

# Building a Market for Energy Efficiency

Citizens Advice response to BEIS Call for  
evidence, January 2018



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# About Citizens Advice

Citizens Advice is major provider of advice and support to people having trouble with their energy. In 2016/17, we provided energy advice to 70,000 clients face-to-face through the local Citizens Advice network, and 28,000 callers through our Consumer Service telephone. Our Energy Best Deal programme provided 13,000 consumers with detailed advice on switching, energy efficiency, tackling fuel poverty and fuel debt. Citizens Advice represents consumers across essential regulated markets. We are the statutory consumer advocate for energy and postal services in Great Britain.

# Building a market for energy efficiency

## Outline

Citizens Advice welcomes the government's renewed focus on home energy efficiency policy. There is a strong consumer case for further policies to promote energy efficiency. We welcome that as the government develops these policies it is taking stock of the past and current research and experience. To be effective, policies need to reflect consumer behaviour and needs. In this response we set out the relevant evidence from our own research and experience.

## Context

Making homes more energy efficient can significantly reduce household energy bills and address fuel poverty. It is required to meet our carbon targets without unnecessary costs. The issue is particularly urgent in the UK, where our housing stock is particularly cold and leaky, and bills higher than our European neighbours.

Since 2013, progress on upgrading the energy efficiency of homes has slowed markedly. New policies are needed if governments are to meet their targets and help energy consumers.

We welcome the government's intention to focus its subsidy scheme for energy efficiency, the Energy Company Obligation (ECO), on households in fuel poverty<sup>1</sup>. However, this leaves a gap in policies for non-fuel poor households. This group includes households with below-average income who fall just outside the remit of fuel poverty schemes. This group were disproportionately represented among those who did take up the Green Deal<sup>2</sup>.

The Green Deal was the last significant policy in England and Wales to promote energy efficiency measures for these consumers. It failed because it did not provide an attractive enough proposition to consumers, something the Call for Evidence acknowledges.

If new policies are going to motivate householders to invest in energy efficiency they need to reflect how they think and act. This was highlighted by the National Audit Office (NAO) report on the Green Deal and ECO<sup>3</sup>. It also noted the need to test and adjust policies like these as they are rolled-out.

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<sup>1</sup> Citizens Advice, [Response to the Help to Heat consultation](#), August 2016

<sup>2</sup> Policy Exchange, [The Customer is Always Right: Putting consumers back at the heart of UK energy policy](#), 2015

<sup>3</sup> National Audit Office, [Green Deal and Energy Company Obligation](#), 2016

## Our research

As the NAO has noted, the Green Deal model largely relied on stated preference surveys to predict consumer behaviour. As it also noted, this is not an effective way to understand the likely consumer reaction to this kind of policy.

Citizens Advice's own recent research has used a deliberative, qualitative method. In 2016 we published *Energising Homeowners*<sup>4</sup>. This used behavioural workshops with householders to understand their priorities, how they make decisions about their home and their likely responses to energy efficiency incentives.

In this response we also draw on research by Citizens Advice Scotland (CAS): *Warming Scotland up to Energy Efficiency: Putting Consumers First*<sup>5</sup>. This was also deliberative qualitative research. It assessed the balance of incentives that would be most likely to encourage homeowners to invest in improving the energy efficiency of their home. Although this research took place in a Scottish context, the findings have relevance for the rest of Great Britain.

## Key findings

Awareness and understanding of energy efficiency measures is low: savings on energy bills are generally not a sufficient motivation for people outside fuel poverty, in the face of inertia and other barriers<sup>6</sup>. These householders either feel their bills are manageable, or have adapted to any discomfort they may feel from living in a cold home. They also have a host of secondary concerns that the Green Deal did not tackle: lack of trust in energy efficiency providers and salespeople, unwillingness to pay for previously subsidised measures, and concerns about disruption to the home.

