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Energy Action Scotland Response

INTRODUCTION

Energy Action Scotland is the national third sector membership organisation dedicated to ending fuel poverty. Energy Action Scotland has been working with this remit since its inception in 1983, 2023 is our 40th anniversary, and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes.

Energy Action Scotland's response focuses primarily on those areas that it considers may impact most on fuel poor and vulnerable consumers. Energy Action Scotland is neither a housing organisation nor a health organisation, but we are concerned about the health impacts of living in fuel poverty and that respiratory conditions which are exacerbated by living in a cold, damp home make up a high proportion of Scotland's excess winter deaths, both of which are linked to living in fuel poverty.

Fuel poverty is driven by four main issues, these being high energy costs, low disposable incomes, poor energy efficiency of homes and how energy is used in the home.

We believe that revised EPCs can ensure that where investments are made by governments, landlords or homeowners that they will more accurately identify the poorest performing properties. The interaction of EPCs with programmes including Warmer Homes Scotland, Areas Based Schemes and the Energy Company Obligation programmes need careful consideration to ensure that low income, vulnerable, fuel poor households experience the maximum benefit from these programme investments.

We are concerned that changes that align better for one policy area, such as netzero, need to work in concert with other areas especially the fuel poverty and poverty policy areas. It is recognised that there is the potential for conflict between these policy areas and their targets and it isn't clear in this consultation how that is being accounted for or resolved.

We welcome this opportunity to contribute our feedback.

DOMESTIC ENERGY PERFORMANCE CERTIFICATE METRIC REFORM PROPOSALS

1. Do you agree with the set of metrics that we propose to display on the reformed EPC?

YES, with qualifications noted below.

Fabric rating:

- We believe the **fabric rating** should cover space heating only, not hot water.
- The **metric** should be designed to be sufficiently robust to provide evidence of compliance with a regulatory fabric standard. This should be set in terms of **kWh/m²/year number for space heating demand**.
- We recommend the **recommended level** for space heating demand should be **in the range of 65-85 kWh/m²/year** (ref WWF Affordable Warmth Scotland report Feb 2023 <https://www.wwf.org.uk/our-reports/wwf-affordable-warmth-scotland>). This is consistent with the Scottish Government commissioned work by BRE concludes the 'band C threshold' to be 71 kWh/m² for space heating. However, we prefer a range as it allows for:
 - identifying a cost-effective level of energy efficiency for homes.
 - different archetypes and climatic conditions/aspect which will affect where the threshold lies (larger more exposed properties have higher values) and so the equivalent 'cost effective' fabric efficiency of a large home is higher than for a small home.

We understand using **the A-G bands for the fabric rating could be useful, though we have some concerns:**

- Will not be able to compare with 'old' EPC which is basis on which are essential for Scottish Government targets for social housing and as referenced in the Heat in Buildings Strategy.
- The current EPC/EER method is not sufficiently granular for this metric.
- With three headline metrics, it is likely to cause confusion for households and it is essential that, as they are likely to be paying for the EPC, this is an easy to understand rating.
- If A-G bands are used, we recommend the new bands should be based on the current EPC distribution as per the BRE report to ease the transition. This will require clear communication so the scale is properly understood.

Energy cost rating

We have some concerns regarding usefulness and prioritisation of the energy cost rating as proposed:

- Underlying energy prices fluctuate and so any cost modelling can quickly become outdated. There should be some way of providing a way for the owner to recalculate/update costs based on prevailing rates. These rates may yet need to be a compromise but the current Energy Price Cap regime could provide a useful reference. This could be available where the EPC is provided in a dynamic web page over the life of its validity. Nonetheless it is essential where a cost is estimate that is clear what the reference is for those costs.

- The information is of limited value because it is based on modelled data and predicted use, so is unlikely to match the occupant's true costs. It is only going to include the costs that are factored. The current EPC does not look to factor all energy costs but is weighted heavily to heat with limited electricity consumption for basic items. As consumer behaviour changes it is likely that power demands could be a greater proportion of all energy demand in a property.
- The owner must be given clear guidance to help them understand the Energy Indicator and avoid misleading them on the likely costs they will encounter.
- There does not appear to be any consideration given to the need to provide information to home owners regarding achieving the higher temperatures and longer hours of 'Enhanced Heating Regime' requirements as identified in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019. An increasing proportion of the population require to live in properties that can achieve that regime.

Heating system Type:

We have some concerns with Table 1 *Example of how heating systems could be classified:*

- Prioritisation should be based on the carbon intensity, whole life cycle consideration, of the primary source plus the efficiency of the system (not 'responsiveness' or access to off-peak fuel tariff).
- There is a need to differentiate between the performance of high heat retention storage heaters and modern slimline storage heaters. Not all heating systems have comparable performance and it is important to understand the actual efficiency of the installed equipment.

