



THE NATIONAL ENERGY FOUNDATION

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Climate Change and Sustainable Buildings
Department for Communities and Local Government
3rd Floor, NE, Fry Building 2 Marsham Street
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11 March 2015

Dear Sirs

**DCLG Consultation into
Display Energy Certificates: current regime and how it could be streamlined and improved**

I am pleased to provide the National Energy Foundation's response to the consultation into the regime for Display Energy Certificates. Our detailed response to the consultation questions, and to the call for evidence is on the following pages, but we would like to make two key points that we feel may have been overlooked when framing the consultation:

- The requirement for annual DEC's provides a visible incentive to make continuous improvements to energy management, and hence consistent and meaningful energy savings, which are likely to far exceed the costs of compliance. Data shown on DEC's also shows achievements in making energy savings, normalised to take account of weather conditions. In turn these are likely to lead to energy savings of considerably greater value than the quite modest costs of delivering DEC's on an annual basis;
- Despite the assertion in paragraph 15 of the consultation that "the higher the [EPC] rating ... the lower the fuel bills are likely to be", independent research¹ by the Better Buildings Partnership shows that the correlation between the two is at best quite weak. As a result, DEC's – which are based on actual energy consumption – provide a better reporting measure than EPC's (which focus on the physical asset and not the way energy is managed within the property) when targeting improvements in energy performance.

I would be very willing to provide additional information on these points or any of the responses to the specific questions and call for evidence.

Yours faithfully

Ian W Byrne
Deputy Chief Executive
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Questions	Comments
Part 1	
Question 1 - How could the existing enforcement regime be improved?	Enforcement could be encouraged by requiring a centralised enforcement body (see 3 below) to publish an accessible central register of issued DEC's, as well as naming & shaming any public authorities in breach of the requirements. To add a carrot to the stick, there could be regional or national league tables showing improvements in performance. This register could also be used as a low-cost form of benchmarking, identifying exemplary energy use and best practice by building sector: this could have benefits for the private commercial sector as well as the public estate. Public authorities could also be encouraged to display DEC's on their own websites.
Question 2 – How may the barriers to enforcement be overcome?	
Question 3 - Who should be the enforcement body for the display of energy certificates in public buildings regime, and why?	There would be several benefits from a central regime able to provide a consistent application of the rules, but this would might lose local "eyes" to see how this is being applied in practice. This could be funded through a small levy on lodgements, and could ultimately prove cheaper than the currently dispersed monitoring regime, as it would allow for risk based sampling by dedicated specialists. In delivery terms this could be tendered, either directly or by an agency such as the Environment Agency, to ensure best value for the public purse. The appointed contractor would, of course, be expected to respond to reports of non-compliance by local weights and measures authorities.

Part 2	
Question 4 – Should the existing system of Display Energy Certificates and recommendation reports remain unaltered?	We believe that there could be limited streamlining applied that would save costs, without fundamentally altering the scheme. We also think that the opportunities report should be unified at a 10 year period, and the generally higher standards developed for advisory reports in the private sector (eg. under ESOS) could be applied to DEC's.
Question 5 – Should the exemptions from the requirements of the Directive be applied to qualifying buildings for Display Energy Certificates?	The fundamental principle of displaying certificates is to encourage the better use and management of energy, and not just to make physical improvements to buildings. As such, it can be argued that DEC's, in their current format, are more appropriate for listed buildings than EPC's, as good energy management is even more important in buildings with limitations on physical upgrades.

<p>Question 6 – Should those buildings that have and display their Energy Performance Certificate be exempt from the requirements to have a Display Energy Certificate?</p>	<p>No. There is only a very limited relationship between the theoretical performance shown on the EPC and the actual operation performance measured on the DECⁱⁱ. Given that the intention of EPBD is to encourage improvements to energy performance by displaying the results to the public.</p>
<p>Question 7 – Should an energy certificate be required when 500m² is occupied by public authorities and frequently visited by the public?</p>	<p>Yes. We do not believe that it should be possible to ring-fence “frequently visited” parts of a larger building into apparently separate entities as a way of coming in under the 500m² threshold. So in the example in paragraph 62, even if the publicly accessible area is only 100m², a DEC should be produced for the entire building, as the public will not see it as a separate building. However the regulations should allow single certificates to be issued for multiple public occupants of a single qualifying building where the energy services are managed centrally (eg. if DWIP, the Courts Service and the local Council shared premises).</p>
<p>Question 8 – Should the validity period of all Display Energy Certificates and their accompanying recommendation reports be five years?</p>	<p>No. Display Energy Certificates are designed to provide regular tracking and reporting of progress in managing energy consumption, and to incentivise improvements by providing an annual review. By reducing it to a snapshot every five years, much of the incentive to make continuous improvements will be lost, and a small cost saving in terms of obtaining DECs is likely to be lost many times over in higher energy bills.</p>
<p>Question 9 – Should the validity period of all Display Energy Certificates and their accompanying recommendation reports be 10 years?</p>	<p>No. The validity period of DECs should remain annually as noted in question 8 above. However we do agree that the recommendation reports should only be done less frequently, and – given that the fairly low basic reports often add relatively little value – we consider that these could be unified into 10 years.</p>
<p>Question 10 – Should the Display Energy Certificate regime be altered in the way outlined above?</p>	<p>No. We disagree with all three bullets "outlined above", as DECs will have maximum impact if produced annually.</p>
<p>Question 11 – Should the mandatory Display Energy Certificate regime be abolished?</p>	<p>No. For the reasons we have indicated, we believe that there is unlikely to be a material net costs to the Government, as maintaining a focus on actual energy consumption encourage continuous improvement.</p>
<p>Question 12 – If Display Energy Certificates were no longer a statutory requirement, would you still obtain one (for example in order to monitor the energy efficiency of any non-dwelling)?</p>	<p>We are unusual, but not unique, among private sector bodies in that we have commissioned and display a DEC. Some companies, especially in the property sector, have identified the benefits of a regular annual energy review as a means of tracking intended improvements to energy performance. We have also developed a low-cost system of voluntary certificates called VolDECs™, primarily intended for use within the private sector and based upon the same</p>

