

Economic Development and Transport Committee

Date: 11 January 2006
Time: 9:00 - 12.30
Venue: National Assembly for Wales, Cardiff Bay
Title: European Commission Green Paper on Energy Efficiency

Purpose of Paper

1. To consider the European Commission's Green Paper on Energy Efficiency and its implications for energy policy in Wales.

Background

2. The European Commission published its Green Paper on *Energy Efficiency or Doing More With Less*¹ on 10 June 2005. The paper seeks to stimulate debate across Europe on energy efficiency matters. It poses a number of questions about measures for energy saving. These questions can be found in Annex A of this paper. Some of the questions have been highlighted because they are particularly relevant to energy policy in Wales and to the role of the Assembly.
3. A key theme in the Green Paper is the need to identify the most appropriate levels for implementing the proposed measures (ie: at the EU, national, regional or local level). The Commission believes that action in the energy efficiency field requires a broad framework but implementation will involve many players, including industry. The Commission intends to produce an Action Plan later in 2006, based on the results of the consultation exercise. The consultation period ends on 31 March 2006.

Green Paper

4. The context for the Green Paper is the integrated guidelines for growth and employment developed under the Lisbon Strategy and adopted by the Commission on 12 April 2005 for the period 2005-2008. The guidelines point out that recent and forecasted trends for oil prices make action in favour of energy efficiency a priority. Member States were therefore expected to give due consideration to the objective of improving energy efficiency when developing their National Reform Programme for growth and employment.
5. A key concern is the amount of energy imported by the EU that could rise to 70% by 2030. The EU is also faced with significant growth in energy consumption, by about 10% over the next 15 years, and has limited scope for increasing energy supply. The Green Paper proposes that energy consumption could be reduced by 20% by 2020 and this would contribute significantly to securing 50% of the necessary reduction in CO₂ emissions.
6. The Green Paper analyses the current situation in Europe and draws up a series of possible actions to be commented on. Some of the proposed actions are already the subject of European Legislation. The Commission believes that 10%

¹ Commission of the European Communities, *Green Paper on Energy Efficiency or Doing More with Less*, COM(2005) 265 final, 10 June 2005

http://europa.eu.int/comm/energy/efficiency/index_en.htm

savings are possible through the full implementation of existing European legislation. This includes approved measures in the building, domestic appliances, heat production and transport sectors.

7. The *Energy End-use Efficiency and Energy Services Directive*² that was approved on 13 December 2005 will require Member States to save at least an additional 1% of their final energy consumption each year for the next 9 years. In order to achieve these savings, Member States must adopt targets, impose obligations on their energy suppliers and prepare national Energy Efficiency Action Plans. Savings will be achieved in both the private and public sectors, using a framework of measures. These measures should expand the use of energy services such as energy-efficient and cost-effective lighting, heating, hot water, ventilation and transportation. They will also improve the market uptake of energy-efficient technology and integrate energy efficiency criteria into public procurement practices.
8. The Green Paper outlines a series of possible additional measures to be taken at the EU and national level. At the EU level these include better use of taxation including promoting the purchase of more economical vehicles, extension of the Buildings Directive to cover renovation work, labelling of domestic appliances and more R&D funding. At the national level the measures outlined include better regulation of electricity networks to minimise energy loss, further promotion of distributed generation, replacing the least efficient power plants and the upgrading of old Combined Heat & Power (CHP) schemes.
9. Transport is identified as responsible for about one third of total EU energy consumption and about one quarter of CO₂ emissions. A number of actions are proposed including:
 - ◆ Placing an obligation on public administrations to spend a part of their fleet budget on clean vehicles;
 - ◆ Improving traffic management;
 - ◆ Financing research and demonstration projects on alternative fuels;
 - ◆ Introducing urban road charging or restricting access to city centres of cars which pollute and use a lot of fuel;
 - ◆ Promoting public transport
10. The Green Paper also states that further savings could be made in buildings and homes. It concludes that public authorities have to intervene to prompt consumers to adopt more efficient technologies and more saving behaviour. This includes applying stricter standards to new and renovated buildings and through raising awareness of the need for energy efficiency through public information campaigns.
11. Stimulating industry to consume less energy is also important. The Green Paper suggests that public authorities have to set up a more favourable framework for investments, including measures such as aid for investment and funding for small-scale innovation projects. Awareness-raising campaigns for professionals in the energy sector are also seen as important.

