

JOINT LBEG AND LONDON HECA FORUM MEETING

Thursday 4th December 2014
London's Living Room, City Hall

MINUTES

Attendees

	London HECA Forum
	LBEG
	Both groups
	Speakers/Staff

Ieman Barmaki	Barking and Dagenham
Anis Robinson	Brent
Keith Von Tersch	British Gas Energy Services
Kelly Greer	British Gas Energy Services
Frances Evans	Camden
Paul Kennedy	City of London
Bob Fiddik	Croydon
Malcolm Bell	Croydon
Janet Rudge	Ealing
Emma Adams	Emma Adams Projects
Deborah Southwell	Enfield
Nick Crook	Enfield
Samantha Cundell	Enfield
Andrea Latter	Enfield
Libby Reid	Enfield
Kore Mason	GLA
Chloe McLaren Webb	Greenwich
Casey Cole	Guru Systems
Natalie Sansom	Harrow
Scott Causer	Harrow
Saeed Atlas	Harrow
Mark Lowers	Havering
Charles Pipe	Hounslow
Tim Hendry	Islington
Toby Morgan	Islington
Ben How	Keepmoat
Justine Dornan	Kensington & Chelsea
Anca Giurgiu	Kensington & Chelsea
Gonzalo Jimenez	Kensington & Chelsea

Andy Morgan	Kent County Council (LASER)
Shadia Rahman	Kingston
Tony Cook	Lambeth
Karen Klomp	Lambeth
Nichola Hughes	Lewisham
Peter Gibbs	Lewisham
Suzanne Wallis	Lewisham
Dan McCartney	LGA
Motoko Yamane	London Energy Project
David Bell	Merton
Danni Crosland	NEA
Rebecca Jones	NEA
Rob Ballington	Newham
John Mitchinson	Redbridge
Risa Wilkinson	Richmond
Robert Marjoram	Scottish Power
Nicola O'Connor	SE ²
Sheryl Charles	Southwark
Paul Collison	Southwark
Dan Crispin	Sustainable Home Survey Company
John Sinclair	Sutton (Retired)
Giles Read	Thinking Works
Beata King	Transport For London
Isabel Bourne	Viridian Housing
Irene Fernow	Westminster
Costas Panagiotakopoulos	Westminster
Tim Starley-Grainger	Westminster

Apologies

Darren Peacock	Avalon Sustainable Energy Solutions
Bob Clegg	Bromley
Gerry Kelly	Bromley
Lochlan McDonald	City of London
Will Richardson	CLG
Jo Gill	Hillingdon
Laura Shellard	Hounslow
Lucy Padfield	Islington
Lakhwinder Gill	Kingston
Nigel Turner	London Warm Zones
Jean Roberts	Lythgoe Consulting
Steve Nottage	Merton
Sue Walker	Newham
Felix Onyeji	Newham
Rachael Mills	SE ²

Colin Coomber	Richmond
Carolyn Seymour	Waltham Forest
Lindsay Ventress	Waltham Forest
Jake Mathias	Westminster

1. Welcome from Irene Fernow (Chair of the London HECA Forum) and Bob Fiddik (Chair of LBEG)

The Chairs welcomed the Group, noting the benefits of holding a joint meeting and introduced the agenda and speakers for the day. Unfortunately the first speaker, Will Richardson (DCLG) sent his apologies for personal reasons. His presentation on the Housing Standards Review and the Zero Carbon Standard are attached.

A special thanks was given to John Sinclair from Sutton Council and an LBEG Committee Member. The Group wished John well for his retirement, presenting him with a gift.

2. Presentation from Kore Mason, GLA

Kore provided an update on the RE:NEW programme (see the attached slides). The programme is entering a third phase, having begun in 2009. They are aiming to deliver domestic retrofit projects faster and with better value for money.

Kore highlighted RE:NEW's new free support service, which has a dedicated team who can provide tailored technical guidance and a range of other services. The service is funded by the GLA and the European Investment Bank.

The team is also working in a range of other projects including a toolkit for solid wall projects, 50 demonstration projects in the private rented sector, and an aggregator for PV procurement.

Questions

How is the support service finance prioritised across projects and is it limitless? There is still a huge amount of retrofit work to be done - this could stretch resources.

One of the jobs of the new support service is to allocate time and resources to project - to get the most value for money.

How long is there funding for the support service?

3 years until July 2017.

The GLA wants energy suppliers to invest in energy efficiency in London, but the way the ECO is set up means that suppliers will opt for the most 'cost-effective' solutions outside of London. The investment is not being made.

A memorandum of understanding is in place with five of the 'Big Six', helping them understand where they are against their ECO commitments and where there might be opportunities in London.

ECO prices per tonne of carbon go up and down like crazy and there is no transparent mechanism to access the funding - how might we tackle this?

We have the 'intelligence' about where energy efficiency works are needed, but we can't control the market. We need to work closely with ECO suppliers to try to standardise processes so that it becomes easier to deliver in London.

3. Presentation from Dan McCartney, LGA

Dan presented on next steps for the ECO and the LGA's renewables and low carbon energy projects (slides attached).

A key question for the LGA is what the new ECO will look like post 2017 and how to generate funding streams that will support local delivery and devolve decision-making downwards. One option is for different energy efficiency budgets to be brought together (including future ECO spend) into a 'Community Budget'. This would create huge efficiencies and potentially savings of £billions. Dan noted that the Labour Party appears to be moving in the direction of favouring a central commissioning role for local authorities.

