

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith /  
Climate Change, Environment and Infrastructure Committee  
Blaenoriaethau ar gyfer y Chweched Senedd / Priorities for the Sixth Senedd  
PR14

Ymateb gan Yr Ymddiriedolaeth Arbed Ynni / Evidence from Energy Saving Trust

## **Energy Saving Trust's response to the Senedd Climate Change, Environment and Infrastructure Committee's call for evidence regarding the Committee's 12–18 month priorities**

Energy Saving Trust is an independent organisation dedicated to promoting energy efficiency, renewable energy and low carbon transport to address the climate emergency. Our work focuses on reaching net zero targets by encouraging reductions in energy consumption, the installation of new infrastructure and an acceleration to more sustainable, low carbon lifestyles. A trusted, independent voice, we have over 25 years' experience in these areas. We provide leadership and expertise to deliver the benefits of achieving carbon reduction targets: warmer homes, cleaner air, healthier populations, a resilient economy, and a stable climate. We empower householders to make better choices, deliver transformative programmes for governments, including managing the Welsh Government's NEST home advice programme and leading a consortium, along with the Carbon Trust, which delivers the Welsh Government Energy Service (WGES). We also support businesses, local authorities and community groups with strategy, research and assurance – enabling everyone to play their part in building a sustainable future.

We welcome the opportunity to engage with the Climate Change, Environment and Infrastructure Committee (the Committee) at this important time in both the Welsh electoral cycle and on the path to net zero in Wales. We would welcome any future opportunity to engage with the work of the Committee. The remit of the Committee is wide, as is that of the new Climate Change Ministry, reflecting the importance of addressing climate change to both the Welsh Government and the wider Senedd group. We welcome the expanded Climate Change Ministry and hope that the

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Committee will work collaboratively to hold Welsh Government to account on its climate commitments. We noted in the Ministers’ response to the Committee that they referred to a Welsh Government Climate Change Board, we would welcome some more information on the makeup and remit of this board. Below, we set out, based on our organisation’s expertise and experience, what we believe are the crucial near-term priorities for the Committee to consider.

**Key points made in our response are summarised below.**

- **Decarbonising heat and enabling household retrofit**
  - A support programme for all households must be a priority
  - A clear strategy for heat decarbonisation is needed with targets for the number of heat pump installations by 2030
  - Action in this priority area will deliver significant economic, health and social benefits for Wales
  - These benefits will be best guaranteed with immediate action taken to strengthen the supply chain and upskill the workforce to deliver these projects.
  - This work can build on the successes of the Warm Homes Programme and Optimised Retrofit Programme
  - Financing is a crucial area that needs attention. All households should be able to access forms of low cost financing to help in the transition
  - This must be complemented with impartial, expert and in-depth advice for all households
  
- **Incentivising the EV rollout**
  - EVs, while by no means the entire answer, will be critical in the transition to a low carbon transport system given the reliance on personal vehicles in Wales
  - Investment in infrastructure ahead of demand is an essential prerequisite of a successful rollout and will have considerable benefits in terms of job creation
  - Consumers must be supported with both financing and expert and impartial advice. Models exist elsewhere that can be drawn on.

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- **Ensuring a fair transition**

- This priority area is critical to the success of the low carbon transition. People must feel that they have a stake in the changes happening in society and policy is not ‘being done to them’
- The CCC recognises that demand reduction driven by behaviour change will be necessary to reach net zero.
- Working to ensure a fair transition will bring multiple benefits.

**Decarbonising heat and enabling retrofit for all households**

We strongly welcomed the reference to heat decarbonisation in the Ministers’ response to the Committee and particularly the recognition that addressing this priority area represents “a substantial cross-cutting challenge”. In our view a priority area for Welsh Government and for Committee scrutiny will need to be the delivery of a support programme to help all households decarbonise their heating systems. Improving the energy efficiency and decarbonising the heating systems of Welsh homes will be essential to meet Wales’ climate change targets.

To help spur action on heat decarbonisation Welsh Government should consider setting its own target for the installation of renewable heating systems of 50,000 per year by 2030, broadly aligning with the UK-level recommendations of the Climate Change Committee. Equally important is a need to embed lessons learned through the Warm Homes Programme and the Optimised Retrofit Programme (ORP) to allow households in Wales, regardless of tenure type or financial situation, to be supported in retrofitting their homes to make them more energy efficient, less expensive to run and more comfortable.