² Commission of the European Communities, *Directive of the European Parliament and of the Council on energy end-use efficiency and energy services*, COM(2003) 739 final, 10 December 2003
EDT2 01-06 e (p3) e - EC Green paper - APS paper.doc

12. The paper stresses the importance of action at the regional and local level including:

- ◆ The creation and development of energy agencies/networks;
- ◆ Further development of the *Intelligent Energy – Europe* programme;
- ◆ EU cohesion policy for the 2007-2013 period where increased energy efficiency and the promotion of clean urban transport will constitute explicit targets for ERDF;
- ◆ Specific financing instruments, including project preparation and risk management funds and the sharing of best practice across the EU;
- ◆ Improved provision of information and better communication.

Council of Ministers

13. At its December 2005 meeting the Council held a debate on climate change and sustainable energy. The Council welcomed the Green Paper on Energy Efficiency and in particular stressed:

- ◆ the need to raise the profile of energy efficiency across all sectors, including in the public sector which should lead by example for other sectors;
- ◆ the importance of the exchange of best practice across the Union and the need to ensure synergy and consistency with other policy areas, particularly environment and transport policy;
- ◆ that the transport and building sectors, in particular, hold a large potential for increased energy efficiency;
- ◆ an increased emphasis on research, development and deployment of energy efficient products and technologies is needed, which could also be beneficial to the EU export potential;
- ◆ the potential of more efficient energy generation, including with low or zero emissions³

Policy Review

14. The Economic Development Committee of the First Assembly carried out a review of energy policy in Wales. It produced a report specifically on Energy Efficiency in April 2003⁴. The recommendations are set out in Annex B and the Minister's response to these recommendations is given in Annex C.

15. Some common themes identified by the policy review and by the Green Paper include:

- ◆ Use of procurement policy to support and promote energy efficiency
- ◆ Use of Objective 1/Cohesion funding
- ◆ Promoting energy efficiency through the use of public buildings as exemplars
- ◆ Stricter standards for new/renovated buildings
- ◆ Promotion and awareness raising
- ◆ Measures to support home energy conservation
- ◆ The importance of targets and monitoring

³ Council of the European Union Press Release, *Transport, Telecommunications and Energy Main Conclusions of the Council*, 1/5 December 2005.

⁴ National Assembly for Wales, Economic Development Committee, *Review of Energy Policy in Wales: Energy Efficiency – Final Report*, LD2071, April 2003
[edcenergyefficiencyreport](#)

Action

16. The Committee is invited to:

Consider how it wishes to respond to the questions posed in the EC Green Paper on Energy Efficiency (in particular those questions highlighted as relevant to energy policy in Wales and to the role of the Assembly) in the light of:

The recommendations of the policy review of energy efficiency conducted by the Economic Development Committee of the First Assembly and the Assembly Government's response these recommendations;

The Welsh Assembly Government's views on the Green Paper and the progress made in implementing its own Energy Efficiency Action Plan *Energy Saving Wales*;

The views of Energy Saving Trust Wales and the Carmarthenshire Energy Agency that will be giving evidence at the meeting.

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Annex A – questions taken from the EC Green Paper on Energy Efficiency⁵

