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Energy Bill REVOLUTION

The Energy Bill Revolution Campaign briefing

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1. WHY WE NEED AN ENERGY BILL REVOLUTION

We are facing an energy bill crisis, with millions of people struggling to heat their homes. Average household energy bills have doubled in only six years, from £600 a year to more than £1,200 a year¹. The main reasons for this are high gas, oil and coal prices, and the fact that the UK's homes are some of the most energy inefficient in Europe – leaking heat from their doors, walls and windows. This means they cost much more than they should to heat and power.

Fuel poverty

1 in 4 households in the UK are now in fuel poverty², meaning they need to spend more than 10% of their income on keeping their homes warm. The problem is likely to get worse with 1 in 3 households projected to be in fuel poverty by 2016³.

Cold homes are damaging the health of vulnerable members of society, including children, older people and people with disabilities or illnesses. Diseases such as asthma are made worse, and people are more likely to have strokes and heart attacks. **Illnesses caused by cold homes cost the NHS nearly one billion pounds each year⁴.**

More people die in winter than the rest of the year due to the effects of the cold. All European countries see a greater number of deaths in the winter than in the summer but, in the UK, the difference is much greater than countries with a much colder climate such as Norway and Sweden. The difference is that in many colder countries homes are much easier to keep warm.

The additional deaths in this period are called Excess Winter Deaths, and over the last five years there have been on average 26,000 Excess Winter Deaths in the UK⁵. Not all excess winter deaths can be attributed to cold housing or low indoor temperatures. However, according to the World Health Organisation, between 30% and 50% of Excess Winter Deaths can be attributable to cold indoor temperatures⁶. This means on average in winter at least 65 people a day die in the UK as a result of illnesses due to cold homes.

¹ <http://www.decc.gov.uk/assets/decc/statistics/fuelpoverty/2181-annual-report-fuel-poverty-stats-2011.pdf>

² Camco (2012) The Energy Bill Revolution Campaign Report

³ Camco (2012) The Energy Bill Revolution Campaign Report

⁴ Chief Medical Officer's annual report for 2009

⁵ Based on figures for England and Wales - http://www.ons.gov.uk/ons/dcp171778_241947.pdf; Northern Ireland - http://www.nisra.gov.uk/archive/demography/publications/EWM/EWM_2010_11.pdf; Scotland - <http://www.gro-scotland.gov.uk/files2/stats/winter-mortality/winter-mortality2010-11.pdf>

⁶ World Health Organisation: http://www.euro.who.int/__data/assets/pdf_file/0008/97091/E89887.pdf

This means on average over the last five years **at least 7800 people have died every year due to living in cold homes – four times more than the number of people who died on British roads in 2011**⁷.

The UK Government has a legal duty to do everything reasonably practicable to end fuel poverty in England by 2016⁸, and by 2018 in Wales. However, new research by energy efficiency experts Camco has projected that fuel poverty is likely to get worse. They estimate that unless the Government takes further action, fuel poverty could increase by 40% by 2016, rising from 6.4 million to 9.1 million UK households⁹.

Carbon emissions

The Government has a legal obligation to reduce the UK's greenhouse gas emissions by **at least 80%** by 2050 in order to help combat climate change¹⁰. If the Government fails to meet its targets, we increase our risk of facing the serious environmental, social and economic impacts of climate change.

The UK Government has also accepted the recommendations of the Committee on Climate Change and agreed to reduce carbon emissions by 50% (over 1990 levels) by 2027¹¹. Reducing emissions from homes is crucial if we are to meet these overall targets. But at the moment the Government risks falling short.

About 37% of all the UK's greenhouse gas emissions come from non-industrial buildings. About 25% of the UK's greenhouse gas emissions come from homes¹². The Government has two flagship energy efficiency policies, the Green Deal and the Energy Company Obligation (ECO). Unfortunately, without greater support they will fail to reduce carbon emissions at the scale required. The Government needs to find additional carbon savings from buildings, which are up to four times as great as the carbon savings projected to come from the Green Deal and ECO combined¹³. Unless the Government offers households greater financial assistance, they are likely to miss their climate change targets.

⁷ <http://www.dft.gov.uk/statistics/releases/road-accidents-and-safety-quarterly-estimates-q3-2011/>

⁸ Warm Homes and Energy Conservation Act 2000

⁹ Camco (2012) The Energy Bill Revolution Campaign Report

¹⁰ Climate Change Act 2008

¹¹ DECC: http://www.decc.gov.uk/en/content/cms/news/pn11_41/pn11_41.aspx

¹² Camco (2012) The Energy Bill Revolution Campaign Report

¹³ Camco (2012) The Energy Bill Revolution Campaign Report

2. HOW THE ENERGY BILL REVOLUTION WORKS

There is a fair and permanent solution. We can have warm homes, reduce our fuel bills *and* cut carbon emissions. We can end fuel poverty, protect our environment and rebuild our economy.

