

REPORT TO: HOUSING COMMITTEE – 16 JUNE 2003

**REPORT ON: SCOTTISH POWER ENERGY EFFICIENCY
COMMITMENT SCHEME**

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 382-2003

1. PURPOSE OF REPORT

To outline the advantages to the Housing Department of entering into a partnership with Scottish Power in order to provide energy efficiency measures to Council housing stock through the Energy Efficiency Commitment (EEC) Scheme.

2. RECOMMENDATIONS

Committee is asked to:

- 2.1. Agree to enter into an agreement with Scottish Power whereby energy efficiency measures will be carried out to the City Council's housing stock through Energy Efficiency Commitment funding (EEC) available through Scottish Power.
- 2.2. Agree that where EEC monies are not required by the City Council for a specific purpose such as off-setting owner occupier bills for improvements, that these monies should be passed to the Dundee Community Energy Partnership (DCEP) in order to fund both their survey programme and energy efficiency measures identified as a result of survey work.
- 2.3. Agree to Scottish Power contributing £40,000 to DCEP as core finance for the project.
- 2.4. Agree that Dundee City Council will enter into an exclusivity deal with Scottish Power whereby EEC funding will not be sought from any other utility without Scottish Power's agreement.
- 2.5. Agree that Scottish Power become a partner in DCEP.

3. FINANCIAL IMPLICATIONS

- 3.1. The City Council will receive EEC funding from Scottish Power to support various energy efficiency initiatives. Most of the finance received will be passed to DCEP. This will ensure that DCEP maintains the level of resources required in order to carry out its core activities. This will have a neutral effect on the Housing Capital Budget as allowances for the works to be carried out have already been made in the capital estimates.
- 3.2. The only instances in which the EEC funding will not be forwarded to DCEP are those where the Housing Department requires the funding for a specific purpose

within a project. An example of this is through the Roughcast Programme where improvements are offered to owners in mutually owned blocks to fund the difference in cost between a like for like replacement of the roughcast and insulated roughcast which significantly improves the energy efficiency of the building for owners and tenants alike.

4. **LOCAL AGENDA 21 IMPLICATIONS**

The partnership with Scottish Power will meet the following key themes of LA 21.

- Resources are used effectively and waste is minimised.
- Pollution is limited to levels at which natural systems can cope.
- Access to good food, water, shelter and fuel at reasonable cost.
- Obtaining external funding and/or grant aid.

5. **EQUAL OPPORTUNITIES IMPLICATIONS**

The partnership with Scottish Power will contribute to an improvement in energy efficiency in Council housing stock thus reducing the impact of fuel poverty on tenants and owners.

6. **BACKGROUND**

6.1. **EEC Programme**

6.1.1. Energy efficiency standards of performance were introduced in England and Wales during 1994-95 and in Scotland in 1995. The standards give public electricity suppliers obligations to achieve specified energy savings and provide financial help in funding measures by which these savings can be made. All energy suppliers with 15,000 or more domestic customers have an obligation to achieve improvements in energy efficiency. At least 50% of the energy savings must be targeted at customers receiving benefits and suppliers are encouraged to work in partnership with social housing providers to target vulnerable households.

6.1.2. The commitment is financed by the energy supply companies and OFGEM estimate the cost to achieve targets will be a minimum of £3.60 per customer per year. OFGEM administer EEC and suppliers must submit their programmes to OFGEM who approve and monitor all projects.

6.2. **EEC Schemes in Dundee**

6.2.1. Since 1995 Dundee City Council has run a number of schemes funded by the energy efficiency commitment utilising funding from various energy suppliers including Scottish and Southern Electricity, Scottish Power and Scottish Gas. Projects funded have included:

- a. Loft Insulation.

- b. Condensing boilers, EEC monies fund the difference in cost between a conventional boiler and a more energy efficient condensing boiler.
- c. Distribution of energy efficiency light bulbs.
- d. Insulated render, EEC monies have funded the cost difference over traditional render for owner occupiers in mutually owned blocks.
- e. Tank jackets.
- f. Cavity wall insulation.

The aforementioned schemes are not fully funded but a contribution relative to the additional energy savings is made.

6.3. **Dundee Community Energy Partnership (DCEP)**

- 6.3.1. Until this calendar year, Scottish and Southern Electricity were the energy supplier within the DCEP Partnership. This commitment included supporting the project both financially and in kind (*through the distribution of low energy light bulbs*). Latterly a commercial decision has been taken by Scottish and Southern to withdraw from DCEP. Thus the continuing commitment to providing energy efficiency measures to the City Council's housing stock cannot be guaranteed.
- 6.3.2. As a result of this situation there is a potential funding gap in DCEP's core budget of approximately £40,000 this financial year. Scottish Power have indicated that if the City Council enters into an exclusive agreement with Scottish Power for the provision of EEC funding, it will provide £40,000 to meet DCEP's core funding issue. Therefore it is proposed that the City Council enters into such an agreement with Scottish Power in order to guarantee both the continuation of DCEP as a project and to assist in meeting the Council's targets in alleviating fuel poverty, and a sufficient EEC budget to meet the City Council's needs.

7. **CONSULTATION**

All Chief Officers and the Dundee Federation of Tenants Associations have been consulted on this report.

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27/05/03