

The Right Honourable Eric Pickles, MP  
Minister for Communities and Local Government  
Department for Communities and Local Government  
2 Marsham Street  
Westminster  
London SW1P 4DF

11th March 2015

## Re. Display Energy Certificates Consultation

Dear Minister,

I am writing to you in response to your consultation on changes to the Display Energy Certificates (DEC) regime for public buildings.

The Committee is concerned that the consultation discounts evidence of the benefits of the DEC regime. We also note that while the consultation contains several options for weakening the legislation or scrapping it altogether, it ignores options for strengthening it. Our analysis suggests that DECs are an important tool for identifying energy efficiency opportunities and, importantly, limiting the impact of rising energy prices on public finances. There is evidence that they promote:

- **Understanding:** It is essential that organisations understand their energy consumption, and scope to improve it, if they are to act on energy efficiency improvement. DECs are unique in that they show operational energy demand, benchmarked against building type. This information is not available from asset-related tools, such as Energy Performance Certificates.
- **Learning:** Our analysis shows that there are energy efficiency opportunities of around 20% which can offset bill increases to 2020. Over half of these savings are from low-cost measures such as energy management - precisely the kinds of cost savings which DECs, as an operational benchmark, highlight and enable. Weakening the legislation runs the risk of incurring long-term liabilities for minimal short-term gain.

- **Reduced energy costs for the public sector and the tax payer:** The impact analysis for the consultation states that there is no evidence of energy savings from DECs, although the consultation elsewhere refers to evidence from the Department for Energy and Climate Change of a downward trend in energy demand in buildings with DECs. It also references evidence of their value in providing information for energy managers, and revealing which buildings are not operating according to their design standards. There is in fact growing evidence of the impact of DECs, which we consider in more detail in the annex to this letter.

We have previously recommended that DECs should be extended to commercial buildings – a recommendation which received wide support from business and was reflected in the Government’s 2011 Carbon Plan, signed by both the Prime Minister and Deputy Prime Minister. Whilst this was subsequently ruled out, it indicates the acknowledgement of the success that DECs are understood to have for the public sector. DECs continue to be the single most important source of information on operational energy use, both in public buildings and more widely on a voluntary basis.

Whilst we will continue to keep the evidence under review, the Committee believes there is no case for weakening the legislation on DECs. The Committee certainly does not believe any evidence for weakening the legislation has been provided in the consultation. Those actions could not be considered without more detailed and specific evidence of the type noted above.

We would be happy to discuss any issues raised in this letter with you.

Yours sincerely



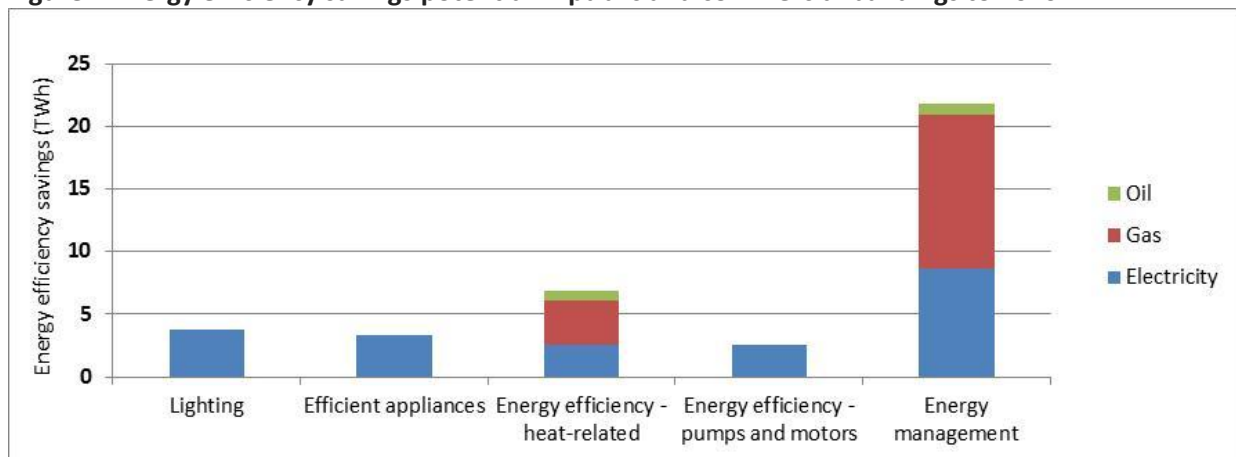
Lord Deben  
**Chair, Committee on Climate Change**

## Annex

This annex provides further detail of the evidence of the impact of DEC's on energy savings, along with the importance of energy management savings for meeting the carbon budgets.

In our recent report on Energy Prices and Bills (CCC, 2014), we found that commercial and public sector bills could increase by 10-15% to 2020 and 30-45% to 2030. Energy efficiency can offset this by around 20%. According to our analysis, 60% of these cost savings consist in free or low-cost measures related to energy management - that is, roughly equivalent to the projected rise in bills to 2020 (Figure 1).

**Figure 1 Energy efficiency savings potential in public and commercial buildings to 2020**



Notes: Energy management savings include measures such as remote sensors and behavioural measures.