Energy Indicator

This indicator will highlight the benefit of more efficient heating systems such as heat pumps. The occupant could use this indicator to calculate the expected running cost (if a single fuel type) using their current tariff (therefore much more accurate than the cost rating). Making this indicator more prominent would encourage occupants/owners to move towards more efficient energy systems and use. However there is a significant assumption that people will engage with this in anyway and it is likely to only benefit those that are most able to appreciate the information provided.

Emissions indicator:

We agree with the name for this indicator. It would be useful to use regional data for grid intensity figures which would improve accuracy and recognise the low carbon intensity figures in Scotland. This could encourage greater take up of zero emissions heating.

Concerns regarding presentation of the metrics:

It is unclear in the consultation how the three headline metrics will be finally represented. The current EPC produces a singular band rating which considers multiple aspects. A simple translation metric or rating is essential for the revisions to have credibility with the public.

Modelled vs measured / actual data: (section 4.6 potential future reforms)

Energy consumption data is not available at a granular level. Where it is provided it excludes information on consumption in unregulated fuel areas such as heating oils or biofuels.

Actual consumption data is key if Scotland is able to address the issues of netzero and of fuel poverty.

It is essential that data collection through accurate metering is provided. This was to be achieved by 2020 with the introduction of smart meters. The targets have moved to 2025 and Scotland lags behind the rest of GB in the adoption of smart meters. It is necessary to accelerate the installation of smart meters in Scotland so that everyone benefits from the understanding and use of actual energy use data. The roll out of smart meters is well behind schedule, with rural and remote households least likely to have a smart meter installed (currently 18% vs 43% for all of Scotland). This means many households cannot access smart energy tariffs and/or maximising the potential to flex the use of renewables, storage and supply from the grid to save on bills. Many in Scotland have old metering arrangements, they may have dual meters with electric wiring separating heating from power or combinations of both. Many are dependent on outdated technology such as the dynamic radio teleswitch that interacts with meters and has associated tariffs.

Until a fairer more flexible system is in place some of these households are also impacted by the load management limitations imposed in the north of Scotland electricity network area. Household choice is limited and will hold back progress. A buildings capabilities to achieve recommended measures will be affected by these external factors and they must be considered in any revised EPC.

2. Are there additional metrics that you think should be included on the EPC, or metrics that you do not think should be included?

Should be included, please give reasons for your views

Should not be included, please give reasons for your views

It could be useful to consider providing information on heat loss to allow for better understanding of how well the building fabric performs. This could be provided by making Heat Loss Parameter or Heat Loss Coefficient metrics accessible once they are lodged in the register. At a minimum, these metrics should be made available through an online database.

See previous comments regarding information on costs for achieving an Enhanced Heating Regime. It would also be useful to provide information (or signpost to) on additional costs for enhanced power needs (disabled, medical).

We believe that some consideration should be given to the cooling efficiency of properties in the summer months. Our climate is changing and it is not necessarily consistent that high heat retention and high cooling potential are one and the same.

3. Considering our proposal to include a Fabric Rating on EPCs, do you think this metric should include domestic hot water heat demand?

Should include, please give reasons for your views

Should not include, please give reasons for your views

No, the fabric rating should not include domestic hot water heat demand. This is a measure of the heat demand of the property depending on the characteristics of the fabric – insulation, draughtproofing etc.

Information regarding reducing hot water demand (e.g. insulating the hot water tank) should be provided can be given in the display of the basic energy efficiency features. There should be the provision of a measure of how much energy will be required to produce an ‘amount’ of hot water as hot water provision is essential for health and wellbeing. Different energy systems will have different costs/consumption per litre and it is fundamentally important for householders to understand this. Hot water is a 12mth of the year provisions whilst heating is generally a 6months of the year peak/feature.

4. Do you have a view on the way that the Fabric Rating mapped against a scale, for example, how ‘A’ or ‘G’ rated performance is determined?

Please provide further details here

The Fabric Rating should be expressed in terms of heat demand - kWh/m²/year and link to how the rating relates to compliance with a mandatory fabric standard, and how it can be compared with other properties.

The target band (mandatory standard) must be aligned with zero emissions heating readiness.

We understand the desire to use an EPC ‘band’ (A-G) for easier communication, but note the following concerns:

- The explanation of the changes from one system to a new one need to be explained. There needs in transition to be a comparability explanation provided until any new system is embedded across the housing stock. The Scottish Government would need to lead a robust public information campaign highlighting the changes to EPCs, including the comparability – or lack thereof – between the old and new banding system.
- Divergence with other ratings operating within the UK and Europe needs to be treated with caution in order that some comparability can be provided at a strategic level.