	calculation methodology with an extended scale, that could potentially be used also by public sector bodies in the absence of a Government-mandated Display Energy Certificate.
Question 13: Which proposal (or combination) is your preferred outcome?	Our recommendation is to leave the requirement broadly unchanged, except for a unification of the recommendation report validity to 10 years. If the Government is concerned about costs, and we believe that these may be overstated – even when eliminating the obvious typographical errors that have inflated some costs by a factor of 1,000 – we believe that annual savings as a result of the regular annual focus on energy performance should encourage good energy management which in turn will go considerably towards the costs of the current regime.

Call for Evidence

The Department invites anyone who wishes to contribute to provide information on public buildings in their care, and the costs associated with the obtaining and maintaining of appropriate energy certificates.

Evidence 1: How many qualifying buildings does your estate contain (including a clear articulation of why some buildings are not qualifying)?

We have no public buildings, but are a registered charity occupying one privately rented building of 407m², which is occasionally visited by members of the public.

Evidence 2: How many have a Non-Domestic Energy Performance Certificate?

We do not have an EPC on our property, having occupied it continually since its construction in 2004.

Evidence 3: How much, on average, does obtaining a Non-Domestic Energy Performance Certificate cost?

n/a

Evidence 4: How many have a Display Energy Certificate and recommendation report?

We do have a DEC on our sole property.

Evidence 5: How much, on average, does obtaining a Display Energy Certificate (on its own) cost?

Our most recent DEC obtained from a third party cost £121.

Evidence 6: How much, on average, does obtaining a Display Energy Certificate and recommendation report cost?

We have no recent experience of this, but based on the previous one it was not much higher, as we are a relatively small building.

Evidence7: How many of your buildings have both an Energy Performance Certificate and a Display Energy Certificate?

None

Evidence 8: To what extent have you implemented the recommendations provided in the report accompanying your DEC?

We have sought to implement soft measures, but the only physical measure would have meant a full replacement of lighting with a payback period in excess of 30 years. This is probably not a typical outcome, as the building was already constructed to an exemplary standard, considerably better than the Building Regulations applicable in 2004, and incorporates a number of different renewable energy technologies.

Evidence 9: To what extent have any changes in the energy efficiency of your buildings been influenced by the information provided by your DECs and recommendation reports?

For the reasons indicated in point 8, namely that the building is already highly efficient, the effect of recommendations has been negligible. However the knowledge that the certificate is on display in our public lobby area, along with a three year historical record of consumption, serves as a powerful reminder to seek to continue to manage the building operationally in the most energy efficient manner. It also demonstrates to staff and visitors that we take our responsibility to reduce our energy use seriously.

Evidence 10: Is there any further information you wish to provide?

We believe that moving to a less formal regime such as the one that we are using in the private sector for VolDECs™, could lower costs. Under this approachⁱⁱⁱ, building occupants provide most of the information that is then submitted to a trained VolDEC™ assessor who then performs checks for reasonableness (taking into account factors such as the building size, age, occupancy hours and any previous DECs/VolDECs™) and produces a semi-automated report and certificate. As this is voluntary, there is less need for costly quality controls, although arguably the public sector should be able to be relied upon to provide honest data.

We also believe that DECs could be improved by updating the benchmarks reported on the certificate using more recent data.

Evidence 11: Would you be willing to be contacted by our officials to discuss in more detail any aspect of your responses to this consultation?

Yes. Please contact either Ian Byrne (Deputy Chief Executive) or Malcolm Hanna (Technical Director) for more information about this response.

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ⁱ A Tale of Two Buildings - Are EPCs a true indicator of energy efficiency?, Jones Lang LaSalle IP LLP & Better Buildings Partnership, London, 2012

ⁱⁱ *Ibid.*

ⁱⁱⁱ More information about VolDECs™ can be found at:

www.nef.org.uk/service/tools-resources/tools/voldecs-voluntary-display-energy-certificates