A significant proportion of Welsh emissions come from heating and energy use in our homes. Wales has some of the least thermally efficient housing in Western Europe<sup>1</sup> having the lowest percentage of dwellings in EPC Band ‘C’ or above of any of the UK nations (28%)<sup>2</sup>, and a significant proportion of ‘hard-to-treat’ homes. The Welsh

<sup>1</sup> <https://www.tado.com/t/en/uk-homes-losing-heat-up-to-three-times-faster-than-european-neighbours/>

<sup>2</sup> <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf>

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Government has worked hard over many years to improve the thermal efficiency of the poorest housing in Wales with considerable success, halving the rate of fuel poverty in a little over a decade. As Wales ramps up efforts to decarbonise, a focus on low carbon heating and addressing housing types and households that have not received as much support in the past (such as those who may self fund a portion of future work) must become a priority. We believe the potential for job creation in the energy efficient retrofit and renewable heat sectors in Wales could be significant. A recent IPPR report<sup>3</sup> highlighted that in Wales expanding home energy efficiency retrofits and renewable heat installations could offer significant job creation potential. Frustratingly, virtually all of the available economic models calculate the potential for new jobs at the UK level. This can make it challenging to disaggregate the figures for Wales and the opportunity that may exist. We can estimate the number of jobs that could be created in Wales by considering the proportion of Welsh homes that are below EPC Band 'C' relative to the UK total. For example, it has been estimated that there are approximately 12 million UK homes below EPC Band 'C', of which approximately 1.12 million are in Wales<sup>4,5</sup>. Therefore, we can assume that 9.33% of new UK-wide jobs in this sector might be located in Wales. This makes a number of assumptions including a proxy for renewable heat installations, the makeup of the housing stock, the fact that many homes will ultimately need to be retrofitted to above EPC 'C' to achieve net zero etc. In July of 2020 Energy Saving Trust analysed the green recovery and job creation potential of energy efficiency retrofit out to 2030 arriving at the figure of 161,000 jobs across the UK<sup>6</sup>. We estimate (taking the 9.33% figure for Wales) this would equate to over 15,000 Welsh jobs. Despite the assumptions outlined above the likelihood is that these figures are an underestimate, particularly over the longer term and when we factor in the need for heat decarbonisation and consider that reaching net zero will require many existing and new Welsh homes to go beyond EPC 'C'.

Energy efficiency retrofit and the rollout of renewable heat is particularly beneficial due to being geographically dispersed and labour intensive and would primarily support traders and SMEs in Wales. Significant co-benefits would also arise from this investment

<sup>3</sup> <https://www.ippr.org/files/2020-07/transforming-the-economy-after-covid19-july2020.pdf>

<sup>4</sup> <https://stats.wales.gov.wales/Catalogue/Housing/Dwelling-Stock-Estimates/dwellingstockestimates-by-localauthority-tenure>

<sup>5</sup> <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf>

<sup>6</sup> <https://energysavingtrust.org.uk/about-us/news/home-energy-efficiency-should-be-central-covid-recovery-package>

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in terms of improved public health, the alleviation of fuel poverty, and the comfort and well-being of the people of Wales.

Our work as part of the Warm Homes Programme in Wales and Home Energy Scotland<sup>7</sup> has given us considerable insight into the challenge of retrofitting households. Broadly, we feel that the most significant challenges relate to advice, financing and skills.

Addressing the first of these challenges could see Welsh Government’s current fuel poverty focussed advice provision being expanded to deliver a ‘one-stop-shop’ or ‘net zero home’ advice service to incorporate impartial, expert and personalised renewable heat, low-carbon transport and renewable generation advice for all households and landlords, which could include advice on sources of funding and would encourage and support people to take action. Lessons from the ORP and the ongoing in-home advice pilot should also be integrated into this advice service. We note that the second iteration of ORP will soon be launched and look forward to its remit being expanded so more lessons can be learned which can be applied to those in private housing. In terms of financing, everyone recognises that Welsh government’s finances are constrained, particularly post-COVID, but we hope that the recent Future Generations Commission report<sup>8</sup>, produced alongside the New Economics Foundation, into the financing of retrofit in Wales is being considered thoroughly in Welsh Government. It is our view that a significant proportion of the retrofit and heat decarbonisation financing challenge could be addressed with the help of long term low interest loans<sup>9</sup> or Property Assessed Clean Energy (PACE) financing<sup>10</sup> where the loan is attached to the property and could be paid back over a mortgage length period of time (eg via council tax) with repayments equal to energy cost savings. These approaches could allow grant funding to be focused on those most in need while reducing Welsh Government expenditure. In terms of the retrofit and low carbon heat installation skills gap, ORP is certainly improving the level of skill of those tradespeople involved in the programme as well as the relevant supply chains and we welcomed the announcement in the previous Senedd term of the creation of Retrofit Academies within existing FE colleges. It would be useful to receive an update regarding these important skills hubs.

