

household advice in a transformed market

Dr Mark Hinnells

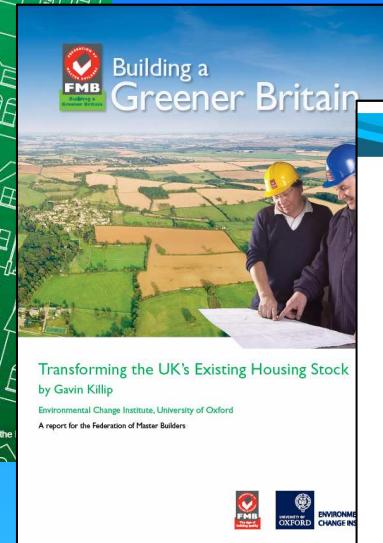
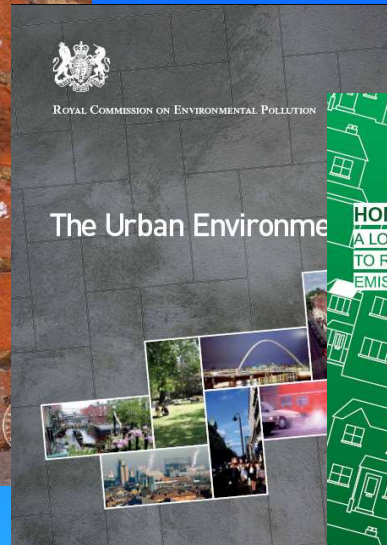
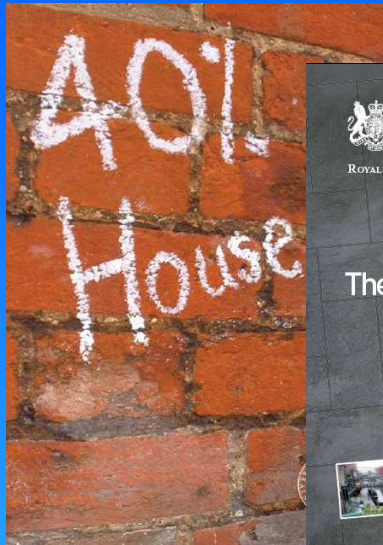
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Homes and climate change policy

- Climate Change Act puts into law a 60% reduction in CO2 by 2050. Requires policy framework for next three, 5-year budgeting periods
- Homes are 28% of UK CO2 but may take more than their fair share
- Significant new policy
- Significant technical economic and business change
- Energy performance likely to impact asset value

ECI research



- 14 years of work
- Worked closely with stakeholders
- Explored technical, behavioural, social, economic and policy issues
- Taken the long view historically and into the future. Explored the drivers of change and how policy may respond
- Developed a range of plausible future scenarios for energy use and carbon emissions from residential and commercial buildings out to 2050
- <http://www.eci.ox.ac.uk/research/energy/>

The policy debate

Trends and drivers

On current trends, improvements in efficiency are more than wiped out by increased demand for energy services

- 30% more homes by 2050
- increasing demand for appliances and equipment
- 24 hour a day loads
- ICT the new aviation (demand doubling every 5 years)

