

An end to cold homes: One Nation Labour's plans For energy efficiency – Consultation Response from Industrial and Commercial Energy Association (ICOM)

December 2014

1. About ICOM

ICOM is a membership-based trade association that is instrumental in the development of product and installation standards, working closely with governments, professional bodies and associations at National and European level. Consequently, ICOM plays a key role in the development of regulations and best practice in the UK.

We welcome this consultation and hope we will be able to work with Labour in developing these proposals.

2. Response Summary

ICOM welcome the Labour Party's outlined plans for improving energy efficiency over the life of the next parliament. As a trade association representing the commercial and industrial sectors we are particularly pleased to see a chapter dedicated to our sector.

However we feel that many of the misconceptions of how to assist this complex sector are still present and we hope our response will act to help inform Labour of some of the issues our members face. We hope this will start a dialogue to help improve the energy efficiency for business and the public sector.

Our response will focus on questions 22 to 26

3. The Response

Question 22 – Do you believe that a long-term path for energy efficiency will encourage investment in non-domestic energy efficiency?

With ESOS only recently being implemented, ICOM are interested to see how that develops and if it acts to drive energy efficiency.

Theoretically a long term path should reassure investors to provide the financing necessary to lead to increased investment in non-domestic energy efficiency.

However ICOM believes that milestones need to be put in place to indicate the level of energy efficiency needed by set dates and what action will be taken if this is not met. This should look at the broader portfolio of business premises ownership type and not just rely on private rented properties.

ICOM believe companies will invest if they have a clear understanding of how energy efficiency will affect them in the coming years and the consequences of not meeting these standards are transparent.

Questions 23 – Do you believe that there are advantages to making minimum energy performance standards in the non-domestic sector consistent with those of the residential private rented sector?

ICOM agrees that there are advantages to making the minimum energy performance standards in the non-domestic sector consistent with those of the residential private rented sector.

It should help drive the investment in energy efficiency and provides a clear milestone.

However ICOM are concerned that reaching these standards could be very hard and expensive and that it is not always clear where responsibility lies.

Too often comparisons are drawn with the domestic sector, especially with regards to EPC's. However whilst in the domestic sector there are relatively simple sets of measures that can be installed, in the commercial sector it is much more complicated.

Often buildings have many windows, with varying degrees of insulation. This is often very hard to change. Retrofitting new heat emitters can also be very difficult due to the disruption this would cause. ICOM are also concerned that certain types of businesses, that may use more energy than others in their operation, could find it hard to rent properties due to the nature of their business.

Whilst ICOM accept that all businesses need to look at their energy use and ways to minimise it, this has to be balanced against the need for the UK to retain manufacturing jobs.

The simplest way to reduce energy demand for most commercial properties in the UK is to replace their primary heating system. This is often an old, inefficient gas boiler with outdated controls and a single speed pump.

ICOM proposes that Labour start by tackling this issue first. A subsidy for replacing old boiler plant and replacing it with modern condensing technology would make a huge dent in emissions, and without much of the complexity that other energy efficiency measures will incur.

Question 24 – How can reporting requirements best be simplified for non-domestic buildings?

Given the complex nature of non-domestic buildings this may be a very challenging task. ICOM would recommend working with industry to help identify the principal measures that could make a real difference and then concentrate on these.

Replacing old boiler plant, upgrading the building management system and control panel, fitting a new multi speed pump should be the first step. After an efficient heating system is in place the business can look at the measures that would be suitable.

As detailed above, there are few common products that would help all business types. This level of complexity can lead to inaction, so the advice would have to allow for a large degree of tailoring.

Another area that can be improved is a simple source of advice on the subsidies and initiatives available to businesses. The non-domestic RHI can offer a business substantial benefits if it switches to a renewable heat source, especially Biomass. However uptake has not been quite as high as industry would like. This illustrates how the majority of businesses are not always aware of support available. Better signposting or a dedicated body, providing simple advice would help.

Questions 25 – How can awareness of these requirements and energy efficiency opportunities be improved?

Engaging with industry will help to build awareness. Installers, manufacturers and service providers liaise with businesses every day. If they are clear on the

requirements and opportunities, then they will tell their clients and pass the message on.

Clear guidance from government would also be vital. Currently there are too many overlapping regulations and guidance, which only confuse businesses. Ultimately this, too often, leads to inactivity.

Question 26 – How can non-domestic financing be improved for small and medium sized businesses in particular through a pay-as-you-save loans model?

ICOM have been extremely disappointed with the current Green Deal loans system. This has resulted in the non-domestic market feeling ignored by policy makers and DECC.

One of the reasons for the failure of the Green Deal has been the lack of awareness of the particular needs of the non-domestic market and its ability to react to the complexity of this market.

Typically loans will need to be for a shorter period of time, around four years, and they will have to be very tailored. A one size fits all approach to these loans and the assessments that would accompany them will not work.

The loan will also have to be better than those available in the marketplace and one that can be justified by the business. This will need a closer involvement between energy assessors and the business, so they understand the full potential savings. Standardised calculation methodologies may struggle in many areas. Therefore ICOM would welcome a full consultation on a non domestic pay-as-you save loan, and one that was not linked to the domestic.

4. Contact Details

4.1. ICOM would be very pleased to discuss any of the issues raised in this submission with Labour, please contact Ross Anderson, ICOM Director on ross.anderson@icom.org.uk 01926 513748.

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