5. Do you agree with our proposal to give more prominence to the energy efficiency features of the home (such as the depth of loft insulation)?

Yes.

- Information should be included on fabric measures (eg insulation) and other measures such as hot water tank jacket, draughtproofing.
- When recommending measures, some advice on understanding if the property is actually suitable for the additional measures. Existing surveys identify, due to a lack of in depth assessment, measures that are not practicable e.g underfloor insulation where they may be insufficient depth below the property to accommodate this or indeed where it would adversely affect necessary airflow below a property.
- This will help improve the credibility of the additional information. With current EPCs, research has indicated that homeowners found recommended measures unrealistic (too costly, not applicable to the property). In this regard, it would be useful to learn from the research commissioned by Citizens Advice Scotland on the design and formatting of EPCs. (<https://www.cas.org.uk/publications/b-c-easy-epc-improving-consumer-understanding-energy-performance-certificates-epcs> (this is also relevant to Q 2).
- A Building Renovation Passport would provide much better in-depth and expert recommendations on retrofit and heat decarbonisation than what is suggested under 'additional information'.

EPC PURPOSE AND VALIDITY

8. Do you agree with us that the primary role of the EPC should be to provide basic energy efficiency information for the purpose of comparison and act as a prompt to consider retrofit options?

Yes, we agree with some additions. The primary roles of the EPC should be to provide basic energy efficiency information AND signpost for further information. The question states two roles as one. The primary role should be the transparent provision of basic energy efficiency information to inform those responsible for those properties. With 50% of properties at the current EPC 'C' and above it isn't reasonable to conflate the role to retrofit. New build properties in 2023 are significantly more efficient than those of the 1980's and retrofit as a consequence is likely to be a marginal activity. Where homes are below an efficient benchmark stand then absolutely the EPC can be used to stimulate exploration of retrofit options.

It should also provide:

- evidence of compliance with current and known future regulatory standards for the fabric efficiency of the property. (sect 4.3.1)
- basic information regarding the full life cycle carbon emissions of the heating systems and whether or not it is compliant with the heat regulatory standard. (4.3.1)
- signpost information on how to decarbonise the property's heating system (this should be integrated with signposting on retrofit, as well as information on how to make the property more resilient to climate impacts – eg overheating, increased storm intensity).

10. Do you agree that the validity period of EPCs should be reduced from 10 to five years?

No. Whilst it is important that more properties in Scotland have an EPC there is no compelling case to change the validity period. There are significant prompts for the revision of an EPC where one exists, social landlords have worked hard to ensure that they have valid and recent property information and the cost burden of creating EPCs will fall to owners which add unnecessarily to household costs.

It is also unclear what transitional arrangements or provisions will be made in the lead in to any revised EPC. It is likely that EPCs will continue to be added to the database as a consequence of house sales, inclusion of EPC with Home Reports, and those undertaking improvements to their homes. These entail costs including costs associated with participation in Government programmes including Warmer Homes Scotland, Area Based Schemes and through the Energy Company Obligation including the Great British Insulation Scheme. It appears that the validity of these EPCs will fall at the point of introduction of any new EPC. If this is to happen then there must be a low cost revision option available for all those EPC within their validity period.

Increased costs are likely to arise for Registered Social Landlords in the event of a reduced validity period. This is likely to be passed on to tenants through rent increases unless otherwise funded.

It is unclear where it is expected that low income households will be able find the resources to secure EPCs. There are risks that older households or people at end of life will be burdened with costs and the Scottish Government must consider how these households will be supported to comply.

11. We welcome any views on the usefulness of our proposals for other relevant policy areas, such as fuel poverty or the delivery of government schemes. Please provide any comments you wish to share.

Scottish Government fuel poverty programmes:

The local authority ABS schemes already use EPC data to help focus schemes on areas with low incomes and the worst energy efficiency. Improved EPC's should lead to better targeting of resources at those in or at risk of fuel poverty. In our view, the ABS schemes should be focussed on removing poor energy efficiency as a driver of fuel poverty and contributing to achieving netzero policy ambitions and targets. This should be done in a way that delivers on the government's commitment that no one in fuel poverty is disadvantaged by a transition to netzero.

Energy Action Scotland believes that to be consistent with the Fuel Poverty 2019 Act that public funded activity should ensure that fuel poor households do not suffer an economic detriment in any way as a consequence of the introduction of measures driven by other policy areas. For example it should consider underwriting the cost difference of running heat systems where the system installed through a government funded programme provides a higher modelled cost option to the one it replaces. This is a discrete ask in relation to the heating system alone and not the aggregate improvements derived from fabric and other measures introduced.