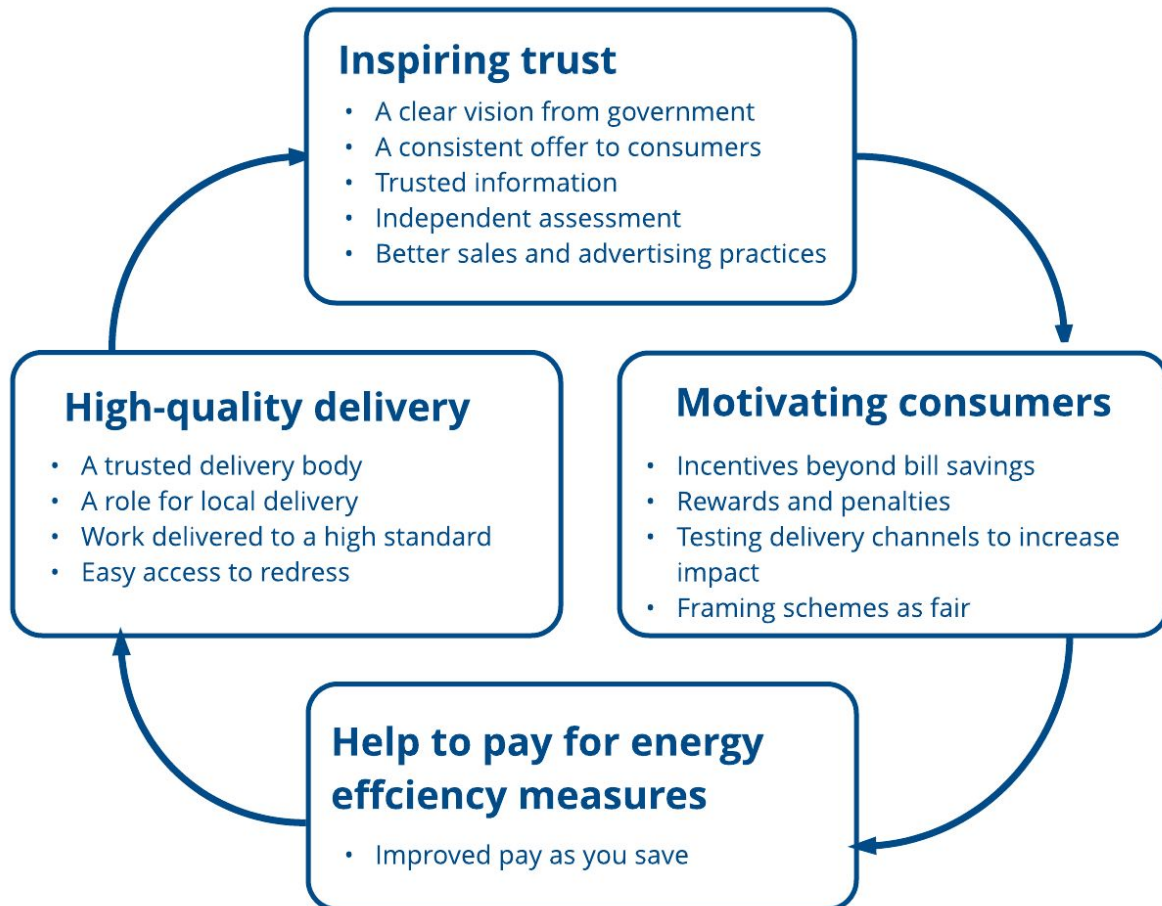
A package of measures is needed to inspire trust, motivate householders, help them pay for energy efficiency measures, and ensure that work meets high quality standards. These are outlined in the diagram below.

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<sup>4</sup> Citizens Advice, [Energising homeowners: Research into consumer decision-making on energy efficiency improvements](#), 2016

<sup>5</sup> Citizens Advice Scotland, [Warming Scotland up to Energy Efficiency: Putting Consumers First](#), 2017

<sup>6</sup> Citizens Advice, *Energising Homeowners*



It is essential that the government introduces clear incentives to motivate consumers to invest in energy efficiency, over and above the benefit provided by bill savings. Pay-as-you-save loans (like the Green Deal) on their own are unlikely to deliver mass uptake. Incentives tax-based incentives, particularly variable council tax, are likely to be most efficient and effective at driving action. However, any incentive scheme needs to be designed to maximise impact on behaviour. Support is also needed to ensure low income households are not penalised.

