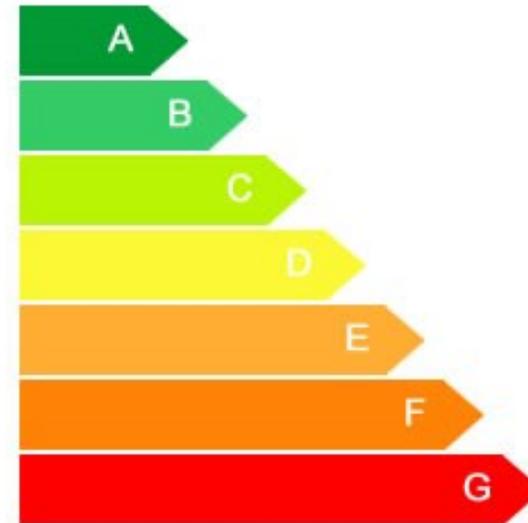


# PEPA Annual Conference – Update

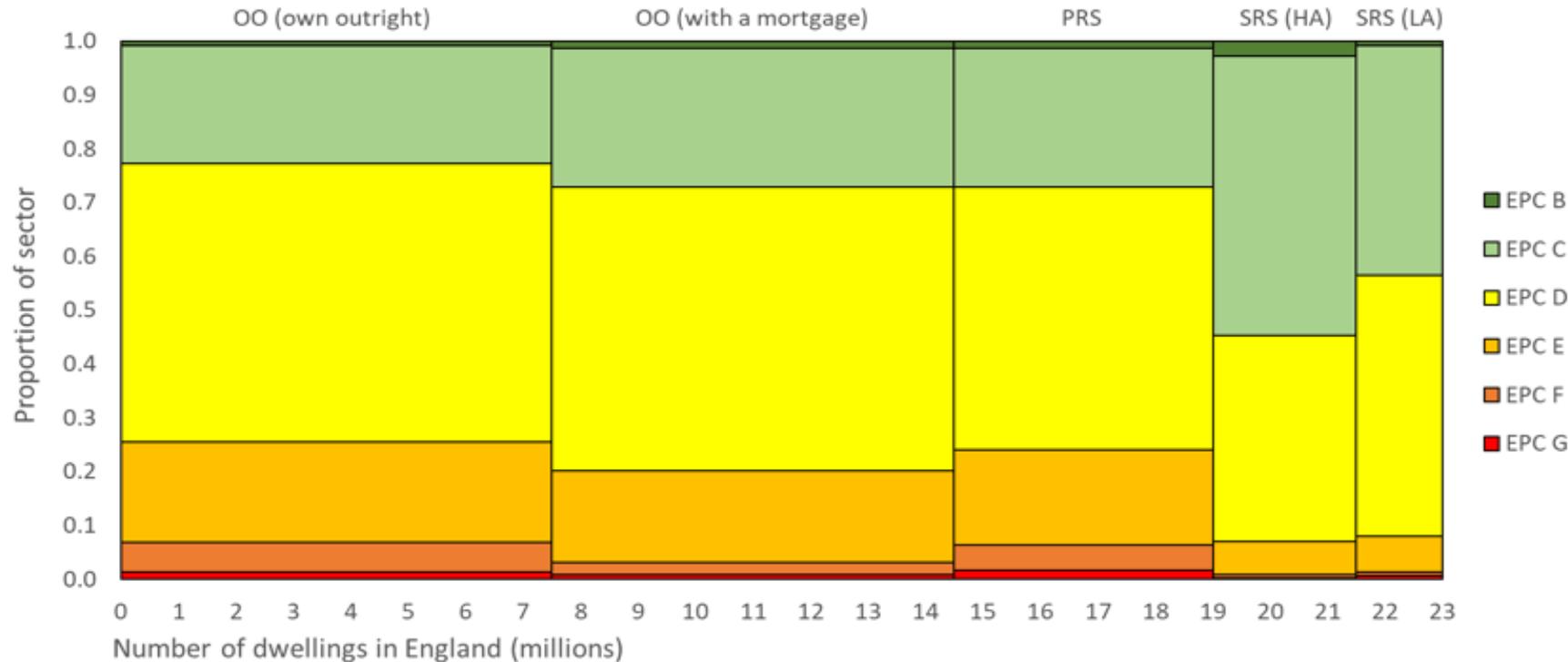
Sam Balch, Deputy Director – Home  
Retrofit & Energy Using Products



# Improving energy performance: The Challenge

- **Homes account for 15% of UK greenhouse gas emissions** (or 22% if electricity use is included). We need to reduce emissions to close to zero by 2050. A step change in the rate of energy performance improvements to existing homes is required over the 2020s to meet the carbon budgets, keep energy bills low, and support the transition to low carbon heat.