1. How could the Community and the Commission in particular, better stimulate European investment in energy efficiency technologies? How could funds spent supporting research in this area be better targeted? (Section 1.1)
2. The emission trading mechanism is a key tool in developing a market-based response to meeting the goals of Kyoto and climate change. Could this policy be better harnessed to promote energy efficiency? If so, how? (Section 1.1)
3. In the context of the Lisbon strategy aiming to revitalise the European economy, what link should be made between economic competitiveness and a greater emphasis on energy efficiency? In this context, would it be useful to require each Member State to set annual energy efficiency plans, and subsequently to benchmark the plans at community level to ensure a continued spread of best practice? Could such an approach be used internationally? If so, how? (Section 1.1.3)
4. Fiscal policy is an important way to encourage changes in behaviour and the use of new products that use less energy. Should such measures play a greater role in European energy efficiency policy? If so, which sort of measures would be best suited to achieve this goal? How could they be implemented in a manner that does not result in an overall increase in the tax burden? How to really make the polluter pay? (Section 1.1.4)
5. Would it be possible to develop state aid rules that are more favourable to the environment, in particular by encouraging eco-innovation and productivity improvements? What form could these rules take? (Section 1.1.5)
6. Public authorities are often looked to for an example. Should legislation place specific obligations on public authorities, for example to apply in public buildings the measures that have been recommended at Community or national level. Could or should public authorities take account of energy efficiency in public procurement? Would this help build viable markets for certain products and new technologies? How could this be implemented in practice in a way that would promote the development of new technologies and provide incentives to industry to research new energy efficient products and processes? How could this be done in a manner that would save money for Public authorities? As regards vehicles, please see question 20. (Section 1.1.6)
7. Energy efficiency funds have in the past been used effectively. How can the experience be repeated and improved? Which measures can be adopted usefully at: – international level – EU level – national level – regional and local level? (Section 1.1.7. See also question 22)

⁵ Note: Section numbers refer to the sections of the Green Paper
EDT2 01-06 e (p3) e - EC Green paper - APS paper.doc

8. Energy efficiency in buildings is an area where important savings can be made. Which practical measures could be taken at EU, national, regional or local level to ensure that the existing Community Buildings Directive is a success in practice? Should the Community go further than the existing Directive, for example extending it to smaller premises? If so, how could the appropriate balance be achieved between the need to generate energy efficiency gains and the objective of limiting new administrative burdens to the minimum possible? (Section 1.2.1)

9. Giving incentives to improve the energy efficiency of rented accommodation is a difficult task because the owner of the building does not normally pay the energy bill and thus has no economic interest in investing in energy efficiency improvements such as insulation or double glazing. How could this challenge be best addressed? (Section 1.2.1)

10. How can the impact of legislation on the performance of energy-consuming products for household use be reinforced? What are the best ways to encourage the production and consumption of these products? Could, for instance, present rules on labelling be improved? How could the EU kick-start research into and the subsequent production of the next generation of energy efficient products? What other measures could be taken at : – international level – EU level – national level – regional and local level? (Section 1.2.2)

11. A major challenge is to ensure that the vehicle industry produces ever more energy efficient vehicles. How can this best be done? What measures should be taken to continue to improve energy efficiency in vehicles and at which level? To what extent should such measures be voluntary in nature and to what extent mandatory? (Section 1.2.3)

12. Public information campaigns on energy efficiency have shown success in certain Member States. What more could and should be done in this area at: – international level – EU level – national level – regional and local level? (Section 1.2.4)

13. What can be done to improve the efficiency of electricity transmission and distribution? How to implement such initiatives in practice? What can be done to improve the efficiency of fuel use in electricity production? How to further promote distributed generation and co-generation? (Sections 2.1-2.3)

14. Encouraging electricity and gas providers to offer an energy service (i.e. agreeing to heat a house to an agreed temperature and to provide lighting services) rather than simply providing energy is a good way to promote energy efficiency. Under such arrangements the energy provider has an economic interest that the property is energy efficient and that necessary investments are made. Otherwise, electricity and gas companies have an economic interest that such investments are not made, because they sell more energy. How could such practices be promoted? Is a voluntary code or agreement necessary or adequate?

15. In a number of Member States, white (energy efficiency) certificates have been or are being introduced. Should these be introduced at Community level? Is this necessary given the carbon trading mechanism? If they should be introduced, how could this be done with the least possible bureaucracy? How could they be linked with carbon trading mechanism? (Section 2.4)

16. Encouraging industry to take advantage of new technologies and equipment that generate cost-effective energy efficiencies represents one of the major challenges in this area. In addition to the carbon trading mechanism, what more could and should be done? How effective have been the steps taken so far through voluntary commitments, non-binding measures adopted by industry, or information campaigns? (Section 3)

17. A new balance between modes of transport – a major theme of the strategy set out in the White Paper that the Commission adopted in 2001 on a European transport policy for 2010 – is still a top priority. What more could be done to increase the market share of rail, maritime and inland waterway transport? (Section 4.2)