<sup>7</sup> <https://www.homeenergyscotland.org/about-us/>

<sup>8</sup> [https://www.futuregenerations.wales/resources\\_posts/homes-fit-for-the-future-the-retrofit-challenge/](https://www.futuregenerations.wales/resources_posts/homes-fit-for-the-future-the-retrofit-challenge/)

<sup>9</sup> <https://www.homeenergyscotland.org/find-funding-grants-and-loans/interest-free-loans/detail/>

<sup>10</sup> <https://www.europace2020.eu/>

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As the Ministers' state in their response to the Committee, powers over planning are some of the most useful levers Welsh Government has to help on the path to net zero. With this in mind, as the updated Part L and F regulations enter into force over the next 12-18 months we feel it would be worthwhile for the Committee to track how these strengthened planning rules are being applied in practice and what impact they are having on emissions from Welsh homes and businesses.

**Incentivising the EV rollout**

In Wales, 80% of commutes are made by car, the highest proportion in Great Britain, while the majority of trips in Wales are short, illustrating that significant opportunities exist to rebalance this situation and accelerate the transition towards zero carbon transport<sup>11</sup>. Emissions from surface transport account for 16% of Welsh emissions<sup>12</sup>, the third highest emitting sector, and so it is critical that we take immediate action to eliminate these emissions as soon as possible. The Welsh Government's commitment to transport decarbonisation is clear to see and significant funding has been announced to accelerate the expansion of active travel to more communities across Wales while strengthening the public transport offering – both essential components of a connected and decarbonised transport system. However, given that so many journeys are taken by car in Wales and, at present, our public transport network is unable to serve everyone, battery electric vehicles will be a crucial piece of the low carbon transport puzzle in Wales. This is particularly true of rural areas where there is high car dependency.

Recent research undertaken by the Behavioural Insights Team and the Transport Research Laboratory, *'Driving and accelerating the adoption of electric vehicles in the UK'*<sup>13</sup>, found that access to adequate infrastructure played a crucial role in promoting the adoption of EVs, while awareness raising, access to accurate information, and affordability were fundamental prerequisites. Investment in reliable, affordable, convenient public charging infrastructure underpins the transition to electric vehicles

<sup>11</sup> <https://gov.wales/sites/default/files/consultations/2020-11/supporting-information-transport-data-and-trends.pdf>

<sup>12</sup> <https://gov.wales/sites/default/files/publications/2020-07/greenhouse-gas-emissions-infographic-2018.pdf>

<sup>13</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/914111/driving-and-accelerating-the-adoption-of-electric-vehicles-in-the-uk.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/914111/driving-and-accelerating-the-adoption-of-electric-vehicles-in-the-uk.pdf)

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and was identified as a key net-zero aligned opportunity for job creation and recovery from Covid-19 by LSE researchers<sup>14</sup> and by the TUC<sup>15</sup>. Ensuring that the continued rollout of EV charging infrastructure is equitable and occurs ahead of need will be a critical transport policy challenge over the sixth Senedd term.

The provision of impartial and expert advice to support households to make informed decisions regarding the purchase of EVs should also feature in Welsh Government’s transport policy. Without this kind of support consumers risk being left behind, not able to benefit from the transition to a decarbonised transport system. As a first step, the Welsh Government could broaden its pre-existing home energy and local authority advice service to include advice on EVs and chargepoints. This is an approach already underway in Scotland through the Home Energy Scotland (HES) advice service<sup>16</sup> which Energy Saving Trust manages on behalf of the Scottish Government.

Apart from helping to provide an effective network of chargepoints targeting currently under served regions and providing impartial and expert advice, it is our view that Welsh Government should consider creating a new and used EV loan scheme to address the access to finance issue and allow more people to benefit from the EV rollout while helping to reduce transport emissions in rural areas not well served by public transport at present. In Scotland we manage the Transport Scotland new and used Electric Vehicle Loan schemes. These financial support schemes have proven effective at encouraging the take up of low carbon transport modes with 91% of respondents to a survey on the EV Loan reporting that the loan had an impact on their decision to purchase an EV, and 41% saying that they would not have been able to purchase their EV without the loan. In our view it is right for the Welsh Government to consider the possibility of offering similar loans in Wales to support more households in making the switch to electric vehicles.