EPC rating by tenure\* (2016):



- **Owner occupied** (64% of homes) **have the worst energy performance**, followed by the Private Rented Sector (19% of homes).
- In 2018, there were **16m homes below EPC Band C** in England.
- **Average running costs** are £994 for EPC C home vs. £2,613 for EPC G home.

\*owner occupied (OO), private rented sector (PRS), social rented sector (SRS)

# Improving energy performance: The Challenge

- By 2050, our buildings will need to be **more energy efficient, smarter** and more **flexible**, and use **low carbon heat**.
- Energy performance improvements will need to take account of the **differences in buildings, geographies**, and the **needs of owners / occupants**.
- Some properties may not be able to reach zero emissions practically, cost effectively or affordably, and therefore **appropriate safeguards and exemptions** may be required.

# Improving energy performance: Policy Response

## Minimum standards set through regulation

- Introducing minimum standards across tenure types, adopting a 'fabric first' approach.
- We are:
  - Consulting on **raising minimum energy efficiency standards in the private rented sector**;
  - Consulting on **higher performance standards for products** (eg. white / electrical goods)
  - Committed to consult on **regulatory options to improve energy performance for owner occupied properties and social housing**

## Public support where it is needed most

- **Funding for the fuel poor**, eg.
  - Increasing the **Energy Company Obligation**,
  - public funding for **Green Homes Grant (LAD)** and low income homes off the gas grid (**Home Upgrade Grant**)
- Supporting social landlords to improve social housing (**Social Housing Decarbonisation Fund**)
- **Catalysing innovation and incentivising early adopters.** Drive down costs of retrofit and encouraging early action to grow the supply chain.

## Market enabling measures to support delivery

- Ensuring access to **affordable finance**. We are:
  - Consulting on setting **requirements on mortgage lenders** to support home improvements.
  - Supporting **Green Home Finance innovation** to incentivise the development of green finance products at scale
- Boosting access to robust and tailored **information** (eg. **Simple Energy Advice, EPC Action Plan**)
- Catalysing a **supply chain** for high quality installations and jobs

# Improving energy performance: Forward Look

Policy Area	Next Steps
ECO4	<ul style="list-style-type: none"> <li>Consulting later this year on the details of ECO4, with a focus on multiple measures.</li> </ul>
Economic stimulus schemes	<ul style="list-style-type: none"> <li>Local Authorities can apply for funding from £150m HUG Phase 1 and £200m LAD Phase 3 funds in Summer 2021.</li> <li>A further £160m for the first wave of the £3.8bn SHDF manifesto commitment in financial year 21/22, delivering up to March 2023.</li> </ul>
EPC Action Plan	<ul style="list-style-type: none"> <li>Following series of stakeholder sessions there were common themes throughout which we will prioritise from the Action Plan – Accuracy, Fraud &amp; Recommendations</li> </ul>
Lender consultation	<ul style="list-style-type: none"> <li>Consultation closed February, analysing responses, Government response to follow.</li> </ul>
Rented sector requirements	<ul style="list-style-type: none"> <li>Domestic consultation closed January, analysing responses, Government response to follow.</li> <li>Non-domestic consultation open until 9 June, focused on implementation and enforcement.</li> <li>Committed to consult on reviewing the Decent Homes Standard for social housing</li> </ul>
Owner occupier consultation	<ul style="list-style-type: none"> <li>Committed to consult in 2021 on regulatory options to improve energy performance of owner-occupied homes</li> </ul>
Performance based ratings	<ul style="list-style-type: none"> <li>Consultation for commercial and industrial buildings above 1,000m<sup>2</sup> open until 9 June.</li> </ul>
Products Framework	<ul style="list-style-type: none"> <li>Publishing a world class products framework later this year.</li> </ul>