



**Association for the
Conservation of
Energy**

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The London Plan

Consultation response from the Association for the Conservation of Energy

Overview

This response is from the Association for the Conservation of Energy (ACE). ACE represents the energy efficiency sector in the UK. It works to enable the UK to become energy efficient, driving productivity and business competitiveness, providing warm and healthy homes, delivering a secure energy future and a vibrant low carbon economy. Working with its members and like-minded organisations, ACE delivers compelling research, policy thought leadership and effective campaigning in Westminster and devolved national and local administrations.

The views in this response are those of the ACE staff team. They have been informed by the expertise and experience of the organisations that support our work¹, but they do not necessarily represent the views of those organisations.

ACE has recently submitted consultation responses to the GLA on its draft Environment and Housing strategies, and the Fuel Poverty Action Plan. There are numerous references to these submissions within this consultation responses to the draft London Plan, and we are happy to provide copies of these previous responses on request.

Chapter 1 Planning London's Future (Good Growth Policies)

Policy GG3 Creating a healthy city

ACE welcomes the vision and principles Policy GG3. As outlined in our response to the Mayor's draft Environment Strategy, we agreed with the Mayor that the city's most pressing environmental challenges

¹ A list of our members and organisations that have supported our recent work can be found here: www.ukace.org/about

are harming Londoners' health and the city's economy, and that the current pace of change is too slow. The Mayor had highlighted in the strategy that big problems need ambitious responses. Therefore, we would like to see the Mayor's activity and focus on air quality continue, but also expanded in relation to improving the energy efficiency of buildings, improving the lives and reducing health inequalities of those households that are in fuel poverty, whilst supporting economic growth in the environmental goods and services sector.

As highlighted in the Mayor's draft Fuel Poverty Action Plan, there were an estimated 335,201 households living in fuel poverty in London in 2015. There is increasing evidence that living in a cold home is associated with poor health, including an increased risk of disease and death for all age groups. Health impacts include mental health issues, as well as respiratory and circulatory problems. Children living in cold, damp and mouldy homes are almost three times more likely than those living in warm homes to suffer from respiratory illnesses; this can also have a negative impact on educational attainment. It is estimated that there were between 1,300 and 4,000 deaths across London between 2011 and 2016 where the inability to heat homes adequately may have been a contributory factor. This is unacceptable, and action must be taken to improve the energy efficiency of homes across London.

Policy GG4 Delivering the homes Londoners need

ACE agrees with the Mayor that homes need to be well-designed and good quality, safe, environmentally sustainable, accessible, and inclusive of Londoner's diverse housing needs. ACE would recommend that the Mayor considers a broader definition of affordability within the London Plan, Housing Strategy and GLA programmes in the future: homes should be affordable to rent or buy and live in, and homes should therefore meet the highest energy standards possible in order to minimise running costs.

Policy GG5 Growing a good economy

ACE welcomes the vision and principles of Policy GG3. As outlined in our response to the Mayor's draft Environment Strategy, improving the energy efficiency of London's homes, businesses and public sector buildings can deliver prosperity and growth by supporting economic growth in the environmental goods and services sector. This will support London's transition to a zero carbon city; fairness by lowering energy bills of both new and existing homes and eradicating fuel poverty across the capital; and promote high energy productivity in businesses. Action to improve energy efficiency can also support activity to improving air quality.

ACE considers that the Mayor has a comprehensive role in creating, enabling and benefiting from the transition to the low carbon economy, particularly in relation to creating market demand for energy efficiency products and services. This should include creating market demand across all domestic housing tenures (owner occupied, private rented and social properties) and non-domestic buildings (commercial, industrial and public buildings).

Homes

Research by CAG, ACE, SE2 and CSE for the GLA² looked at the cost of meeting the first Minimum Energy Efficiency Standards (MEES) milestone (improvement of all privately rented domestic properties to a minimum EPC band C). Building on this research, ACE considers that in London, £1.6billion investment in energy efficiency would be required to meet these targets³. Whilst details of these future MEES targets have yet to be determined by the Department for Business, Energy and Industrial Strategy (BEIS), this

² Fuel poverty in London: Research and Policy Report, CAG, ACE, SE2 and CSE, 2017.