Given the importance of transport decarbonisation in meeting Wales’ overall decarbonisation goals we feel that it is important to ask how households will be supported to transition to low carbon transport modes, particularly if public and active travel are not a viable option. It is our view that impartial and expert advice alongside financial support will be necessary to achieve an equitable transition and that this kind of support should become available over the next 12-18 months.

<sup>14</sup> <http://cep.lse.ac.uk/pubs/download/cepcovid-19-010.pdf>

<sup>15</sup> [https://www.tuc.org.uk/sites/default/files/TUC%20Jobs%20Recovery%20Plan\\_2020-06-17\\_proofed.pdf](https://www.tuc.org.uk/sites/default/files/TUC%20Jobs%20Recovery%20Plan_2020-06-17_proofed.pdf)

<sup>16</sup> <https://www.homeenergyscotland.org/make-greener-choices-at-home-on-the-go/>

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## Ensuring a fair transition

The final near term priority area that we feel must be a focus of the Committee’s work over the next 12–18 months and beyond is helping to ensure that the transition to net zero is fair, with the opportunities and benefits the transition offers distributed equitably across Wales. We are sure that these issues form part of the Welsh Government’s thinking around decarbonisation but securing a fair and just transition will prove to be exceptionally challenging, especially in a country which already has issues of entrenched poverty and significant regional disparities.

The recent Climate Change Committee advice<sup>17</sup> to Welsh Government which provided a pathway for Wales to reach net zero by 2050 and formed the evidence base for this becoming the Welsh Government’s legal target<sup>18</sup> saw a significant portion of emission reductions coming from lifestyle changes. In fact, reducing emissions by the final 9% in their Balanced Net Zero Pathway for Wales relies upon changes that reduce demand for carbon-intensive activity. In fact, for the UK as a whole nearly 60% of the changes in the Committee’s Balanced Net Zero Pathway rely on societal or behavioural changes<sup>19</sup>. The recent IPPR Environmental Justice Commission final report<sup>20</sup>, which drew on a Citizens’ Jury based in the South Wales Valleys, makes it clear that to achieve a just low carbon transition we must engage with communities and people must feel as though they have a stake in a net zero future. We will only be successful in reducing emissions while improving the lives of people in Wales if we bring people along with us and make it clear how normal households stand to gain from the transition (e.g. through better and more fulfilling work, having more comfortable and affordable housing and transport, having a stake in local energy projects, accessing better quality products and food produced closer to home as part of a circular economy etc.). The public recognise that change will be required in their own lives with 83% of respondents to a recent survey<sup>21</sup> agreeing that the way we live our lives will need to change substantially to address climate change. Support for specific measures to reduce emissions also

<sup>17</sup> <https://www.theccc.org.uk/publication/the-path-to-net-zero-and-progress-reducing-emissions-in-wales/>

<sup>18</sup> <https://senedd.wales/media/be5gx0vh/sub-ld14108-e.pdf>

<sup>19</sup> <https://www.theccc.org.uk/wp-content/uploads/2020/12/Advice-Report-The-path-to-a-Net-Zero-Wales.pdf> p. 146

<sup>20</sup> <https://www.ippr.org/research/publications/fairness-and-opportunity>

<sup>21</sup> <https://gov.wales/sites/default/files/statistics-and-research/2021-07/climate-change-and-reaching-net-zero-perceptions-and-awareness-in-wales.pdf>

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tended to be high with the majority of measures, including energy efficiency and shifts to low carbon transport, having support ranging from 71-85%. This recognition and support will need to be nurtured and communities supported to enable these transitions in an equitable way. In the words of the Climate Change Committee: “Climate policies that fail to consider the need for a just transition and the fair distribution of costs in their formulation, announcement and delivery, risk being derailed due to public concern over regressive impacts (either real or perceived).”<sup>22</sup>

The Committee should look to ensure that the Welsh Government’s decarbonisation policies will provide material benefit to households in Wales and will adhere to the Well-being Goals of the Well-being of Future Generations Act. In Scotland, the Scottish Government created a Just Transition Commission<sup>23</sup> to advise Government on the challenges and opportunities the transition presents for Scotland. A similar body in Wales featuring a wide range of stakeholders could sit alongside the Future Generations Commissioner to help ensure issues of fairness and justice are at the forefront of net zero policy design.

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<sup>22</sup> <https://www.theccc.org.uk/wp-content/uploads/2020/12/Executive-Summary-The-path-to-Net-Zero-and-reducing-emissions-in-Wales.pdf> p. 23

<sup>23</sup> <https://www.gov.scot/publications/transition-commission-national-mission-fairer-greener-scotland/>

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