Dear Ms Creagh

I am writing to follow up on the Committee’s evidence session on 4th September. You asked for further information on Chartered Energy Managers, which I am happy to provide here. In addition, I would like to take this opportunity to set out the ADE’s view on a number of other issues, some of which we did not have time to cover during the session. The ADE also supplied written evidence to the Committee, which includes further information on some of the points made here.

Chartered Energy Managers

The registration of Chartered Energy Managers is through the Energy Institute, and more information on the requirements etc. can be found here: https://www.energyinst.org/membership-and-careers/membership/membership-types/chartered-energy-manager

There are few Chartered Energy Managers in the UK and even fewer working in the public sector. The current UK total is 213, and just 16 of these are clearly employed in the public sector (there may be others who work as consultants for public sector clients).¹

Implications of net zero for the energy sector

The transition to net zero requires the active engagement of energy users and a transformation of the energy sector, from larger to smaller scale assets, from a centralised system to a more decentralised one, and from a system focused on supply and distribution to one that equally considers assets on the demand side of the meter.

This is a significant disruption to the system and, as such, offers opportunity for innovators. Ensuring a just transition will rely on consideration of how best to use the skills of those employed in traditional energy industries, including within the new energy-related sectors that will emerge.

Another policy priority will be to ensure that the policy framework and any fiscal incentives align with the transition to a system with more focus on local

¹ Numbers provided by the Energy Institute

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energy generation and action on energy demand. This will be particularly important in ensuring the decarbonisation of heat and of energy in buildings more generally.

We can observe a tendency for stronger action on decarbonisation where cities and localities have more power and greater resources to lead the way: ensuring that centralised and decentralised actors can work together for the transition will rely on capacity building at the more local scale. Ensuring that energy users have ownership of their energy data and are able to share this with other actors in the energy system will also be crucial.

**Aligning government energy use with net zero**

Two of the biggest challenges in aligning government energy use with our net zero commitment are related to one another:

- there is a need to engender a different ‘energy culture’ within public sector organisations; one where everyone considers active energy management to be a part of their role.
- Greater recognition of the value of the energy manager’s role is closely linked to the previous point and increasing the professionalism of the role is key here.

There is significant opportunity within the government estate for quick wins on carbon emissions reduction through investment in energy efficiency. Many government buildings have relatively low thermal performance and hence there is scope for energy efficiency improvements that are highly cost effective. The work of the Energy Systems Catapult through its ‘Modern Energy Partners’ initiative will shed further light on how best such improvements can be delivered.

It is important that energy performance improvements are delivered in practice, not just on paper. The use of accurate in-use performance ratings, based on real energy data, is a necessity here.

**A leadership role for the public sector**

The public sector has a vast property portfolio and is in a prime position to encourage the use of accurate in-use energy performance ratings. The NABERS scheme in Australia is one example of how a government lead can transform the market for these ratings (https://www.nabers.gov.au/).

Publicly available building energy ratings are one way to demonstrate leadership in a very transparent and accessible way. The public sector needs to apply principles of transparency and accessibility to all its actions to reduce carbon emissions. The current Greening Government commitments are far from delivering on these principles: it is impossible to understand what proportion of government energy use is included within the targets or to find out what actions have delivered the reported emissions reductions. Reporting on net zero targets and trajectories developed for the public sector has to be better than this.

Beyond reducing its own direct emissions, the public sector can play a central role in driving carbon emissions reductions in its supply chain. All procurement should include requirements for evidence that suppliers are taking action to reduce emissions and, over time, these could be strengthened
to ensure that all procured goods and services become net zero carbon. Given the size of the public sector, this would send a clear signal to markets that action on carbon emissions reductions will be necessary for businesses to thrive.

A final element in net zero leadership is the assessment of all policy decisions in terms of their impact on carbon emissions. As we move to net zero, policy decisions that do not support emissions reduction should not be approved.

**Critical pathways**

Public sector energy and sustainability managers argue that they are unable to invest in carbon emissions reductions because they do not have access to the necessary finance. Treasury must prioritise the transition to net zero and ensure that finance availability / borrowing rules do not prevent cost-effective investments across the public sector.

In addition to this, Treasury should be including carbon impact as a key evaluation metric across all spending decisions. Providing sufficient funding for capacity building at a local level will also help to drive the transition.

It is important that all departments within central government, and all elements of the public sector at the devolved and local levels, regard the transition to net zero as a priority.

The costs of emissions reductions should be allocated fairly: where benefits accrue directly to a public sector organisation (for example through energy cost reductions or improved productivity), it is reasonable to expect that the cost will be borne by that organisation. Where the additional benefits of leadership on emissions reductions are seen in the energy system or across society more widely, it would be appropriate to socialise the costs.

A final, key element of cost allocation is the avoidance of contrary subsidies: government expenditure should not provide any subsidy to carbon emissions.

If the Committee would like further information or clarification on any of the above issues, I would be happy to help if I can.

Yours sincerely

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