18. In order to improve energy efficiency it is necessary to complete certain infrastructure projects from the trans-European transport network. How should the investments needed for infrastructure projects be developed, using what sources of financing? (Section 4.2)

19. Among the measures that could be adopted in the transport sector, which have the greatest potential? Should priority be given to technological innovations (tyres, engines...), particularly through standards defined jointly with the industry, or to regulatory measures such as a limit on fuel consumption of cars? (Sections 4.3-4.5)

20. Should public authorities (state, administrations, regional and local authorities) be obliged in their public procurement to buy a percentage of energy efficient vehicles for their fleets? If so, how could this be organised in a manner that is technology neutral (i.e. it does not result in distorting the market towards one particular technology)? (Section 4.3)

21. Infrastructure charging, notably paying to use roads, has started to be introduced in Europe. A first proposal was made in 2003 to strengthen the charging of professional road transport. Local congestion charges have now been introduced in some cities. What should be the next steps in infrastructure charging? How far should “external costs” such as pollution, congestion and accidents be directly charged to those causing them in this manner? (Section 4.4)

22. In certain Member States, local or regional energy efficiency project financing schemes, managed by energy efficiency companies, have proven very successful. Should this be extended. If so, how? (Section 5.1)

23. Should energy efficiency issues be more integrated in the Union’s relationships with third countries, especially its neighbours? If so, how? How can energy efficiency become a key part of the integration of regional markets? Is it necessary to encourage the international financial institutions to pay more attention to demand management issues in their technical and financial assistance to third countries? If so, what could be the most effective mechanisms or investments? (Section 6)

24. How could advances in energy efficiency technology and processes in Europe be put to effective use in developing countries? (Section 6.3)

25. Should the Union negotiate tariff or non tariff advantages within the WTO for energy efficient products and encourage other members of WTO to do the same?
(Section 6)

Annex B – Recommendations of the Review of Energy Policy in Wales Energy Efficiency – Final Report, April 2003 – Economic Development Committee

The Welsh Assembly Government should:

A. Supporting UK Policy

1. support the UK government's targets for energy efficiency by promoting energy efficiency in all areas and at all levels.
2. support the CHP strategy and encourage the UK Government to review the penalties imposed on CHP plant through NETA.
3. promote the schemes and support available from the Energy Saving Trust and Carbon Trust, particularly as these apply to households and firms in Wales.

B. Increasing devolved powers

4. develop and adopt its own 'Green Dragon' type of certificate for buildings that achieved a degree of sustainable performance in excess of minimum standards. It should monitor the performance of this scheme.

C. Action by the National Assembly

5. identify from within the existing organisations and people involved in this work an individual, or unit, responsible for coordinating and monitoring the promotion of energy efficiency on a Wales-wide basis. It should take the lead in promoting and encouraging energy efficiency across Wales – in all areas and at all levels. It should establish a mechanism to monitor and report on performance towards achieving energy efficiency targets. It should consider, in particular, ways in which to involve young people and schools in this and the suggestion of some kind of grant scheme to encourage young people.
6. should seek to construct the new National Assembly Building as an exemplar and a clear statement of Wales' commitment to sustainable development. It should ensure that full and careful consideration is given to every aspect of energy use within the new building, including the installation of photovoltaic solar panels. It should ensure that, as far as is practicably possible, it is an exemplar of best practice in the energy efficiency field.
7. deploy additional resources, for example Objective 1 funds, to support local energy efficiency initiatives including the installation of solar panels.
8. make use of its procurement policy to support and promote energy efficient products and ensure that all purchases are based on a life-cycle cost assessment. It should also use this policy to improve the energy awareness of suppliers of all goods and services and encourage all other public bodies to do the same throughout Wales.
9. promote the use of CHP in all public sector buildings and, where necessary, encourage the provision of the necessary training and expertise.

10. use its resources and influence to ensure that all public buildings, where practicable, including schools and council buildings, have the highest possible standards of energy efficiency. The Assembly should also explore ways of supporting additional construction costs through the savings available to users.
11. provide additional incentives and financial support to encourage all householders, not just those in receipt of passported benefits, to improve the insulation of their properties.
12. work with Authorities, both officers and elected members, to raise the profile of HECA and ensure the allocation of adequate resources to discharge obligations under the Act.
13. ensure that ELWa and other bodies recognise the economic opportunities that this sector presents and consider it as a priority. This should include, in particular, providing the training required to support energy efficiency initiatives, particularly for construction.



