

Energy policy making: understanding effectiveness and the role of evidence

Event by ClimateXChange and the Energy and Society research group

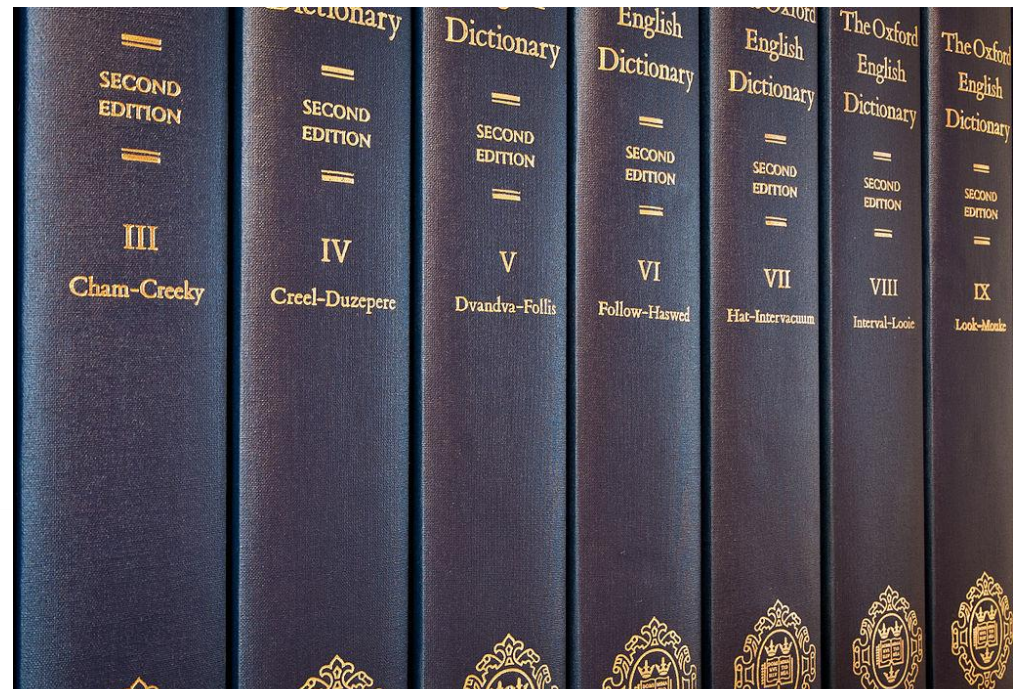
Dr Jan Rosenow

Edinburgh, 9 June 2017

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Evidence:

“The available body of facts or information indicating whether a belief or proposition is true or valid.”



“The Green Deal will be a revolution. The most ambitious energy-saving plan ever put forward. A once-and-for-all retrofit that will make every home in Britain ready for a low-carbon future.”

*Chris Huhne, Secretary
of State for Energy and
Climate Change 2010-12*



UKERC Green Deal Response

17 January 2012

Submitted on behalf of UKERC by Nick Eyre (University of Oxford), Jan Rosenow (University of Oxford), Joanne Wade (independent researcher), Charlie Wilson (University of East Anglia) and Bob Lowe (University College, London)

The Green Deal and the Energy Company Obligation

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Current UK energy efficiency policy is very fluid, with a number of new policies due to be introduced in 2012 and 2013, including the Green Deal and Energy Company Obligation. These mark a substantial change from the existing policy regime in a number of ways, notably the explicit aim of supporting higher cost energy efficiency technologies in housing and an attempt to engage new sources of private sector finance. This paper provides a critical analysis of the proposed policy changes both in terms of the institutional changes and the implications of a new finance mechanism for energy efficiency policy, as well as the overall impact on reduction of greenhouse gases, in particular through the installation of different types of retrofitted insulation.

1. Introduction

The vision for the Green Deal and the new Energy Company Obligation (ECO) is an ambitious and far-reaching one. It's a world where the UK leads with a dynamic new energy efficiency market, with nationwide brands, local businesses and community organisations competing to deliver the best proposition for the consumer (DECC, 2011a: p. 10)

This quote taken from the UK government's proposals illustrates the ambition and the scale of the new policies that are going to be introduced. The Green Deal is a new policy instrument, untested in the UK, allowing financing of energy efficiency retrofits of buildings by way of an on-bill charge, which is attached to the property rather than the occupant. The Energy Company Obligation (ECO) is a continuation of previous obligations on energy companies to deliver energy efficiency measures across the housing stock, but with a much stronger emphasis on higher cost insulation measures. In combination, the two instruments are supposed to achieve a large-scale reduction of greenhouse gas from existing buildings in the UK.