The government should provide a consistent and clear message to householders about why, when and how they should be making improvements to their home. There is a clear need for long-term non-binding targets for domestic Energy Performance Certificate ratings. Householders are likely to respond better to incentive schemes if they are part of a wider narrative about why action is needed.

The government should embed consumer protection in policy design. Householders' trust and confidence in energy efficiency has started to be undermined by problems caused by substandard insulation work. Householders

are also put off by energy efficiency firms increasingly taking what they see as 'hard sell' approach. Inconsistent and complex UK government policies and messages have made it harder for even well-intentioned companies to avoid misleading customers and created a fertile environment for unscrupulous ones. The government can play a leading role here. Firstly, by making sure that the Each Home Counts process delivers an effective consumer protection framework covering all energy efficiency schemes. Secondly, by designing its own policies in a way that minimises consumer detriment.

# Response to consultation questions

## **1. What information do you have on current rates of delivery of measures outside of Government programmes, including through DIY etc?**

This is not something we have data on.

## **2. What information do you have on the remaining potential for energy efficiency improvements and what savings could be expected from these measures?**

Citizens Advice does not collect specific data on this, however based on our experience in the Each Home Counts review and understanding of consumer issues, we suggest that the potential for these measures is likely to be lower than the headline rates given in the Call for Evidence.

For example, some properties with cavity walls may not be suitable for cavity insulation, due to particularly high prevalence of wind-driven rain. In some cases, this could be overcome with ancillary works. However, the potential for cavity wall insulation is unlikely to match the number of cavity wall properties without cavity insulation. We expect this to also be true to some degree for other technologies.

However, we agree that there is significant potential for further energy efficiency improvements to be made to existing homes, including easy-to-treat measures like cavity wall and loft insulation.

## **3. Do you agree with our assessment of the current market for energy efficiency amongst owner occupiers, including the trigger points and supply chain relationships?**

No answer

## **4. Do you agree that it makes sense to prioritise those groups most likely to be open to investing in energy efficiency? And do you agree with our assessment of who those groups are most likely to be?**

No answer

## **Barriers to market growth**

## **5. Do you agree with our assessment of the current barriers to market growth?**

We welcome recognition of the barriers listed. They capture many of the barriers identified in our research. There are some exceptions that are missed. These are outlined under question 6 below.

## **6. Are there other barriers that you think we should be addressing?**



Our Energising Homeowners project identified a number of barriers preventing householders from investing in energy efficiency measures. These include:

- Uncertainty about return on investment
- Their own long-term plans and uncertainty about the future
- An unwillingness to consider paying for measures that have been subsidised in the past
- Difficulty finding reliable and trustworthy tradespeople
- Mistrust of energy efficiency providers and their sales practices

### ***Consumer protection issues***

The call for evidence identifies one barrier related to consumer protection: *'lack of trust in the quality of installation'*. However, our research suggests householders are also concerned about other consumer protection issues, notably sales and marketing issues. These were highlighted alongside quality of work in the Each Home Counts Review. Householders are put off by energy efficiency firms increasingly taking what they see as 'hard sell' approach. They see providers as making spurious claims about costs, return on investment, and the availability of grants or other financial incentives. At Citizens Advice, we received significant numbers of cases related to potential scams using the name of the Green Deal<sup>7</sup>. This can undermine how householders value of home energy efficiency as a whole.

### ***Stop-start policy***

The call for evidence includes "Lack of long-term signals from Government" as a barrier on the supply side. Our research suggest this is also a demand-side barrier for householders. They can also weaken confidence and willingness to invest. Householders are put off engaging with energy efficiency because they are uncertain about the offers open to them. They do not want to spend time applying for measures only to find they don't qualify. Some have grown cynical as a result of frequent changes to government schemes. They worry that changes to regulations might mean action taken now will be deemed insufficient in future. Householders are more likely to make improvements at certain trigger points, like carrying out other renovation works, so do they not always take up offers at the time they become available. Consistent policies would help them do this. For these reasons, consistency and clarity are important principles for future policies.

### ***Cost of assessment***

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<sup>7</sup>Citizens Advice, [Green Deal watching brief part 2: written evidence submitted by Citizens Advice, 2014](#)

Further to the barrier '*lack of trusted, salient and tailored advice*', some householders feel the cost of advice can be a barrier. They view an independent professional assessment of the property as an important step in the decision to install measures. Householders tend to feel that this assessment should be free of charge, particularly given the uncertainty about what next steps it could recommend.