CABINET WRITTEN STATEMENT

TITLE: Written Response To The Economic Development Committee`S Report On Energy Efficiency

DATE: 23 September 2003

BY: Andrew Davies, Minister For Economic Development And Transport

The purpose of this Written Cabinet Statement is to assist in preparation for the Oral Cabinet Statement , presenting the Welsh Assembly Government`s response to the Economic Development Committee`s report on Energy Efficiency , by Andrew Davies, Minister for Economic Development and Transport on Tuesday 30 September.

Supporting UK policy

Recommendation 1 : Support UK government`s targets for energy efficiency by promoting energy efficiency in all areas and at all levels.

Many of the actions being undertaken by the National Assembly support UK policy which is demonstrated by the work that key organisations are already undertaking in Wales. For example, the Assembly Government`s Fuel Poverty Commitment for Wales aims to improve energy efficiency through the Assembly`s Home Energy Efficiency Scheme (HEES). This aims to reduce households classed as in fuel poverty and, to assess the condition of social housing stock and implement a programme for repair and improvement.

Financial implications: No additional financial implications identified at this stage.

Recommendation 2 : Support the CHP strategy and encourage the UK Government to review the penalties imposed on CHP plant through NETA.

A high profile success story supporting the UK CHP strategy is the Wing Manufacture Centre for Airbus UK Limited in Broughton. Heavy investment in CHP has contributed to 50% energy reduction worth £100,000 to the company over a 12 month period and further savings are forecast.

Financial implications: No additional financial implications identified at this stage.

Recommendation 3 : Promote the schemes and support available from the Energy Saving Trust and Carbon Trust, particularly as these apply to households and firms in Wales.

Welsh Assembly Government supports the work of Carbon Trust Wales (CTW) and Energy Savings Trust (EST) in several ways. In the domestic sector, EST is a partner organisation in delivering our Fuel Poverty Commitment for Wales. Another scheme includes support for a national photovoltaic programme which has seen over £500,000 funding for six projects in Wales. In the non-domestic sector, Carbon Trust Wales work (this year to-date) includes the following achievements under the Action Energy banner; 42 Action Energy applications were received and approved; 45 loan schemes enquiries were received. CTW's Low Carbon Innovation Programme has built upon the previous year's work and there has been increase in the number and the quality of the applications received.

Financial implications: No additional financial implications identified at this stage.

Increasing devolved powers

Recommendation 4 : Develop, adopt its own 'Green Dragon' type of certificate for buildings that achieved a degree of sustainable performance in excess of minimum standards. It should monitor the performance of this scheme.

The Welsh Assembly Government is engaged in a study looking at the potential for a requirement that all new social housing grant funded homes have an ECOHomes assessment (final report due before end of this year). ECOHomes is a version of The British Research Establishment Environmental Assessment Method (BREEAM) which is used for offices, industrial and commercial buildings. This provides a

very simple rating system that covers energy use, transport, pollution, materials, water, land use and ecology, health and well being. This is a useful measurement of sustainability and, depending on the target rating chosen could be used to produce homes with higher energy efficiency.

Financial implications: No additional financial implications identified at this stage.

Actions by the Welsh Assembly

Recommendation 5 : Identify...a unit... responsible for co-ordinating and monitoring the promotion of energy efficiency on a Wales wide basis... .It should consider ways in which to involve young people and schools...

In response to the recommendation for a mechanism to monitor and report the promotion of energy efficiency in Wales. An Energy Conservation Action Plan is currently being drafted. This will focus attention on co-ordinating delivery and communication and, in addition, our Energy Team are working on our response to the UK Energy White Paper.

Financial implications: No additional financial implications identified at this stage.

Recommendation 6 : New Assembly building as an exemplar and a clear statement of Wales' Wales's commitment to sustainable development. It should ensure that ...it is an exemplar of best practice in the energy efficiency field.