This paper discusses to what extent the Green Deal and the ECO are likely to deliver the scale of carbon dioxide reductions projected by government. Because the Green Deal/ECO proposals are very detailed and cannot be discussed in their entirety, the paper focuses on key aspects and critically discusses the major policy changes. First, the paper sets the scene by providing the background to the policy proposals, as well as the policy instruments they replace. Second, a number of concerns are pointed out. Third, the implications of the concerns raised are discussed. Finally, the paper concludes that although the Green Deal comprises an innovative policy instrument that could potentially leverage additional resources for 'low-carbon' building refurbishment, the current proposals are unlikely to deliver as much carbon saving as the policies they replace.

2. Background

2.1 Historical context

In the UK, policies aimed at reducing greenhouse gas emissions from the existing housing stock have evolved over many years and mainly consist of obligations on energy companies to save energy and reduce carbon dioxide equivalent emissions in existing homes. Supplier obligations have been in place since 1994 and, although they have been modified, the general approach has been consistent (Rosenow, 2012). The basic concept of the supplier obligations is that government, in this case the Department of Energy and Climate Change (DECC), imposes an energy or 'carbon savings' target on large energy companies that has to be achieved by installing defined energy and carbon saving measures in houses. Energy suppliers choose different strategies to meet the obligations. Some suppliers, such as British Gas, developed their own subsidiary businesses in order to carry out the installation of measures themselves. Other companies, for example Scottish Power, outsource most of their obligation to third parties, which deliver the measures on their behalf. Promotion of energy-efficient technologies through retailers and supermarkets, as well as work with social housing providers, comprise additional delivery routes. For a detailed description of how supplier obligations work in the UK please refer to Rosenow (2012).

2.2 Policy reform

The key policies for carbon dioxide reduction in households in place until December 2012 were the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP) (DECC, 2011b). Both policies will be succeeded by the ECO. The major government fuel poverty programme in England (Warm Front) will also end at about the same time, and therefore the ECO has been designed to

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Half of the UK's carbon emissions are generated in producing heat for homes and industry. Photograph: Clément Philippe/Alamy



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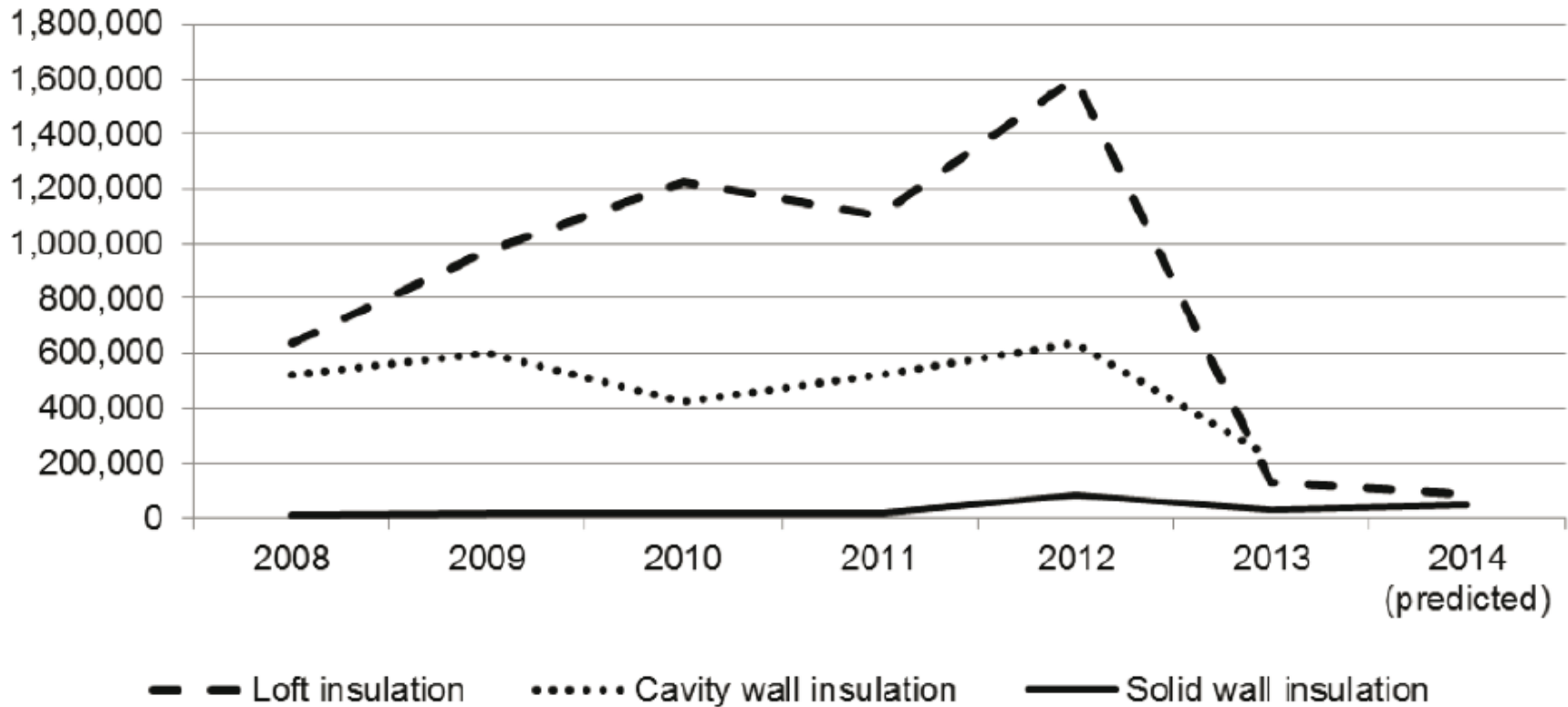
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"The paradox is that the government's own impact assessment suggests the policy will not deliver its objective. There is a difference between the rhetoric and their own assessment."