The first piece of evidence was published by the Department for Energy and Climate Change (DECC, 2013a). This shows improvements in the energy intensity of public sector offices with a DEC, compared to a sample of comparable private sector offices. As noted in the consultation, it found evidence of a downward shift in in the DEC group which was not matched in the commercial buildings (Table 1). This is particularly the case in the more energy-intensive buildings - that is, those which currently perform poorly against their relative benchmarks - where opportunities for low-cost energy management savings are most likely to be found.

The table below shows percentage improvement over two given years for each group. The results need to be considered in light of other factors which will have had an impact, such as the 10% Government reduction target in 2010. There is a good argument however that targets in themselves are likely to be ineffective without the requisite information on actual energy usage to guide action and drive investment.

**Table 1. Change in energy intensity - comparison of buildings with and without DEC, 2008-2010**

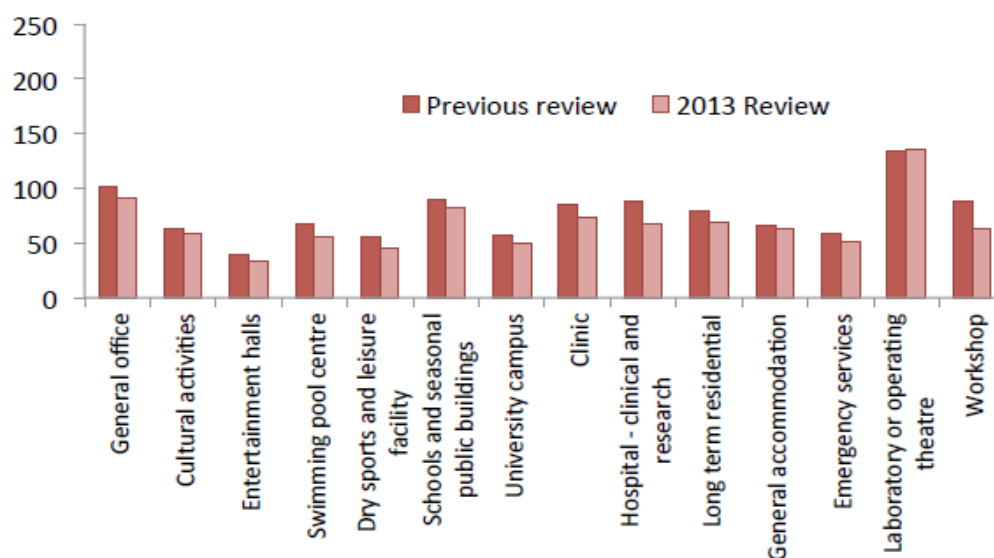
|                | Buildings without a DEC 2008-09 | Buildings with a DEC 2008-09 | Buildings without a DEC 2009-10 | Buildings with a DEC 2009-10 |
|----------------|---------------------------------|------------------------------|---------------------------------|------------------------------|
| Upper quartile | -3.6%                           | -12.3%                       | -0.1%                           | -21.8%                       |
| Median         | -4.3%                           | -6.0%                        | -0.8%                           | -12.9%                       |
| Lower quartile | -3.5%                           | -2.6%                        | -3.0%                           | -7.3%                        |

Notes: Sample sizes ranged from 1100 in 2008-09 to 600 in 2009-10 in the DEC group, with larger samples in the non-DEC group. This suggests that the results in the first year may have a greater level of accuracy.

A report prepared by UCL for CIBSE (Hong and Steadman, 2013) extended the analysis of DEC data from public buildings to 2011. It matched records across the three years, to produce evidence of how demand for heat and electricity changed over time within the sample of buildings. The study found improvements in 13 out of 14 sectors in demand for heat, including offices, hospitals and schools (Figure 2). Nine out of 14 sectors also reduced their electricity consumption.

The study also shows that compliance is patchy amongst public buildings, with just 12% of buildings in the dataset having complete records over the four-year period.

**Figure 2. Comparison of median fossil-thermal energy ratings in DECs lodged in public buildings**



Notes: The units on the vertical axis represent the median fossil-thermal energy rating from the display energy certificate.

Finally, in a qualitative study (DECC,2013b), survey respondents emphasised a number of benefits around knowledge as a catalyst for change, citing the advisory report as useful in negotiating energy management budgets and raising the internal profile of energy. Whilst the perception of the value of DECs varied significantly within the sample, with some participants seeing it as a formality, there was no evidence of DECs being perceived as overly burdensome by public sector respondents.

## References

Committee on Climate Change (2014b) *Energy Prices and Bills – Impacts of meeting Carbon Budgets*. Available at: <http://www.theccc.org.uk/wp-content/uploads/2014/12/Energy-Prices-and-Bills-report-v11-WEB.pdf>

Hong and Steadman (2013) *Analysis of Display Energy Certificates for Public Buildings: 2008 to 2012*. A report to the Chartered Institution of Building Services Engineers. Available at: [http://www.bartlett.ucl.ac.uk/energy/news/documents/CIBSE\\_Analysis\\_of\\_Display\\_Energy\\_Certificates\\_for\\_Public\\_Buildings\\_.pdf](http://www.bartlett.ucl.ac.uk/energy/news/documents/CIBSE_Analysis_of_Display_Energy_Certificates_for_Public_Buildings_.pdf)

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