Questions

Given the current and likely future financial constraints on local authorities, how would the Community Budget approach work? Will it also need financing by communities and LAs?

The Community Budgets approach will no doubt need local authority involvement - but the financing depends on the scale of the project. Community Budget pilots in the past have included local authorities and they have worked to involve communities.

How would money be allocated to Community Budgets? Would it be distributed equally? For example, London has a larger proportion of the population and more fuel poverty. A weighted distribution would be needed.

London would indeed have a large call on funding pots. The idea is that different energy efficiency budgets would come together - and some of those are already 'place' or geographically allocated, such as NHS and GLA budgets. ECO budgets however are not - this finance would need dividing up equitably.

How would communities gain the technical expertise to deliver major retrofit projects? Would they need to find money to pay consultants? Technical expertise needs to be impartial.

Yes, this is an issue. Budgets would need to include a 'capacity building' element, and for this expertise to be impartial - especially when working across local authority boundaries.

Central London is particularly challenging to retrofit. Multi-occupancy flats for example pose extra barriers. The ECO doesn't help with this because suppliers look for the easier properties to focus on. We need to avoid the same scenario with Allowable Solutions (AS). A fair chunk of AS finance needs to come to London.

Yes. Traded costs for AS will likely mean lots of money will leak out of London as projects are cheaper to deliver elsewhere. It would be simpler for developers if AS was a fixed cost.

4. Presentation from Casey Cole, Guru Systems

Casey gave a cross-industry perspective on heat networks and meters, having worked in the industry for ten years (slides attached).

Casey's talk focused on two main themes 1) identifying problems with the efficiency of heat networks, and 2) how to avoid 'bad debt'. He made the point that if local authority operators of heat networks do not accurately estimate the efficiency of their system, they could end up subsidising the service at great cost. As an example, if the operator estimates heat losses at 30% when they are actually 65%, it means the actual cost of heat doubles. Casey ended his talk noting the potential for bad debt to push energy bills up.

Questions

Why do some heat networks suffer from high losses?

There are many reasons, but a particular problem is that contractors tend to deliver exactly what they're asked for. If the employer requirements (the specification from the developer) are not detailed enough or do not ask for the 'right' thing, the delivery can be compromised.

The engineers are often tasked with delivering 'abundant heat' along all parts of the network rather than efficiency or optimising pumping rates and flow temperatures. A further issue is that commissioning certificates are often taken at face value - 'things are only half commissioned'. A new code of practice by CIBSE and CHPA tackles some of these problems.

Isn't the fact that there is no minimum requirement a 'get out jail card' for developers?

This is why it is so important to have appropriate checks and to measure the efficiency of the system. Registered Providers may be more motivated to investigate efficiencies, for example checking flow temperatures because they generally have a longer term relationship with their customers. We need to check the commissioning properly and then verify the results. This is where measuring using heat meters comes in.

How much do heat meters cost?

A good heat meter costs £185 - £220 (supplied). Installed costs in existing buildings will be higher - possibly £650.

Heat meters don't solve the actual problems with the network. How do you deal with the actual losses, for example pumping rates set too high.

The start is to measure. Use data to diagnose the problem and then take the most cost effective measures available.

5. Presentations and Observations by Bob Fiddik and Irene Fernow

Bob gave an update on the political context for energy efficiency and renewables policy (see the presentation), noting an overall trend of energy efficiency and carbon policies being watered down, not working at intended or being lost all together.

Bob raised many issues including that new Ministers at DECC have little background or experience in energy policy, the Green Deal seemed like a good idea but hasn't worked as intended, the loss of the 'consequential improvements' policy, the zero carbon standard having more carve-outs and moving away from local control, the roll-back in ambition of Part L 2013, the companies put out of business by the change in FiTs tariffs, the 'green levies scandal', the backlash against wind power, the Housing Standards Review and the loss of the Code for Sustainable Homes, and then fracking.

The key question is what will happen at the election expected in May 2015. Bob considered that the signals suggest that the Conservatives will continue with 'Business as Usual' and that carbon policy may disappear as a result. The Labour Party say they plan to get rid of Ofgem and replace the Green Deal with an 'Energy Save' scheme - with a strong focus on fuel poverty and more cooperation with local authorities. Labour may be more likely to view energy efficiency as 'infrastructure', potentially making it easier to attract investment. The Liberal Democrats have signalled they would provide cuts in council tax for people making energy efficiency improvements, deliver a Heating and Energy Efficiency Bill, and are strong on renewables and district heating. UKIP appear to want to abolish DECC and get rid of wind turbines in favour of an energy policy based on coal.

Irene finished the session by raising a number of issues. The first relates to loopholes in legislation on minimum requirements for energy efficiency in the private rented sector. Next, the fuel poverty strategy, whilst welcome, contains aspirational targets only and no clear roadmap. Lastly, Irene noted the change in tariff for biomass boilers in the domestic RHI and will send the Groups an update on key facts and figures relating to various policies including the Green Deal Home Improvement Fund and interim excess winter mortality statistics.

AOB

Irene confirmed that DECC would not be issuing any new guidance on the forthcoming HECA reports.

Laura Shellard of Hounslow would like to find out what emergency heating assistance Boroughs are offering and how these are funded (e.g. NHS, Clinical Commissioning Groups, Housing Capital Budgets, etc). This will be circulated to all London HECA Forum members for feedback.