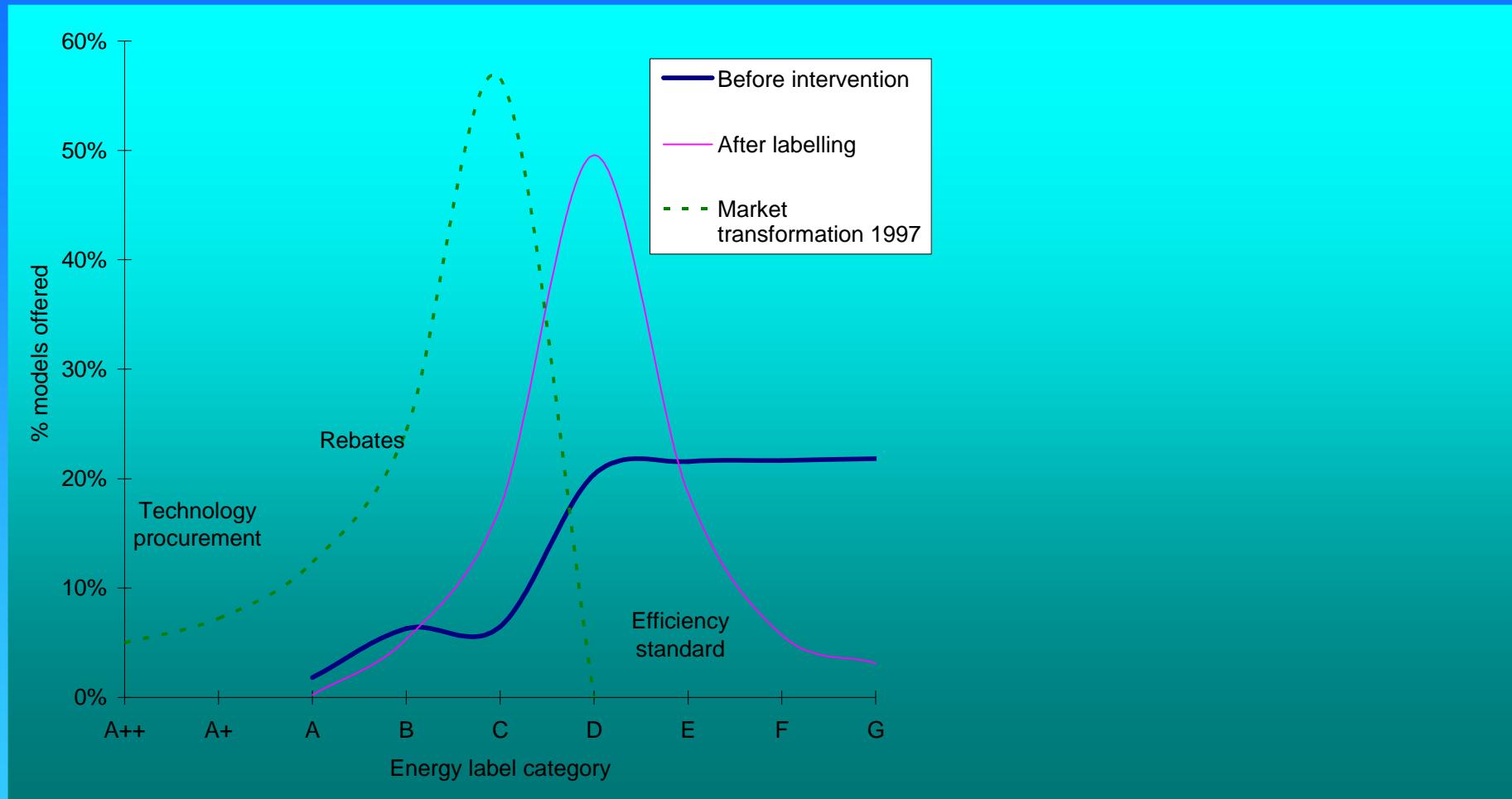
Needs

How to achieve an 80% cut whilst demand is growing?

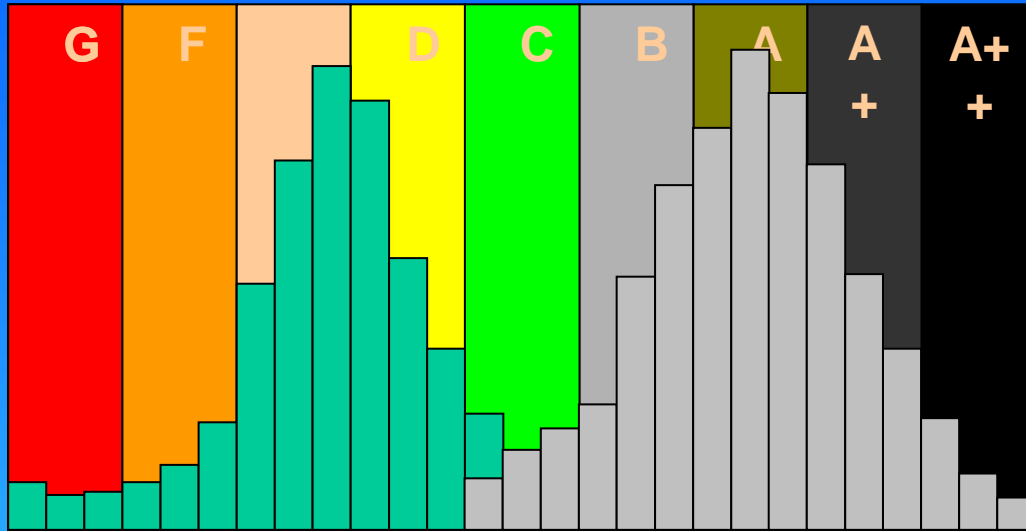
- Policy framework not fit to deliver an 80% cut, why should the current business structure be?
- A range of new technologies available
- But what is really needed is widespread application of existing technologies.
- Every home A, B, or C on the energy label. Much more efficient appliances, better airtightness, A or B rated glazing, external wall insulation, renewables or CHP to every home.
- Needs innovation in how things are delivered: new service models or new business models, or new ways to finance things