The report recommended that the new Assembly building should be an exemplar of best practice in energy efficiency and a statement of Wales commitment to sustainable development. The current building design meets criteria for BREEAM standard of "excellent" in regard to best practise in environmental design and management. In addition the building:

- **Makes use of natural ventilation and passive systems to heat and cool the building**
- **Has Central Cooling System is an Earth Heat Exchanger system which:**
 - **Provides a cooling system with highest efficiency possible**
 - **Employs environmentally friendly technology**

- Has a long life expectancy
- Has a Central Heating System consisting of a Wood Fired Boiler System which:
 - Provides a heating system which has the highest efficiency possible
 - Employs environmentally friendly technology
 - Uses wood as a fuel source which is effectively carbon neutral
 - Has zero CO₂ emissions
 - Uses wood chips or wood pellets, both of which are available locally
- Makes use of thermal mass (concrete) to passively heat and cool the building
- Should provide running cost savings of 30-50%

Financial implications: No additional financial implications

Recommendation 7 : Deploy additional resources, for example Objective 1 funds, to support local energy efficiency initiatives including the installation of solar panels.

The Welsh Assembly Government is contributing towards the Solar Water In Social Housing (SWISH) projects to fund bids from Registered Social Landlords. The SWISH project will help develop a sustainable model for implementing solar water heating within the social housing sector (both new build and existing housing).

It also suggests that greater use is made of Objective 1 funding. The European Structural Fund Programmes have a common environmental strategy that includes opportunities to promote energy efficiency. An example is the requirement for buildings to achieve high standards of environmental performance in the Sites and Premises Measures in Objective 1.

Projects awarded European funding from the Programmes aim to achieve improvements in the environmental performance of businesses including greater energy efficiency include:

- The Arena Network's 'Environmental Innovation and Competitiveness' project (Objective 1 grant value: £1.5 million). This project aims to encourage business to improve their environmental performance. The cornerstone of this programme is the recently established Green Dragon branding for businesses to work towards

by incrementally improving their environmental performance. This new standard will allow all businesses to gain recognition for their environmental achievements and derive benefits from improved environmental management and the associated marketing advantages that will accrue from this new hallmark.

- **Low Carbon Partnership. (Objective 1 grant value: £1.5 million).** This is a joint project between Carbon Trust Wales and the Welsh Development Agency which aims to make Welsh businesses in the Objective 1 area more competitive by delivering energy cost savings of £27.5m and reducing carbon dioxide emissions by 286,000 tonnes over a ten-year period. This will be achieved by providing energy efficiency advice to 1,000 SMEs, performing a detailed energy audit of 400 and installing energy efficient, low carbon equipment for 200 of these businesses.
- **Renewable energy projects bidding to the programmes are encouraged to develop energy efficiency opportunities within their projects when appropriate. An example is:**
- **Awel Aman Tawe windfarm project which received Objective 1 grant value £94,000 which funded a feasibility study. The study concerns a community-led wind farm project and it aims to undertake research on the most beneficial way of developing a community-led wind farm and energy efficiency project in the Upper Amman/Swansea Valley area. The project also plans to benefit the local community by improving the insulation of domestic properties.**

It must be pointed out that use of Objective 1 funds to support local energy efficiency initiatives including the installation of solar panels can only do so for projects where there is a direct economic regeneration benefit.

Financial implications: No additional financial implications identified at this stage.

Recommendation 8 : Use procurement policy to support and promote energy efficiency products and ensure that all purchases are based on a life-cycle cost assessment

The Welsh Assembly Government through its Welsh Procurement Initiative Team is leading the way by adopting a joined-up approach to public procurement in Wales. The initiative places an emphasis upon improving the value for money obtained. The promotion of energy efficiency products will be integral to the initiative. The Assembly Construction Forum is currently constituted as a means of co-ordinating the construction procurement best practice guidance produced by Assembly Divisions and Assembly Sponsored Public Bodies (ASPB),

including the WDA and Welsh Health Estates. Welsh Health Estates is currently reviewing procurement guidance and technical standards for the Welsh Health Estate, with regard to Assembly Government policy and central government guidance. This is a part of the review of the Capital Investment Manual and Estate Code within the development of a National Estates Strategy Framework.

Financial implications: Additional financial implications are difficult to estimate at this stage but it has to be recognised that moving to a whole life cost approach means that there will be higher initial expenditure but that these will be offset against future savings in running costs i.e. revenue costs.