### **7. Do you think there are any other important lessons to learn from past attempts to stimulate the market?**

The design and communication of previous government schemes has often been over-complex and confusing for consumers. Government messaging has occasionally been misleading<sup>8</sup>.

Consumer contacts to Citizens Advice have shown consumer confusion about the Green Deal and between the Green Deal and ECO. We also saw significant numbers of cases relating to mis-selling and potential scams using the name of the Green Deal. Where complex schemes and poor communication increase consumer confusion, they can create a fertile environment for subsequent mis-selling and and detriment. Future energy efficiency schemes should be designed and communicated in a way that enhances rather than weakens consumer protection.

### **8. Are there other international examples we could learn from?**

No answer

### **9. Are there any barriers preventing business models for energy efficiency that have developed in other countries from also developing in the UK?**

No Answer

## **Proposed approach**

### **10. Do you agree with the set of proposed principles for guiding our approach?**

We welcome the principles proposed. We suggest adding these further principles to make sure that the policy delivers for consumers:

*Policies should be fair.*

Costs resulting from policies should not be felt disproportionately by low income or vulnerable consumers. Our research suggests many consumers are worried about the equity impacts of potential energy efficiency incentives. Depending on the approach taken, there are likely to be a number of ways to make policies fairer. These are outlined under Question 21.

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<sup>8</sup> Citizens Advice, [Green Deal watching brief part 2: written evidence submitted by Citizens Advice](#), 2014

*Policies must be consistent and long-term.*

This is required to to directly address barriers related to stop-start policy, outlined in Question 6 above. It also links to the principle that *'policies should be coherent'*.

*Policies should enhance and not undermine consumer protection.*

As outlined under Questions 5 and 7, previous schemes have created circumstances which increased opportunities for consumer confusion and detriment. Householders' trust and confidence in energy efficiency has begun to be undermined by substandard insulation work and sales practices. As well as the direct harm this causes, it undermines willingness to engage with schemes. Householders will only install energy efficiency measures if they know there is robust consumer protection. This includes the ability if anything does go wrong, to get it quickly and easily put right.

*'Policies should exploit what works in the current home improvement market'*

We largely agree with this proposed principle, with one caveat. We recognise the value of the VERD project findings, which show that motivations behind self-financed energy efficiency installations reflect those in the wider home improvement market. However, across the general population, attitudes differ significantly between energy efficiency and the wider home improvement market and what works in the home improvement market may not always work with energy efficiency.

## **11. Do you agree that the policy areas we have set out are the correct ones?**

Our answer assumes that 'policy areas' refers to the the seven bullet points in paragraph 56 of the consultation.

Our Energising Homeowners project identified four main areas of policy to drive consumer engagement with energy efficiency. These are:

- Inspiring trust
- High quality delivery
- Motivating consumers
- Help to pay for energy efficiency measures

The seven policy areas outlined in the Call for Evidence go some way to addressing these, but could be further developed.

*Improving awareness of measures, their benefits and advice to consumers,*

The welcome this principle. Consumers need information they feel they can trust about the benefits, costs, and return on investment if they are going to install energy efficiency measures. But consumer awareness and understanding is low.

Energy efficiency advice and information has often been delivered in a piecemeal way<sup>9</sup>. Improved information and advice provision is likely to increase consumer engagement. Consumers need an easily-identifiable, comprehensive, trustworthy and long-term source of information on energy efficiency and renewable measures. This will also support the firms and advice agencies interacting with consumers. Information on costs and savings is particularly important given specific consumer concerns in this area.

However, the policy area should be broadened to encompass the full range of policies required to build consumer trust and engagement. Specifically, householders need a clear vision from government and a robust end-to-end consumer protection framework.

### ***A clear vision from government***

Our research suggests that consumers are likely to respond better to incentive schemes if they are part of a wider narrative about why action is needed. Householders do not feel there has been convincing vision from government on home energy efficiency and individuals' role in it. This makes them doubt how seriously they should take the issue. The UK and devolved governments, third-party intermediaries and firms operating in the energy efficiency market, need to provide a consistent and clear message to householders about when and why they should be making improvements to their home. Providing this long-term vision, including through regulation, is likely to have more influence on consumer behaviour than advertising specific products or schemes.