*David Kennedy, Chief Executive of the Committee on Climate Change
(quoted in The Guardian, 13 January 2012)*



Actual impact of policy changes



Source: Rosenow 2013



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“The Green Deal is widely regarded to have been a failure. It fell unacceptably short of original ambitions [...].”



House of Commons
Energy and Climate Change
Committee

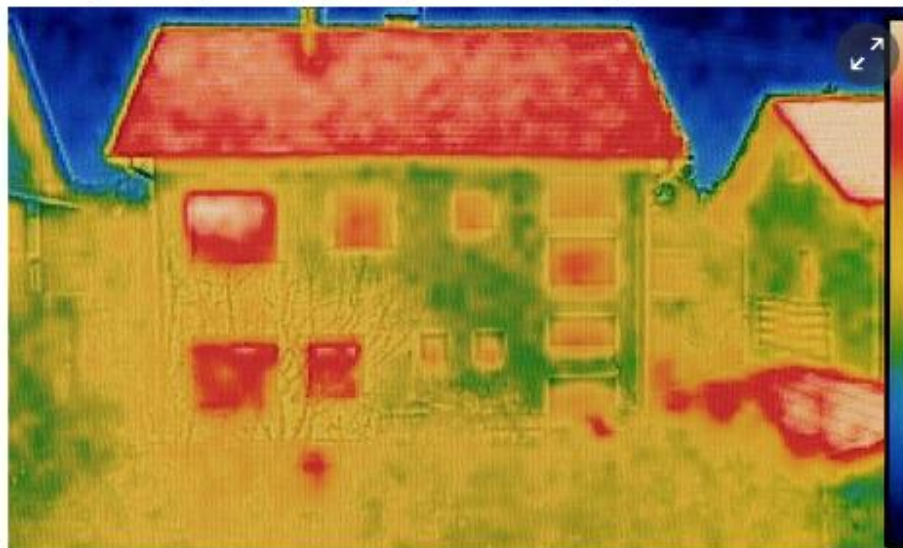
Home energy efficiency and demand reduction

Fourth Report of Session 2015–16

Green deal and energy companies obligation (ECO)

Government kills off flagship green deal for home insulation

Flagship scheme to insulate homes to end as government blames low take-up and stops funding of company set up to issue home improvement loans



A thermal image of a home. Green deal loans helped people to insulate homes to make them more energy



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Short communication

A post mortem of the Green Deal: Austerity, energy efficiency, and failure in British energy policy



