

Fuel Poverty: Energy Action Scotland (EAS) Policy Position

Energy Efficiency of the Dwelling

Fuel poverty has three main causes: poor energy efficiency of the dwelling, low disposable household income and high price of domestic energy. Here, EAS outlines its position on key factors influencing domestic energy efficiency.

EAS Recommends:

- A review of the accounting for energy and carbon savings in Scotland in order to include the full benefit of improvements by taking consideration of factors such as the harsher Scottish climate, rather than relying on UK default data.
- All Scottish homes to have an energy rating of NHER 8 or better in order for them to be 'fuel poverty proof'.
- Full use to be made of the CERT Priority Group Flexibility Option for the benefit of hard to treat homes.
- Support for improving the energy efficiency of Buildings in Multiple Occupation.
- The use of market transformation initiatives in rural areas to make microtechnologies such as solar water heating and heat pumps more affordable.
- A stepped increase in the SHQS and extending it to the private rented sector.
- The review of HECA to be thorough, but to retain those elements which are important in improving the energy efficiency of the housing stock.
- The information from Energy Performance Certificates to be used to make local and national schemes more effective and efficient.

Improving the Energy Efficiency of Scotland's Housing Stock

EAS believes that improving domestic energy efficiency is the most sustainable solution to fuel poverty. By reducing the need for energy to power and heat homes to an acceptable living standard, householders will be less exposed to the problems caused by rising energy prices or drops in income.

If the statutory duty to eradicate fuel poverty by 2016 is to be met, and especially while energy prices remain high, homes need to be 'fuel poverty proof' i.e. as energy efficient as possible, with access to a choice of domestic fuels and tariffs, and with disposable household income maximised.

The characteristics of Scottish housing differ significantly from that in England. While both countries have a similar proportion of properties with cavity walls, the cavities in Scotland are 50% bigger than those in England and therefore cost significantly more to fill with insulation. This also means that filling the cavity in the average Scottish property will realise a greater saving in energy and carbon emissions, a fact not fully supported in the national accounting of the impact of measures in programmes such as the Carbon Emissions Reduction Target.

EAS therefore recommends that a review of the accounting for energy and carbon savings be carried out, with a particular focus on ensuring that the full benefit of improvements carried out in Scotland is credited. This should include accounting for the harsher climate here in Scotland rather than relying on UK default data.

Existing Housing

EAS had previously stated that all homes should be NHER 7¹ or better to ensure that Households Below Average Income² were protected and ultimately to 'fuel poverty proof' all homes in Scotland. EAS had estimated that £1.7 billion would be required to do this, with this being the equivalent of £170 million per year over each of the next 10 years, which represented 7.72% of the total Scottish Budget for 2005-06. However, given the subsequent rise in energy prices and the current economic downturn, EAS now believes that NHER 8 would be a more realistic target.

EAS accepts that Government cannot provide all of this funding and suggests that investment should also be provided through householder contributions, perhaps encouraged and supplemented through interest free loans, equity release schemes, green mortgages and energy services companies (ESCOs).

Hard to Treat Homes

Hard - or expensive - to treat homes are those which do not have access to an inexpensive fuel or a favorable tariff and/or which cannot have their energy efficiency improved by cost effective measures such as cavity wall or loft insulation. Many energy efficiency grant schemes focus on providing cavity wall and loft insulation. However, around 25% of all homes in Scotland do not have a loft and about a third cannot take cavity wall insulation.

To take households living in hard to treat properties out of fuel poverty will require a combination of energy demand reduction measures such as external insulation and microgeneration. Air source heat pumps are included in the Scottish Government's Energy Assistance Package, which was welcomed by EAS.

Under the Carbon Emissions Reduction Target (CERT), gas and electricity suppliers can meet up to 5% of their obligation through a 'flexibility mechanism', which aims to target hard to treat homes in the Priority Group³. Suppliers can also promote microgeneration measures, biomass, community heating and Combined Heat and Power and other measures for reducing supplied energy consumption. EAS wants all suppliers to make full use of this Priority Group Flexibility Option for the benefit of hard to treat homes, but to date there has been little evidence of this happening.

Buildings in Multiple Occupation

It is not uncommon to find that cost effective measures, such as cavity wall insulation, are not available to fuel poor households in flatted properties because the other building occupants are either unwilling or unable to contribute their share of the cost to improve the whole building. Buildings in Multiple Occupation therefore pose a significant barrier

¹ The current NHER scale now runs from 0 to 20. This new scale was implemented to take into account the potential for low and zero carbon technologies to significantly impact on the energy efficiency of the home. NHER calculates all fuel use within the home and takes into account the geographic location of the home. NB: The figures used in this report are taken from the SHCS which currently uses the old scale of 0 to 10.

² <http://statistics.dwp.gov.uk/asd/index.php?page=hbai>

³ [www.decc.gov.uk/en/content/cms/what we do/consumers/saving_energy/cert/cert.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/consumers/saving_energy/cert/cert.aspx)

to targeting effective measures at those most in need of assistance and must be addressed through grants and information initiatives.

Rural Housing

In Scotland, about 33% of homes are off the mains gas grid and are likely to remain so because the cost of providing a gas supply would be uneconomic. These areas therefore rely on more expensive fuels to heat and power their homes – such as solid fuel, domestic oil, liquefied petroleum gas (LPG) or electricity.

EAS believes that in rural areas it will be necessary to use market transformation initiatives to make new technologies such as solar water heating, biomass and heat pumps more affordable. These technologies will offer choice and possibly cheaper heating and electricity to off-grid homes.

Government also needs to ensure that rural areas do not miss out on schemes designed to eradicate fuel poverty, with equitable delivery across all geographic areas.

Scottish Housing Quality Standard

The Scottish Housing Quality Standard (SHQS) defines what constitutes acceptable, good quality housing. Local authorities and housing associations have until 2015 to meet the standard.

SHQS demands that the property achieve a minimum of NHER 5, but EAS does not believe that this level will ensure it is fuel poverty proof, as targets were set at a time when energy prices were relatively low. A significant review of SHQS and its potential to impact upon the future numbers of fuel poor in social rented housing stock is therefore required. In addition, EAS believes the SHQS should be extended to cover private rented accommodation, as this sector shows high levels of fuel poverty.

HECA (Home Energy Conservation Act 1995)

The future of HECA in Scotland is currently part of a wider review of the energy efficiency of buildings. EAS is supportive of a continuation of the principles of HECA. HECA has created and sustained an energy aware community and has been responsible for the establishment of many valuable schemes, both in improving the energy efficiency of the housing stock and in educating the public on energy use in the home.

EAS agrees whole-heartedly that HECA is overdue a critical review; however there are many good elements that ought to be continued into any new legislation that helps to improve the energy efficiency of the housing stock in Scotland.

Energy Performance Certificates

The information contained within Energy Performance Certificate provides a clear opportunity for those responsible for meeting energy efficiency, fuel poverty and carbon emission targets to be able to target limited resources most effectively. EAS would encourage government to ensure that this information on national property condition is used to make local and national schemes much more efficient and effective.