There are a number of ways this could be done. Setting long term targets in terms of Energy Performance Certificate (EPC) standard is a simple way of sending a message to consumers, as well as the supply chain. We therefore welcome the government's aspiration, in the recent Clean Growth Strategy, for as many homes as possible to reach EPC Band C by 2035<sup>10</sup>. In the context of a UK exit from the European Union, there is the potential for a reduction of VAT for energy saving measures, which would signal government's prioritisation of this issue.

### ***A robust consumer protection framework***

As outlined earlier, consumers are put off investing in energy efficiency by issues with quality of installations, poor sales and marketing practices and lack of access to effective redress. The government has two leading roles to play in addressing these issues and building consumer trust. Firstly, it must design and communicate schemes so they enhance, rather than undermine, consumer

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<sup>9</sup> Georgia Klein, [Strengthening and streamlining energy advice and redress](#): An independent review of the adequacy of energy advice and redress, 2015

<sup>10</sup> BEIS, [Clean Growth Strategy](#), 2017

protection. Secondly, it must oversee an effective quality and consumer protection framework, through the Each Home Counts process, that covers all the whole customer journey and all energy efficiency providers.

### **Fiscal levers *and* price signals**

We conceive of the future policy framework as requiring combination of:

- Incentives to encourage households to investing in energy efficiency measures
- Help to pay for measures for those who lack upfront finance.

These areas are explored in more detail in the following answers.

## **Developing new ways for financing energy efficiency**

### **12. Which of the fiscal levers described here would drive the greatest consumer demand?**

The fiscal levers presented in the Call for Evidence focus on loans. The only exception is direct subsidy.

#### ***Loans***

Our Energising Homeowners research suggests a loan offer is unlikely to prompt action by itself, based on how consumers think and feel about energy efficiency. Citizens Advice Scotland's recent research with consumers also suggests that loans are unlikely to be effective as a primary incentive option.

However, a PAYS or other loan scheme could have an important role in overcoming the barrier of upfront costs, if accompanying separate incentives. Despite the failure of the Green Deal, the concept of pay-as-you-save (PAYS) loan, or a low-interest loan more generally, still appeals to householders. Householders have little awareness of the Green Deal itself<sup>11</sup> and do not seem to have been not been put off PAYS by any negative press around it. However, this response is based on very low interest rates (1-2%), rather than the market rates that were available under the Green Deal.

PAYS and other loans only appeal to some consumers. They tend to have less appeal among older householders. Loans in general tend to have negative connotations for many older people. Younger households tend to be more receptive to taking out a loan. They also typically have less access to upfront capital. But loans will not be suitable for those who are most financially stressed even among younger households.

Citizens Advice Scotland's recent research suggests products like the Green Deal which could add complexity into the future sale process, were markedly less

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<sup>11</sup> For example Department for Energy and Climate Change, [Green Deal Household Tracker Survey: July 2014 dip headline findings](#), 2014

attractive to consumers. The same was found of products which involve an additional mortgage-type charge on the property.

The Green Deal, and PAYS is a complex product, and remains largely untested. They bring specific consumer protection challenges. The limited number of contacts Citizens Advice consumer service has received about the Green Deal suggest consumer understanding is limited. Where they are offered, robust consumer protections are needed, outlined in our response to the recent BEIS Call for evidence on the Green Deal Framework.<sup>12</sup>

### ***Direct subsidy***

In the past, grants like the Green Deal Home Improvement Fund have proved popular with some consumers. However, these proved financially unsustainable for government. Some consumers also feel that grants would have limited reach beyond consumers already thinking about taking up measures. More impact could be had by linking incentives to policies that consumers already interact with, notably taxes. These are discussed further in the following answers.

### **13. Is there evidence to suggest that any other fiscal levers not described here could drive consumer demand?**

Our research suggests that tax incentives could be effective in driving consumer demand. We recommend that the government explores this option further.