³ Based on no more than £5,000 being spent per property.

analysis provides an indication of the level of investment that would be required. This investment could lead to the installation of 1.47 million energy efficiency measures in London's private rented sector homes and could include, for example:

- 168,900 new wet central heating systems being installed.
- 52,400 homes having solid wall insulation.
- 91,700 homes having cavity wall insulation.
- 242,100 having loft insulation.
- 438,200 LED lights being installed.

ACE conservatively estimates that this investment in energy efficiency in this tenure alone could lead to the creation of at least 2,500 jobs across London, and an additional 1,700 jobs in the longer term⁴.

Businesses

As outlined in our response to the Mayor's draft Environment Strategy, ACE welcomed proposals to support London based private, public and third sector organisations to become more efficient and low carbon. We highlighted that supporting the commercial sector to identify opportunities to improve building energy performance can boost productivity and make organisations more competitive.

The Association for Decentralised Energy (ADE), working in partnership with ACE, Greenpeace and several other organisations, published the Energy Productivity Audit⁵ in late 2016. This report highlights that investments in energy efficiency deliver impressive productivity results for the UK economy, and showed that the industrial, services and domestic sectors saved enough energy to heat 13 million homes and improved productivity to the tune of £1.7 billion for every million tonnes of oil equivalent between 2010 and 2015.

Increased efficiency can also make it easier and cheaper to maintain a workplace at a comfortable temperature, and there is good evidence to show that this leads to increased worker productivity and financial benefits to employers⁶. Crucially, thermal comfort, good ventilation and lighting quality in the work environment is now well-established as a real boon to workers' health, wellbeing and productivity⁷.

Encouraging businesses to come together in partnership to tackle carbon emissions is a good way to share good practice and potentially introduce an element of friendly competition that helps to maintain motivation. Islington Council previously administered a local business Climate Change Partnership and currently as a Sustainable Energy Partnership (www.isep.org.uk) that could be used as a model for this type of activity.

We were particularly encouraged that the Mayor plans to expand the RE:FIT programme to commercial businesses and the introduction of a commercial boiler scrappage scheme, and welcomed the Mayor's plans to investigate what additional technical support can be provided to businesses. ACE strongly

⁴ Analysis of Building the Future: The economic and fiscal impacts of making homes energy efficient, Verco and Cambridge Econometrics, 2014: www.energybillrevolution.org/wp-content/uploads/2014/10/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf. Assumptions include a similar profile of delivery and a similar profile of both public and private investment.

⁵ www.theade.co.uk/news/press-releases/ade-and-ace-welcome-productivity-focus-in-autumn-statement

⁶ LBNL Indoor Environment Group. 2016. "Cost Effectiveness of Improving Indoor Environments to Increase Productivity - Indoor Air Quality (IAQ) Scientific Findings Resource Bank (IAQ-SFRB)." Lawrence Berkeley National Laboratory: <https://iaqscience.lbl.gov/si/performance-cost>

⁷ World Green Building Council, 2016, "Health, Wellbeing and Productivity in Offices: The Next Chapter for Green Building": <http://www.worldgbc.org/activities/health-wellbeing-productivity-offices/>

believes that supporting businesses to improve their energy efficiency, and therefore increasing their energy productivity, is crucial to delivering a strong economy for London.

Public sector

ACE also believes that the Mayor should work with the GLA and the wider public sector organisations to improve the energy efficiency of public buildings and also to maximise the use of sustainable procurement approaches to drive demand for low carbon and environmental goods, services and solutions (as outlined in proposal 10.1.1d of the draft Environment Strategy).

ACE would like to highlight that the Local Government Association (LGA) have recently published 'Energising Procurement'⁸, the LGA's national energy procurement category strategy. Developed by ACE and CAG Consultants, the strategy is designed to provide an overview of energy-related actions, including energy efficiency, generation, procurement and supply. It provides ideas for how councils can minimise their costs and maximise the benefits for their local communities through their energy procurement actions.

Policy GG6 Increasing efficiency and resilience

ACE welcomes the vision and principles of Policy GG6 and its promotion of energy efficiency as the first and best fuel.

As part of our response to the draft Environment and Housing Strategies, ACE welcomed the Mayor's plans around zero carbon new development. London continues to be a leader in this area with existing ambitious zero carbon targets for constructing new housing developments, and the use of carbon offset funds where standards cannot be met on site.