Recommendation 9 : *Promote the use CHP in all public sector buildings and... encourage the provision of appropriate training and expertise 10 use its resources and influence to ensure that all public buildings... have the highest possible standards of energy efficiency...*

The Welsh Assembly Government, with the Energy Saving Trust and Carbon Trust, is promoting the £50m UK wide Community Energy Programme. This is a two year UK government funded programme which offers information, advice and grant scheme funding to support the installation of new schemes and refurbishment or expansion of existing community heating schemes including CHP. Grants are provided to support project development, feasibility studies etc and capital support for construction. To date four grants for feasibility work have been successful but no Welsh applications have reached the capital grant stage. A recent application for a biomass fuelled community heating scheme for the village of Llanwddyn, Powys (19 dwellings) is currently under consideration and has widespread support.

Financial implications: No additional financial implications identified at this stage.

Recommendation 10 : *Use its resources and influence to ensure that all public buildings... have the highest possible standards of energy efficiency...*

A joint project between Gwent NHS trust and CTW has reached first stage of completion. The pilot study, with the aim of producing a generic set of energy saving initiatives that can be applied to NHS properties throughout Wales, is complete. The final report will lead to a bespoke energy strategy for the NHS in Wales. The strategy will support a range of delivery mechanisms to build on the work started in Gwent NHS Trust.

Financial implications: No additional financial implications identified at this stage.

Recommendation 11 : *Provide additional incentives and financial support to encourage all householders...to improve the insulation of their properties*

The Energy Efficiency Commitment (EEC) places an onus on energy companies to assist householders with a range of energy efficiency measures. Higher income households are currently encouraged to take up energy efficiency grants for loft, cavity insulation, boiler controls and low energy lights. Encouraging take up amongst the 'Fuel Rich' remains a challenge and something the UK government has recognised in the Energy White Paper and the work flowing from it. The Treasury is consulting on the use of fiscal measures to encourage greater uptake. The Welsh assembly Government is currently formulating an Energy Conservation Action Plan which aims to encourage the practical application of energy conservation measures.

Financial implications: No additional financial implications identified at this stage.

Recommendation 12 : *Work with Authorities... to raise profile of HECA...*

Local authorities (LA) have a statutory responsibility to encourage energy conservation in the domestic sector under the Home Energy Conservation Act (HECA). Support for LA HECA activities by the Assembly government has included:

- standardised reporting software, all reports prepared on a common basis
- Ministerial support for HECA conferences
- Building Research Establishment Conservation Support Unit (BRECSU) published detailed strategic guidance – Good Practice Guide 250 – for local authorities in Wales on energy efficiency in housing
- 25% of HEES budget available for social landlords to help improve the energy efficiency of their stock

To date they have achieved a 4% improvement against a 30% 10 year target (this is the halfway stage). A policy agreement with local authorities was seen as the best opportunity to improve this situation and in February 2003 the Minister for Social Justice and Regeneration agreed with the leader of the WLGA that the practicality of establishing a policy agreement covering energy efficiency should be

investigated. In addition, earlier this month the WLGA launched a consultation on guidance for local authorities developing energy polices across their domestic and non domestic building stock.

In order to help raise the profile of energy efficiency the Assembly Government with the Energy Saving Trust (EST) and Welsh Local Government Association (WLGA) have established a post within the WLGA tasked with raising corporate awareness of the issue.

Financial implications: There are no additional financial implications identifiable although current funding for WLGA post terminates March 2004. If it were concluded that further work/support is warranted (perhaps in relation to the soon to be launched WLGA energy policy guidance for LAs) there may be a need to extend the contract at a cost of £50k.

Recommendation 13 : Ensure that ELWa and other bodies recognise the economic opportunities that this sector presents and consider it a priority. This should include...providing the training required to support energy efficient initiatives, particularly for construction.

An example of this is the Bridgend Local Authority housing stock transfer training employment pilot. The Council has just transferred 6500 houses to a Registered Social Landlord (Valleys to Coast Housing Ltd) and £70 million is to be invested in upgrading the housing stock over the next five years. Training opportunities are being set up to facilitate the up-skilling of local people which will include energy efficiency practices.

Financial implications: No additional financial implications identified at this stage.