The Call for Evidence mentions that tax rebates have been used in other countries. Research by Ricardo AEA, which the call for evidence references, found in these policies 'appear to perform consistently well' in driving uptake installations.

Our Energising Homeowners research suggests that a council tax incentives has greater potential to impact behaviour than a range of other incentives, including loans and grants. It is a regular, substantial household expense and felt by householders as a financial burden. It tends to be front of mind and tangible. In Citizens Advice Scotland's research also found it to be the most popular and motivating of a range of incentives. Council tax rates can be varied at a devolved nation level in a way that could be tailored to the different schemes and incentives offered by the Welsh and Scottish governments.

For these reasons council tax based incentives were felt to be preferable to a stamp duty type incentive. Stamp duty may be hidden from view by being absorbed into a mortgage and framed as part of the cost of moving. It is felt to be less visible and tangible. Overall, it is felt to be less likely to motivate action.

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<sup>12</sup>Citizens Advice, [Response to the Call for evidence on the reform of the Green Deal Framework](#), 2017

Also some householders feel that an energy efficiency incentive targeted only at homeowners or homebuyers is arbitrary and unfair. There are some advantages to stamp duty incentives that could overcome some of these issues. For example, if a stamp duty incentive could effectively develop a link between energy efficiency and house prices<sup>13</sup>.

Other relevant issues relevant to tax-based incentives are discussed under question 19, on price signals, below.

#### **14. What would be the profile of homeowners likely to take up these different incentives?**

The research suggests age tends to affect attitudes towards paying for energy efficiency measures. Younger householders tend to be more financially stretched and have numerous other spending priorities. They would be more reticent about investing a lump sum in energy efficiency measures, or to simply feel it would not be possible. Older householders tend to be more concerned with the concept of energy efficiency and more focused on the benefits of increased comfort. They also may have more disposable income and less immediate financial pressure. As a result, they are more ready to consider a large upfront investment, especially if a return can be demonstrated. However, as outlined in Question 12, above, younger people are more likely to consider loan financing.

Uptake of incentives is also likely to differ between energy efficiency measures. For example, consumers tend to have very different attitudes to solid wall insulation compared to easy-to-treat measures like cavity wall insulation. For solid wall insulation, householders feel there are different, more significant, barriers to action. Where they do install it, the factors influencing their decision also tend to be different<sup>14</sup>. These factors suggests different incentives could have different impact depending on the measure. How householder's response differ between measures is discussed in the Energising Homeowners full report .

#### **15. How could these incentives be designed to deliver the best value for money for Government and best savings for consumers?**

Our Energising Homeowners project shows that consumers are likely to respond differently to different delivery channels, even if the incentive rate is the same. For example, as outlined under question 13, they are likely to respond differently a council tax rebate compared to a stamp duty rebate.

Testing is vital to establish which type and level of incentive would be most efficient at encouraging action, while also being felt to be fair by consumers. As

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<sup>13</sup> Policy Exchange, [Efficient Energy policy](#), 2016

<sup>14</sup> UKERC, [Understanding Homeowners' Renovation Decisions: Findings of the VERD Project](#), 2013



question 14 implies, testing should seek to understand the different impact incentives can have on different types of householder and different types of measure.

Tax incentives could incorporate a penalty element as well as a positive (rebate) incentive. This could increase the cost-effectiveness of policies in two ways:

- It reduces the overall cost of providing a given level of incentive (and could be cost neutral)
- It potentially creates a greater behavioural impact for the same level of financial incentive. This is discussed more under Question 19 below.

However, there is understandable concern among consumers about the impact this might have some households and families, particularly those who are already financially stretched. This issue is discussed under Question 21 below.

### **16. What barriers, regulatory or otherwise, exist to financial institutions developing any of these products or incentives themselves?**

No answer

### **17. How could Government assist financial institutions with a retail presence, local authorities and other actors to run trials of these ideas?**

No answer

### **18. How could we ensure that any trials would lead to the development a self-sustaining market for support?**

No answer

## **Price signals to encourage homeowners to prioritise energy efficiency**

### **19. What price signals would best drive uptake of energy efficiency measures?**

Where government policy can influence price signals, it tends to be through fiscal levers. We do not therefore see a clear dividing line between fiscal levers and price signals. In this section we discuss fiscal levers with a penalty element.

