

**WRITTEN QUESTION TO THE MINISTER FOR PLANNING AND ENVIRONMENT
BY DEPUTY M. TADIER OF ST. BRELADE
ANSWER TO BE TABLED ON TUESDAY 10th MARCH 2015**

Question

Would the Minister be supportive of introducing an energy efficiency rating system for Jersey residential properties; how might this be done; what would the likely costs be and how quickly could this be introduced?

Answer

I am extremely supportive of the underlying principle of the question which I understand to be a drive to improve the energy efficiency of residential properties in Jersey for the benefit of both the occupant in terms of improved comfort and reduced bills as well as reduced energy demand and greenhouse gas emissions.

With this objective in mind there are already a number of policy and legislative levers that aim to achieve improved energy efficiency in homes which can be summarised as follows:

1. *The application of the Building Bye Laws.*

Energy performance targets currently exist for new-build residential properties and it is a requirement of the Building Bye-laws (BBLs) that energy performance certificates are produced to show those targets have been met. In addition, the BBLs require improvements to existing dwellings when roof coverings and windows are replaced, when walls are re-plastered or re-rendered and when heating boilers are renewed. The purpose is to ensure that when repairs are undertaken to a dwelling the opportunity is used to improve the energy performance at the same time. Action Statement 3 in Pathway 2050: An Energy Plan for Jersey (P.38/2014) outlines how I intend to use the BBLs to make improvements to the building stock over time. I plan to publish revisions to the energy performance requirements contained in the BBLs later this year. These will include energy targets for new dwellings of up to 50% higher than current standards, new fabric efficiency standards to reduce the need for space heating, requirements to make improvements to the energy performance of existing dwellings when extension works are proposed, higher standards for replacement windows and doors and improved insulation when renovating the external fabric.

2. *100% grants to improve the energy performance of badly performing properties occupied by eligible low-income tenants or owner-occupiers.*

Since 2009 nearly 2,000 properties have been fitted with a number of energy efficiency interventions such as loft and cavity wall insulation, draught proofing, energy system upgrades and pipe lagging. These interventions have been provided through a turnkey and 100% grant funded programme administered by the Department of the Environment.

3. *Private rental properties - the draft Health and Dwellings Law*

Legislation under development in the Department of Health intends to ensure that all rental properties reach a minimum standard in a number of areas such as contract management, health and safety and also energy performance. I very much support the objective of this legislation

since improving the standard of rental properties is often very difficult because of the so called 'split-incentive'. This is where the landlord has no incentive to improve the energy performance of a property since they do not live in it and will personally feel no benefits from any upgrade. Equally, the tenant is likely to have little capital and also has no incentive to improve a property since they do not own it.

Thus to summarise there is likely to be an improvement in several sectors over time as follows:

- Dwellings covered by the increasingly stringent BBLs i.e. new builds and those undergoing alterations or a change of use. It is worth noting that a significant number of building applications to make improvements to existing dwellings are received each year so the impact on the existing stock will become greater each year;
- The homes of low-income eligible owner-occupiers or tenants who benefit from the 100% grant scheme run by the Department of the Environment;
- The private rental sector assuming draft legislation is agreed and adequately covers energy performance.

A notable sector not covered by these interventions is that of the 'able-to-pay' owner-occupier who chooses not to make any building improvements. It is a well-understood market failure that even those who can afford to, do not act logically and fail to improve the energy efficiency performance of their properties. This is despite the fact that up-front investments can be relatively low and the pay back, from savings in energy bills, can be as low as 3 to 5 years.

Different jurisdictions tackle improvements in energy efficiency using both incentives and punitive measures. Many countries offer incentives such as low cost loans or grants for energy efficiency measures. Action Statement 3 in Pathway 2050 outlines proposals to incentivise the able-to-pay sector's worst performing residential stock (built pre-1997) to make self-funded energy efficiency improvements to their homes. The premise is that subsidised energy audits (from trained energy assessors) alongside an advice toolkit (to help people procure high quality good value energy efficiency services) will drive behaviour change. A pilot scheme is currently under development in my Department and will build in pilot work studies carried out in 2013 and 2014.

EU directives require Energy Performance Certificates to be provided for dwellings at the point of sale in the EU. A trained assessor makes a number of assumptions about a property in order to calculate the likely energy performance of that property to inform the purchaser how much the property is likely to cost to run and also to highlight the energy efficiency improvements that could be made. The accuracy of these certificates depends very much on the assumptions made about the property construction and they simply give an estimated energy performance rather than act as a rating system. Nevertheless, these certificates do act to raise awareness of the energy performance of the property but the evidence is less clear on whether they influence actual improvements in energy efficiency either by the vendor or purchaser.

Therefore in considering and supporting such a scheme for Jersey I would need to satisfy several queries:

- Would an energy rating system be the most effective policy intervention to address the energy efficiency market failure in the residential sector? Is such a system effective elsewhere and would it be scale-able and transferrable to Jersey?
- What would be the costs of introducing and administering such a system if it were deemed appropriate to Jersey? Do these provide best value compared to other potential policy interventions?
- What support or facilitation would the industry need to service such a scheme e.g. assessor training / upskilling?
- What new resources / legislation / other policy instruments would be required to underpin any such scheme?

I conclude that there are a number of serious considerations that must be investigated prior to making a decision on whether an energy efficiency rating system would be effective in improving the energy performance of residential properties in Jersey. Furthermore, the additional benefits of such a scheme would need to be considered in the context of the existing policy interventions in place, and under development already to address this issue. With these uncertainties I cannot give any definitive view or timescale regarding the implementation of such a scheme.

Nevertheless, I remain open to any discussions with the Deputy on improving the energy performance of the residential sector and I invite him to meet with me and my officers.