In this context, what is the role for energy advice.

Market Transformation

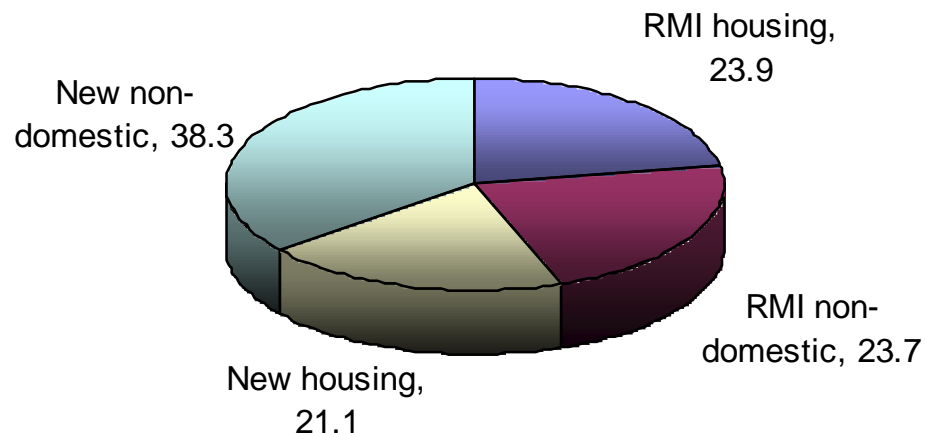


The need for change



- 60-80% reductions in housing could cost some £200-430 billion over 4 decades
- Equal to £5-10bn p.a. – a small proportion of what we already spend
- Relatively easily be financed out of mortgage equity.
- Total UK mortgage lending is around £700 bn against housing stock value of around £3,000 bn

GB Construction output 2005 (£billion)



Market transformation for UK homes

Market Transformation includes:

- Improving the Energy Performance Certificate (more reliable, indicates improvement options more)
- Making the label more visible at the point of marketing of a home and all ratings on the land registry
- training of estate agents
- Incentivising refurbishment eg through a stamp duty rebate for an upgrade of at least one label category.
- A timetable by which any new purchasers would need to upgrade the home within 6 months of purchase, eg to a minimum of an D by 2010, a C by 2015, a B by 2020, and A by 2025.

In this context, what are the implications for advice?

Public versus private sector advice

- Does advice need to be from the public sector or can the private sector deliver?
- Do we need to re-consider the role of Government?
 - Should the state should be providing advice, or encouraging delivery in the private sector?
- What is the impact of current and evolving industry structures on advice
 - Interaction of the advice industry energy industry, and insulation and renewables industries.
- Do we need to re-consider what advice should be aiming to achieve and how delivered?
 - Traditionally advice has been aimed at achieving simple measures and small savings
 - If a 60-80% reduction is needed then a different approach is needed.
 - What is the relationship between energy advice and finance advice?
 - What is the relationship between advice and installation?
 - Are there any issues around things like standards, ownership of data etc?

Energy advice in the UK





- Simply Green offers independent impartial advice on technical options, finance options and will project manage installation
- Is modelled on Carphone Warehouse (the phone house) from the early 1990's
- Enables businesses and consumers to make an informed choice from a whole eco-system of providers
- Manages the supply chain to improve quality of delivery, product development
- developing into a multi-channel business (owner-occupiers, Registered Social Landlords and private landlords, farming, small hotels, retail and office)

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