While rewards are like council tax rebates are popular, our Energising Homeowners research with householders suggest that for many of them, only a penalty for inaction would be enough to drive behaviour change<sup>15</sup>. Householders feel that penalties are the most effective way of driving action. A penalty in the form of an additional tax would tap into householders' loss aversion and create a sense of urgency. This can have an impact beyond the value of the incentive itself and magnify the impact on behaviour of a given incentive.

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<sup>15</sup> Citizens Advice, Energising Homeowners



A penalty can also reinforce wider efforts to reframe behaviours. When thinking about energy efficiency, homeowners currently don't tend to feel great *personal* responsibility in relation to climate change. A policy that includes penalties as well as rewards could challenge this perception, and help to reframe home energy efficiency as a social responsibility, as well as an individual priority.

Householders feel a reward-and-penalty policy could work in a similar way to Vehicle Excise duty tax based on emission bands, to bring the issue of energy performance to the front of mind.

If a policy with a penalty element was introduced it would have to address consumer concerns about fairness, discussed under question 21 below.

## **20. What would be the impact on the housing market of such price signals?**

We have not conducted specific research of the impact of price signals on the housing market. Predictive modelling of this has key role to play in the development of a policy like this, even though it cannot fully capture the dynamic and contextual effects on consumer decision-making.

## **21. What protections would need to be in place to ensure that vulnerable or fuel poor customers are not unduly affected by these price signals?**

As discussed, the Energising Homeowners project looked at price signals in terms of a tax incentive with a reward and penalty element. Householders accept that grant offers are no longer as widely available as they once were, and tend to appreciate the need for other types of incentive. But a tax penalty is felt to be a cost burden on already financially-stretched households. Householders do not want only the well-off to be able to carry out work and reap the reward. Young families in particular feel they would be unable to finance the upfront cost of measures and would be penalised. Many are also concerned that a tax penalty could penalise those living in an older property, or demand action they consider unreasonable.

If a tax penalty was pursued, fairness could be integrated into the design of the policy in three ways:

- First is the design of the incentive itself. With council tax, a penalty can be scaled according to property band, so householders in lower value properties pay less. A stamp duty incentive could likewise be scaled in proportion with house prices.
- There should be accessible and fair finance options for those who could not otherwise afford measures, for example zero or very low-interest loans.
- Householders need time to have a fair chance of avoiding a penalty. This could be done through a stepped approach where enablers (such as

better information and an effective pay-as-you-save scheme) are introduced first, with a clear and visible long-term trajectory, ending in the introduction of a tax penalty.

**22. Could these ideas be rolled out in a smaller scale, to a particular subset of homes or in a particular geographic area, to test feasibility before a national rollout?**

Testing and adjusting is an important part of developing policies that effectively motivate consumers<sup>16</sup>. Testing in a particular geographical area cannot fully incorporate the dynamic effects of a nationwide policy change, but can still play a key role in the policy development process. An example of where an energy efficiency incentive has been effectively rolled out in a specific area is the introduction of consequential improvement requirements for energy efficiency works by Uttlesford District Council in 2009<sup>17</sup>.

**23. What evidence do stakeholders have on the link between installing an energy efficiency measure and the value of property? What research could bolster this evidence base?**

No answer

**Improving awareness of energy efficiency products and technologies, their benefits and advice to consumers**

**24. How could Government effectively deliver messages to promote energy efficiency through intermediaries and which are the most important intermediaries to target?**

Our Energising Homeowners research provides insights on the type of intermediaries householders feel are best placed to deliver messages promoting energy efficiency improvements<sup>18</sup>.

They feel they are relatively less likely to engage if schemes are led by energy providers or private businesses. This reflects the particular concerns about the complexity of the energy efficiency sector. Householders feel private firms would be able to use this to profit at their expense.

Householders say they would also have limited confidence in messages on a specific energy efficiency scheme from central Government. This reflects the perception that there has been a lack of consistency from central government on past energy efficiency policies.