The answer is for the Government to use the money it gets from carbon taxes to help make homes super-energy efficient – with excellent insulation, renewable energy and modern boilers.

Even though these things save money on energy bills and keep our homes warmer, many people simply can't afford to pay for them – meaning they stay cold. That's why the Government must do more to help.

Carbon tax revenue

The Government taxes big companies for the damage their carbon emissions cause to people and the environment. There are two main carbon taxes: the European Emissions Trading Scheme and the Carbon Floor Price. The companies eventually pass these taxes on to consumers. Over the next 15 years the Government will raise an average of £4 billion every year in carbon revenue¹⁴.

These taxes are used by the Government to help combat climate change and wean the UK off dirty fossil fuels. That's a good objective, but the money the Government receives isn't being used to help people use less energy to heat their homes – which would cut carbon emissions further AND cut people's energy bills.

If the Government recycled this carbon revenue back to households, it could provide billions of pounds to help insulate the UK's homes. The benefits would be immense. This could bring 9 out of 10 homes out of fuel poverty, lower people's bills, cut carbon emissions further AND create jobs. It's time for an Energy Bill Revolution.

Recycling carbon taxes back to households

This money could be used to help all households or just to support the most vulnerable. There is, for example, enough carbon tax revenue to provide a grant worth on average £6,500 to every fuel poor home to make them super-energy efficient, treating more than

¹⁴ Camco (2012) The Energy Bill Revolution Campaign Report

600,000 homes every year for the next 15 years. This would drive down their energy bills by £310 every year – enough to bring 9 out of 10 households out of fuel poverty¹⁵.

Recycling carbon tax revenue to make homes super-energy efficient could help end fuel poverty, reduce carbon emissions and create up to 200,000 jobs¹⁶.

3. WHO'S BEHIND IT

The Energy Bill Revolution is a public campaign, supported by an alliance of organisations, calling for warm homes and lower energy bills. We are asking the Government to use the money it gets from carbon taxes to make the UK's homes super-energy efficient. This will drive down energy bills, help end fuel poverty, help tackle child poverty, create jobs, improve health and reduce carbon emissions.

We are an alliance of children's and older people's charities, environment groups, health and disability groups, trade unions, consumer groups, businesses, politicians, public figures and members of the public. Signatories to our campaign petition include Save the Children, the National Children's Bureau, the Children's Society, National Pensioner's Convention, Friends of the Earth, WWF, TUC, GMB, Unite, IKEA, The Co-operative Group, Macmillan Cancer Support, Kingfisher, Asda, National Energy Action, Centre for Sustainable Healthcare, USwitch and Consumer Focus. **For a full list of organisations on board, visit www.energybillrevolution.org/whos-behind-it/**

The Energy Bill Revolution is not led by any political party, but we seek the support of all politicians. The Energy Bill Revolution is a public campaign, coordinated by Transform UK (www.transformuk.org), a programme of the sustainable development organisation E3G (www.e3g.org).

4. THE GOVERNMENT'S ENERGY EFFICIENCY PROGRAMMES

The existing government schemes to help people make their homes more energy efficient are coming to an end over the next year. These will be replaced by two new programmes, which we welcome but are severely constrained by the lack of financial support.

The first is an assistance scheme called the Energy Company Obligation. This programme requires energy companies to improve the energy efficiency of households through the

¹⁵ Camco (2012) The Energy Bill Revolution Campaign Report

¹⁶ Camco (2012) The Energy Bill Revolution Campaign Report

installation of energy efficiency measures such as loft, cavity and solid wall insulation. This will equate to £1.3 billion every year being spent by energy suppliers¹⁷. The Energy Company Obligation is valuable but unfortunately it is not enough to end fuel poverty¹⁸.

The second programme is the Green Deal, which also begins at the end of 2012. Green Deal providers will offer packages of energy efficiency measures to households, worth up to £10,000. There is no upfront cost but the householder will pay for these measures via a charge on their electricity bill. This charge stays with the property rather than the person if they move. While the Green Deal may help many to save energy, it is not enough to properly tackle the energy bill crisis¹⁹. More funding is needed to fulfil its potential to lower bills and reduce carbon emissions.

