

David Green

Chief Executive

UK Business Council for Sustainable Energy

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The Path to Demand Reduction...

“Energy efficiency is a means to an end. The real aspiration – and the focus of policy – needs to become a reduction in the UK’s sustained growth in energy demand.”

Energy Company CEOs

Conclusions of Energy Services Summit Process

6 June 2006.



Need to Tackle All Sectors

- Commercial and public sectors (non-intensive sectors)
 - High rate of energy demand growth
 - Policies announced in Energy Review need widespread & effective implementation e.g. Energy Performance Commitment
- EU Emissions Trading Scheme
 - Business As Usual allocations no longer an option?
 - All sectors must engage to unlock energy efficiency

Need to Use All Levers

- Government Procurement
 - E.g. EBRD-type energy efficiency screening on all Government funding
 - Link procurement to market transformation.
- Enforce Tougher Regulations for *all* Buildings
 - Swift action to transform appliance standards
 - Stretching Building Regs and Code for Sustainable Homes *with proper enforcement!*
- Fiscal Incentives for *all* Customers
 - Key for creating demand-pull & proven to work e.g. income tax rebates.
 - Support with information & awareness campaigns

Enable Innovative Approaches

- Enhanced Role for Local Authorities
 - 'Trusted intermediaries' on climate change
 - Woking & London Approaches
 - HECA Review?
 - Opportunities through planning e.g. Thames Gateway, PPS on Climate Change
- Embedding Energy Efficiency Infrastructure
 - Metering & feedback technologies, CHP, microgeneration, active management of DNOs, local energy trading arrangements...

Transforming the role of the Suppliers

- What are the commercial incentives needed to drive demand reduction?
- What model can unleash innovative approaches?
- Build on success, e.g. Warm Zones

EEC: part of the process of change

- Experiment with more options: new technologies, consumer feedback devices, variable tariffs, community-based solutions...
- Support this with appropriate regulatory frameworks.
- Accept that failure can be the cost of trial and innovation.
- Experience must feedback into the long-term shape of demand reduction initiative.

Don't forget...

- Must not lose sight on the need to deliver greater carbon savings.
- Will need a separate and focussed set of policies for the fuel poor.
- To achieve the goal of demand reduction, do we also need to examine the underlying market structure?
- **Time is not on our side!**