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<sup>16</sup> National Audit Office, [Green Deal and Energy Company Obligation](#) 2016

<sup>17</sup> For example Building Magazine, 2009, [Uttlesford: the council trialling consequential improvements](#)

<sup>18</sup> Accent Research on behalf of Citizens Advice, [Driving Installation of Energy Efficiency Measures: Customer Research Findings](#), 2016

They tend to feel more positively about schemes being delivered by local authorities. Local delivery of energy efficiency measures can help trusted bodies get advice and information to consumers and have been widely-discussed elsewhere<sup>19</sup>. A national incentive scheme could complement local delivery schemes by providing an offer to engage householders not eligible for ECO.

Householders feel they would be most likely to engage with a national energy efficiency initiative overseen by not-for-profit organisation.

Householders also felt they would be most likely to engage with a scheme through intermediaries with a strong reputation in providing reliable advice or national coverage. They also felt that having a physical presence could help build trust.

**25. At which additional points could homeowners be required to have an EPC, and how could this improve their value and the awareness of potential energy efficiency improvements?**

No answer.

**26. How could EPCs be displayed more prominently to prospective homebuyers at different stages of the home buying process?**

No answer.

**27. Have we captured all the main sources of additional value of energy efficiency?**

No answer.

**28. What other ways could we seek to monetise the benefits of energy efficiency?**

No answer.

**29. How could both Distribution Network Operators (DNOs) and Gas Distribution Networks (GDNs) be incentivised or required to deliver energy efficiency savings?**

and

**30. Do current market arrangements allow for DNOs and GDNs to fully realise the potential of energy efficiency savings? If not, what needs to change?**

It is not clear that Gas Distribution Networks (GDNs) and Distribution Network Operators (DNOs) are realising their full potential to make energy efficiency savings. These networks may be better placed to deliver energy efficiency measures than energy suppliers. Making energy efficiency improvements better

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<sup>19</sup>See for example Citizens Advice, [Closer to Home](#), 2015; Consumer Focus, [What's in it for me?](#), 2012; IPPR, [Help to Heat](#), 2013; Which? [A Local Approach to Energy Efficiency](#), 2015

aligns with their incentives, so giving them energy efficiency obligations could realise synergies. This could also make energy efficiency schemes more transparent, and allow for a more consumer-friendly delivery approach.

Our research shows networks have often been over-rewarded by current price controls<sup>20</sup>. Careful consideration is therefore needed of any change to these market arrangements to make sure they give value for money. It would need to strike a balance between demonstrating additionality and allowing synergies to be exploited. One consideration is whether networks may need to be given a positive incentive, in terms of profit, rather than a negative incentive, as suppliers have under ECO. Another is whether any incentive is built into RIIO, the price controls for networks, or outside of it. For GDNs, the next price control (RIIO2), is already being developed. Including energy efficiency in this framework would need to happen quickly. For DNOs, the next price control is further away, but the framework is being agreed this year.

**Questions 31-42:** No answer.

**31. What are mortgage lenders' plans for improving the way they factor energy efficiency into lending decisions?**

**32. What support would lenders need in order to be able to commit to a voluntary target for improving the average energy efficiency of the properties they lend to?**

**33. How can lenders develop a more accurate model of fuel bill savings, and would they be willing to lend 'green mortgages' on this basis?**

**34. What other changes would encourage lenders to offer more 'Green Mortgage' products?**

**35. How could thinner, less intrusive insulation products be made to be compliant with building regulations?**

**36. Are there any ways that current regulations are preventing innovative energy efficiency products and services coming to market?**

**37. What changes should be made to the Energy Company Obligation to ensure that it supports the development of innovative energy products and services?**

**38. Are there other ways that Government could help improve access to data energy efficiency and performance of homes for research purposes?**

**39. What would be the impact on the market and investment in energy efficiency of the availability of better data on the actual performance of homes?**

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<sup>20</sup> Citizens Advice, [Energy Consumers' Missing Billions The profits gifted to energy networks](#), 2017

**40. Would the supply chain benefit from having a feature in the new Energy Savings Advice service for installers to share best practice and access a repository of advice?**

**41. Would funding for local supply chain growth and coordination lead to additional retrofit measures?**

**42. Is there anything else that central Government could do to support local retrofit supply chain growth and to support builders to carry out retrofit projects?**

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