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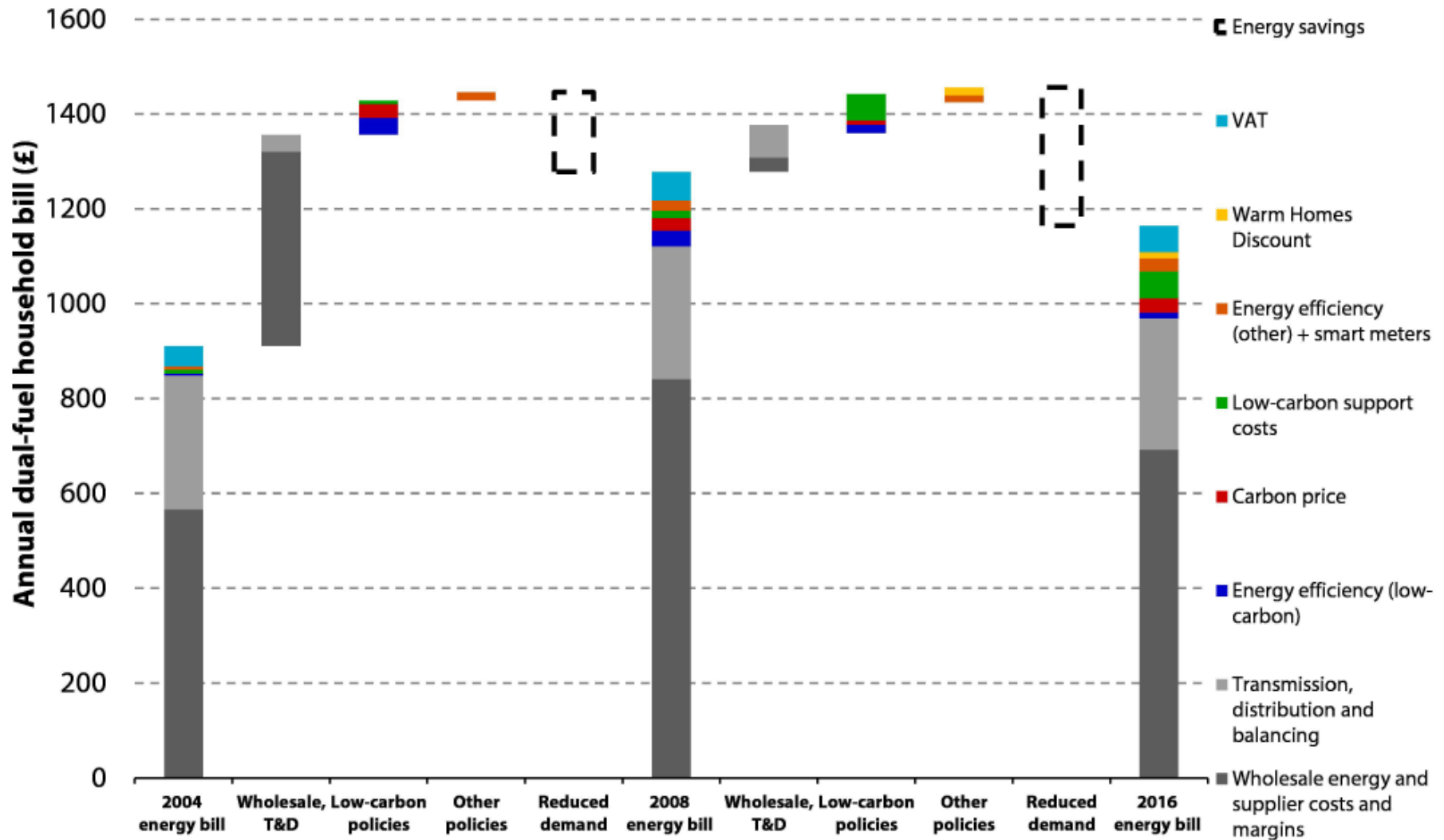
Buildings

ABSTRACT

The Green Deal was a British flagship policy intended to deliver energy efficiency retrofits at scale. About 2.5 years after its launch the programme was effectively terminated and is now seen as a dramatic policy failure. In this paper we analyse the reasons for the failure and the politics that led to the rise and the fall of the Green Deal. We conclude that even though the risks were understood and voiced by critics well in advance of the launch of the Green Deal, the logic of a subsidy free energy efficiency scheme became the accepted wisdom at the highest levels of Government, through a combination of ideology and failure to listen.