A more complete and accurate EPC register will also help with referrals to the Warmer Homes Scotland programme by more accurately identifying those who would benefit from fabric measures. The funding of EPCs for those on the lowest incomes remains a concern. With approximately 700,000 households in extreme fuel poverty adding further opportunity costs, to provide an EPC as part of consideration for government programmes, to low income households would not be fair.

Local Heat and Energy Efficiency Strategies (LHEES)

EPC reform should improve the accuracy of LHEES and inform designation of heat zones and what fabric measures will be required to accelerate heat networks and place-based schemes. This could be particularly helpful when combined with other data layers to target those that would benefit most from improvements.

Energy Efficiency Standard for Social Housing (ESSH)

EPC reform will have a direct impact on the ongoing review of EESSH2 and it is not clear how this has been taken into account or indeed the consequences for activity completed as part of EESH during its first phase.

Monitoring and evaluation:

A more accurate EPC register will help inform the monitoring of progress against Climate Change, Heat in Buildings Strategy, Fuel Poverty 2019 Act and Just Transition targets.

DIGITAL AND ACCESSIBLE EPC FORMAT AND CONTENT

12. Do you agree with our proposal that EPCs should move from PDF to webpage format?

Yes. We agree with the proposal to move from only a PDF to webpage format, as long as provisions are made for those who do not / cannot access digital information. To mitigate against digital exclusion, homeowners and tenants must be able to obtain a paper copy of the EPC, in an accessible format if necessary. We also suggest a PDF format can be made available which can be downloaded, emailed and printed. This seems reasonable to produce an exportable form, with official watermarks, given the need for home owners to generate a Home Report for prospective buyers.

A digital EPC could be a more dynamic system that would allow for cost calculations to be more realistic and consistent with the Energy Price Cap as a default. The Energy Price Cap is published on a quarterly basis and is available on a regional basis, as there are differences in price cap unit costs and standing charges in Great Britain, for gas and electricity. Assumptions would be required for other forms of heating not regulated in this way.

13. Do you agree with our proposal to improve signposting to further support and advice schemes on the EPC?

Potentially if the EPC is a dynamic document as support and advice services, including their contact information and support eligibility criteria, may change in the same way that energy prices change. If the EPC is a relatively static document in a web format then it is likely there will be changes to advice and support provision during the validity period.

14. Do you agree historical EPCs should be publicly accessible on the EPC register (while clearly marked as historic)?

Yes, though there will need to be an explanation of the difference between the historic and new EPCs. Otherwise, the user will not be able to understand trends and/or compare previous metrics with the new metrics.

15 Do you agree that the EPC register should be accessible by API?

Yes.

16. Do you have any further comments on our proposals to move to a digital and accessible EPC?

There remain many digitally excluded households in Scotland. Additionally consideration must be given as to how EPC will meet wider access requirements for those with hearing or sight issues and for those where English is not their first language. Without a downloadable EPC accessing a digital only EPC becomes a recurring cost in itself requiring smart devices/laptops/computers and access to broadband or similar.

17. This could include services that you think EPCs should signpost to, or comments about the use of an API to access the EPC database.

No answer

EPC AUDITING AND ASSURANCE

18. Do you agree with our proposals to review and update the auditing and assurance requirements for EPCs in Scotland?

It seems sensible to include a proposal for data gathering on how the new system works in practice, providing scope for improvements or remedial actions as necessary.

19. Please detail any additional assurance activity that you think would be appropriate to enhance the accuracy and reliability of EPCs.

No answer

CONSULTATION QUESTIONS : LEGISLATING FOR EPC REFORM AND TIMELINE

20. Do you have a view on our timeline for reform implementation?

We are concerned about the short timescales being proposed for the introduction of the revisions to the Energy Performance Certificate process. It is not clear that there is sufficient capacity to provide the number of EPCs that will be required at the point of introduction.

There appears to be no cost consideration being given which is important for homeowner to understand. It appears that the tasks to provide a more accurate EPC will increase time, skill and knowledge. This is likely to entail higher costs but it is not clear if a cap or similar is being proposed to ensure that households are not charged more than a 'fair' and 'affordable' cost.

Whilst there may be increased impetus for revision it is notable that the consultation recognises the considerable body of work that already exists some of which is over 6 years old which did not in itself bring about any improvements despite a largely unchanged imperative. We believe that it is likely that timescales may need to be adjusted to accommodate capacity issues and challenges in communicating and persuading the public and other domestic property owners of the benefits of any changes.

Energy Action Scotland supports a revision of EPC where that has demonstrable benefits to vulnerable low income fuel poor households. EPC is an important tool in a Just Transition but only where it is clearly understood by all of those required to purchase them. Communication is key and we are sure our member organisations can play an important role in supporting the public.