However, we urged that the Mayor apply similar requirements to improve the energy efficiency of existing buildings.

Initial targets should be developed to tackle the most inefficient existing properties first and the trajectory of future standards should also be published. This will enable the supply chain to develop for the increased standards and encourage households and businesses to take early action.

We believe that the key to the successful implementation of improving the energy efficiency of buildings across London will be in setting achievable milestones. ACE would recommend that when setting the trajectory for milestones, the level of ambition should gradually be increased over time. This will enable planned growth in the supply chain and hence help to ensure that both sustained, quality employment for local tradespeople and quality installations for consumers are successfully delivered as a result of the Mayor's activities.

ACE recommends that the Mayor publish details of the long-term commitments in terms of energy efficiency and heat decarbonisation policies and delivery programmes to signal to private investors that London is a sound place to invest. A published plan for the future can be particularly effective in stimulating action.

ACE supports the use of trigger points for buildings to meet minimum energy efficiency standards, both in terms of the point of sale and rental of buildings. However, the Mayor should also give consideration to those properties that are not sold or rented, and therefore ACE would recommend that energy efficiency improvements should also be enforced during significant refurbishment activity. The Mayor

⁸ www.local.gov.uk/energising-procurement-national-energy-procurement-category-strategy

should be encouraging owners to retrofit their properties when they are extending e.g. loft and basement extensions in homes. Households and businesses should be encouraged to undertake deep energy efficiency retrofit activities during their property's extension to avoid further disruption at a later date. While the UK Government's Clean Growth Strategy ruled out consequential improvements through the Building Regulations, the Mayor should consider whether all London Boroughs could implement Supplementary Planning Guidance (SPG) on this issue.

Planning requirements are a barrier to the deployment of technologies such as solid wall insulation, and hence we support the idea of reducing requirements to support deployment of these technologies. However, applications for planning permission can be a key trigger point for the provision of energy advice. We would caution against the removal of planning requirements for extensions without consideration of how property owners carrying out such work could be encouraged to undertake energy performance improvements at the same time.

Chapter 3 Design

Policy D4 Housing quality and standards

Paragraph 3.4.2 highlights that *"space standards are minimums which applicants are encouraged to exceed. However, due to the level of housing need and the requirement to make the best use of land, boroughs are encouraged to resist dwellings with floor areas significantly above those set out in Table 3.1 as they do not constitute an efficient use of land"*.

ACE would recommend that energy inefficiency factors should also be raised. Properties that exceed the minimum space standards by a large margin can lead to energy inefficiency and can greatly increase the energy bills of properties making them unaffordable to run.

Chapter 4: Housing

Policy H5 Delivering affordable housing

ACE welcomes the vision and principles of Policy H5 to deliver affordable housing for Londoners. As outlined above, ACE would recommend that the Mayor considers a broader definition of affordability within the London Plan, Housing Strategy and GLA programmes: homes should be affordable to rent or buy and live in, and homes should therefore meet the highest energy standards possible in order to reduce energy bills for residents.

Chapter 9: Sustainable Infrastructure

Policy SI2 Minimising greenhouse gas emissions

ACE welcomes the vision and principles of Policy SI2 to minimise greenhouse gas emissions and the Mayor's ambition to and the ambition for London to be a zero-carbon city by 2050.

As outlined above, and within our responses to the draft Environment and Housing Strategies and Fuel Poverty Action Plan, ACE welcomes the Mayor's plans around zero carbon new developments and the use

of carbon offset funds where energy performance standards cannot be met on site. However, while we can all agree on the importance of reducing greenhouse gas emissions, some London Boroughs are successfully using carbon offset funds to support energy efficiency improvements in fuel poor households (where some households will take savings in the form of comfort e.g. warmer homes, rather than carbon and monetary savings). This activity should be allowed to continue.

Policy SI3 Energy infrastructure

ACE considers that Policy SI3 has missed the need to balance energy supply and demand.

The Mayor should ensure that developers and energy companies work in partnership to explore options for demand reduction and demand flexibility, alongside options for energy supply, and choose the least cost options for meeting London's energy service needs.

Policy SI7 Reducing waste and supporting the circular economy

ACE welcomes the policies and proposals set out in policy SI7 and supports the Mayor in his ambition to reduce waste and to support the circular economy.