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Recent example: energy bills



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Families promised £30 energy bill saving as Chancellor slashes insulation scheme

Fewer homes to receive insulation after Government cuts cost of energy efficiency scheme



The Chancellor announced that funding for home insulation would be cut - reducing bills for the majority of households who fund the scheme, but meaning fewer households will receive insulation and benefit from big savings that result. Photo: ALAMY

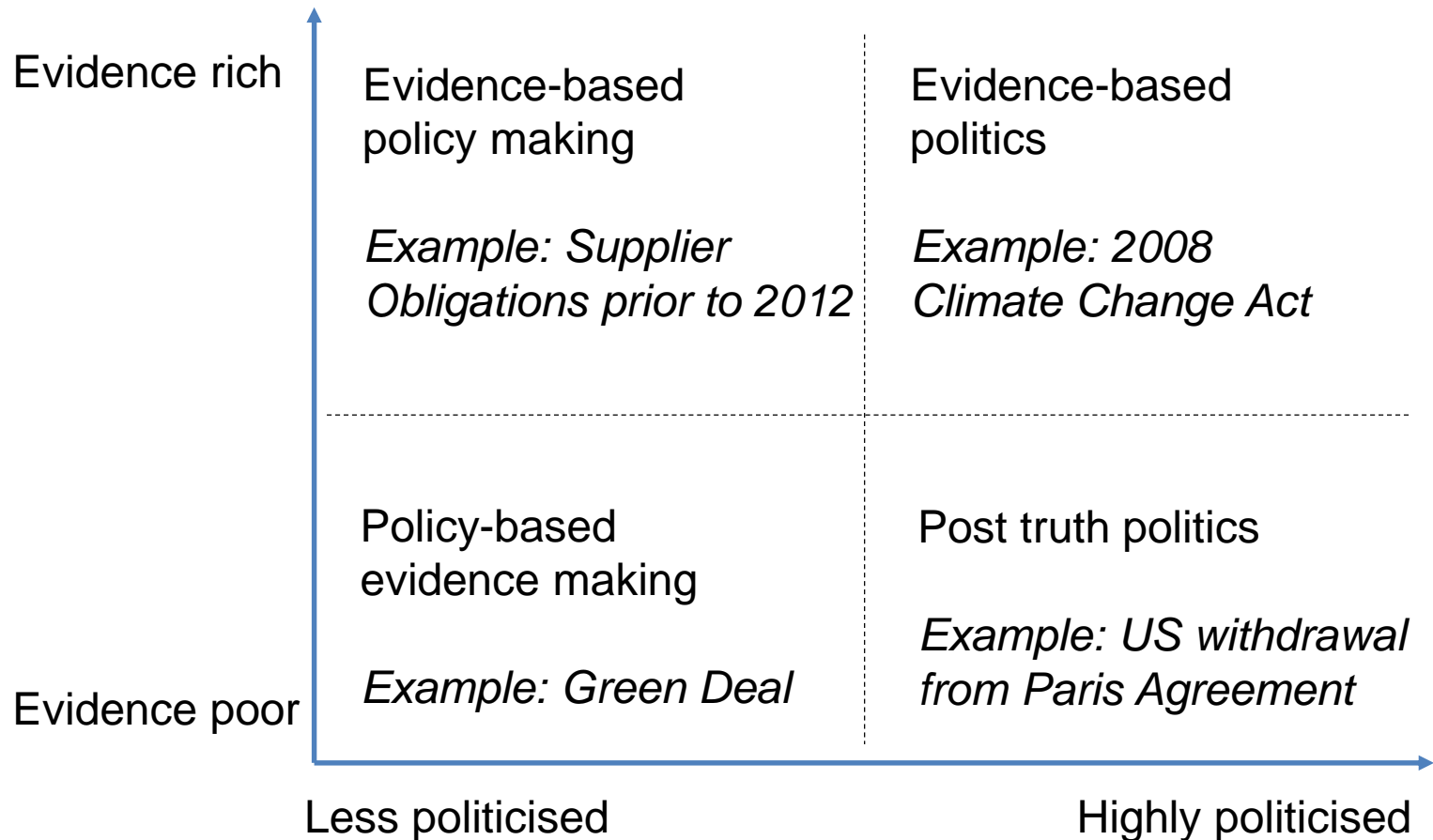
Lessons learned

Lesson 1: Evidence challenging contemporary belief often ignored

Lesson 2: Believers invent new ‘evidence’

Lesson 3: Evidence eventually trumps politics

Evidence, policy and politics



“Practical politics consists
in ignoring facts.”

Henry Adams (1918)



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