



# Business, Energy and Industrial Strategy Committee

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The Rt Hon Claire Perry MP  
Minister of State for Energy and Clean Growth  
Department for Business, Energy and Industrial Strategy

15<sup>th</sup>  
May 2019

*Dear Claire,*

Thank you for giving evidence at the recent session on energy efficiency. I am now writing with some follow-up questions on areas where the Committee would like further clarification. I refer to the relevant question number from the session's transcript in brackets.

## **Carbon Budgets**

You told the Committee that we are off target to meet our fifth carbon budget by 7%. Our understanding is that the updated energy and emissions projections for the next three carbon budget periods published by BEIS earlier this month show that we are off target to meet our fifth carbon budget by between 6% and 20%, with a central estimate of 9.6%. Please can you explain the discrepancy between our figures? (Q412)

## **Investment in Residential Energy Efficiency**

When discussing Government action to increase the delivery rate of domestic energy efficiency measures, you stated "we have a whole bucket of measures. Some things are paid for directly by Government...there are some things paid for directly by public spending. There are some things that go on bills across the UK." As far as we are aware England remains the only UK nation that provides no central Government investment to increase the number of insulation measures installed in people's homes. Can you clarify whether there are any domestic energy efficiency programmes provided by the Government that are Treasury funded? (Q409)

We also discussed the variation between energy efficiency spend across the devolved nations. We note that UK-wide public investment amounted to around £0.73 billion in 2017/18 – predominantly from ECO. This does not include administrative costs, focusing instead on the amounts invested in energy efficiency measures in homes across the UK. As you know, the devolved nations have publicly funded schemes that operate alongside ECO. We referred to the following statistic: "average annual per capita investment varies: in 2017 it was £35 in Scotland, £23 in Northern Ireland, £17 in Wales and £8 in England". You told the Committee that you did not have these figures to hand but would come back with a response. It would be helpful if you could let us know the results of your analysis, and whether you accept our figures of higher funding in the devolved nations. (Qq406-409)

You outlined that your Department estimates that it will cost between £35 and £65 billion of capital investment between now and 2035 to reach the target for all homes where 'cost-effective, affordable and practical' to reach EPC Band C. Can you clarify whether this includes the investment needed to meet your target for all fuel poor homes to reach band C by 2030? If not, please can you provide a breakdown of the cumulative funding gap to meet the energy efficiency fuel poverty milestones, the statutory 2030 fuel poverty target as well as the overarching 2035 target? Do you have an estimation of how much public money would be

required to unlock enough private investment to reach the necessary level of funding per annum? Can you share your headline analysis of how you reached the £35-£65 billion estimate? (Q394)

### **Rate of energy efficiency installations**

We also discussed the recommendation made by the National Infrastructure Commission for the Government to set a target for 21,000 domestic installation measures to be delivered per week in England. At present ECO is delivering around 3,500 measures per week across Great Britain. You told the Committee that this "does not capture other measures that are being done that are not financed by bill-payers". How many insulation measures are currently being delivered per week across the residential sector outside of Government schemes (excluding new build properties)? Please can you clarify where this evidence comes from. As far as we can tell, this information is not included within the Household Energy Efficiency statistics: why not? To our knowledge the last time the Government estimated the rate of insulation measures taking place outside of Government schemes was in 2012, which assumed that an additional 1,300 measures were taking place per week. (Q404)

### **Warm Home Discount**

Please can you confirm what contribution the Warm Home Discount is likely to make towards meeting the near-term energy efficiency 2020 fuel poverty milestone and the 2030 target? (Qq418-422)

### **ECO top-up contributions**

In response to the discussion on upfront household capital contributions to ECO3 installations Ben Golding said that BEIS work closely with the scheme administrator, Ofgem, to monitor the extent of these payments. We were told that Ofgem do not have the powers to require suppliers to submit information on how much top up funding was needed for each installation. What on-going reporting do you receive from Ofgem on this issue? What is the average additional contribution made by recipients of ECO3? (Q423)

### **Rented Sector**

As discussed in the session, there are no penalty notices on the MEES public register. Is your Department monitoring whether councils are issuing penalty notices? If so, what does your evidence tell you about whether the regulations are currently being implemented? (Q437)

### **Access to Finance for 'able to pay' households**

In terms of access to finance for energy efficiency upgrades for self-funding households you emphasised the role of banks and said that "conversations with banks are happening". How are talks with the banks progressing? What steps are you taking to engage with the banks and encourage them to launch attractive energy efficiency finance products? (Q453)

It would be useful to have a response by May 13<sup>th</sup>.

*Bea mthres*  
*Rachel Reeves*

**Rachel Reeves MP**

**Chair of the Business, Energy and Industrial Strategy Committee**