However, the Government can build on both these schemes by using the money it gets from carbon taxes to make the UK's homes super-energy efficient. As a result, it can provide up to four times as much financial assistance to households than currently planned²⁰. This is enough to bring 9 out of 10 homes out of fuel poverty. It could also be used to cut up to four times more carbon emissions and generate four times as many jobs than will be delivered by the Government's new energy efficiency schemes²¹.

5. HOW TO JOIN THE REVOLUTION

Visit www.energybillrevolution.org to sign the campaign petition and email your MP. Together, we are calling on the government to deliver warm homes and lower energy bills by using the money it gets from carbon taxes to make our homes super-energy efficient. This is the most effective way to make your voice heard, and will only take a couple of minutes of your time.

Once you have done this, you can help to spread the Revolution by asking your friends and family to do the same. You can also follow us on Facebook (www.facebook.com/energybillrevolution) and Twitter (<http://www.twitter.com/energybillrev>).

As our campaign develops, we will give you plenty more opportunities to get involved in the campaign and in your local area. Keep an eye on www.energybillrevolution.org/get-involved/ to find out more.

¹⁷ DECC: <http://www.decc.gov.uk/assets/decc/11/consultation/green-deal/3607-green-deal-energy-company-ob-cons.pdf>

¹⁸ Camco (2012) The Energy Bill Revolution Campaign Report

¹⁹ Camco (2012) The Energy Bill Revolution Campaign Report

²⁰ Camco (2012) The Energy Bill Revolution Campaign Report

²¹ Camco (2012) The Energy Bill Revolution Campaign Report

Appendix i – the Energy Bill Revolution Petition



The Petition

We are facing an energy bill crisis. Families are suffering huge financial hardship, and one in four households can't afford to heat their homes. Cold homes are damaging the health of our most vulnerable citizens, including children and older people.

But there is a fair and permanent solution. We can have warm homes *and* reduce our fuel bills.

We call on the Government to use the money it gets from our carbon taxes to make our homes super-energy efficient – driving down our energy bills forever.

Appendix ii – Key Research Findings

The Energy Bill Revolution Report was commissioned by Transform UK, the Co-operative Group and Consumer Focus to assess the environmental, social and economic benefits of using carbon taxes to make existing homes more energy efficient. The report can be downloaded at www.energybillrevolution.org/wp-content/uploads/2012/02/Energy-Bill-Revolution_executive-summary.pdf

The key findings are as follows:

- The Government projects that on average 100,000 homes a year will take up the Green Deal between 2013 and 2027 in the absence of any subsidies or other incentives. A further 260,000 households a year are expected to take up measures funded by the Energy Company Obligation between 2013 and 2022. This represents a reduction in the installation rates of basic energy efficiency measures compared to previous schemes.
- As a result, without greater financial support, the Green Deal and ECO will fall short of delivering against the Government's legally binding CO₂ reduction targets under the fourth carbon budget and the Government's legally binding 2016 fuel poverty targets.
- Under the Government's central energy price inflation scenario, there is a risk that the number of fuel poor households in the UK will rise by 40% between 2011 and 2016, from 6.4m to 9.1m, even after taking account of the energy bill reductions generated by ECO-funded energy efficiency improvements.
- Additional incentives and subsidies are required to meet CO₂ reduction and fuel poverty targets, and deliver whole house retrofits to future-proof our existing homes against fuel poverty.
- The Government will raise around £64bn in carbon tax revenue by 2027 (the end of the fourth carbon budget) from the EU Emissions Trading Scheme and the Carbon Floor Price mechanism. This is an average of £4bn per year over this period. Recycling of this revenue into energy efficiency programmes would have a transformational impact in terms of reducing CO₂ emissions and fuel poverty, and on job creation.
- The recycling of carbon taxes would help achieve the Government's target in the fourth carbon budget period, saving up to four times as much carbon as the Green Deal and ECO combined.
- If the carbon tax revenues were allocated to tackle fuel poverty, all 9.1m fuel poor homes could be upgraded by 2027. This equates to 600,000 homes receiving energy efficiency measures worth on average £6,500 each year. The recycled carbon tax revenue would cut their household energy bills by £310 per year. It would remove 87% of these households from fuel poverty and raise the energy efficiency standard of the

remaining 13% to that of a home built today.

- Alternatively, recycling of the carbon taxes could, for example, halve the number of fuel poor households, plus work with the Green Deal to upgrade up to a third of the non-fuel poor households over the next 15 years to the same energy efficiency standard as a newly built home today.
- The recycling of carbon tax revenues would support between 30,000 and 50,000 direct jobs related to the installation of the measures, and between 120,000 and 200,000 direct and indirect jobs in the wider economy. Compared with the Green Deal and ECO, the recycling of carbon taxes would support up to four times as many jobs in the economy.