed at a high level to reducing emissions, although this does not translate into commitment to support energy efficiency improvement. A statutory instrument may therefore be required as part of an enabling framework for the neighbourhood approach.

The Committee agreed that hard to treat houses (e.g. requiring solid wall insulation) will require subsidy if measures are to be implemented, particularly given that the fuel poor often live in this type of house.

5. *Options for a global deal on aviation*

The Committee discussed alternative positions on the various dimensions of a possible cap and trade scheme for international aviation: coverage of the scheme; the cap; burden sharing / revenue allocation; treatment of non-CO2 emissions. A further discussion will follow at a subsequent meeting.

The Secretariat agreed to clarify with DfT whether the previous agreement with Geoff Hoon to report early on a global deal for aviation still applies.