

EEIG Statement on publication of the National Infrastructure Commission's first National Infrastructure Assessment

An excellent and wide-ranging first Assessment

The National Infrastructure Commission (NIC) has published an excellent and wide-ranging first Assessment, which sets out the UK's plan of action for its infrastructure for the next 10-30 years. It makes practical and far-reaching recommendations, recognising the critical role energy efficiency plays in keeping energy costs low as we decarbonise the energy system. This builds on its previous recommendation in 2017 that energy efficiency should be a national infrastructure priority.

21,000 insulation measure installations a week by 2020

The Assessment recommends Government set a target of 21,000 insulation measure installations a week by 2020 – the current Energy Company Obligation, which started in April 2017, has been delivering at a rate of 2,500 per week – and also recommends allocating £3.8bn of public infrastructure capital to energy efficiency improvements in social housing between now and 2030.

An extra £175m per year for low income private housing

The Assessment also sets out an illustrative energy efficiency programme to 2028 for low income private housing, funded via household energy bills - above and beyond the £640m per year the Government confirmed in last year's Clean Growth Strategy - and invested through the Energy Company Obligation (or successor scheme). This would average an extra £175m per year to 2030.

Total investment of £1.2bn a year is recommended through this report

Taken together, existing and newly proposed investment from public capital funds and energy bills amounts to approximately £1.2bn per year – up from the £0.7bn now invested publicly in energy efficiency across the UK.

The NIC further recommends a tightening of private-rented sector minimum energy performance standards over time, and trials for incentives to engage homeowners in improving their homes' energy efficiency. This is intended to drive private investment into energy efficiency.

£1.7bn a year needed to meet EPC C for all homes by 2035 - leveraging a further £3.5bn a year

The EEIG estimates that approximately £1.7bn of public investment per year is needed to achieve the Clean Growth Strategy's aspiration for all homes to achieve an energy rating of C by 2035 and to ensure the most cost-effective path is achieved for de-carbonisation of the energy system. Combined with regulation for landlords and incentives for homeowners this could leverage £3.5bn investment per year from individual homeowners and landlords into the UK energy efficiency programme, helping to bring down energy bills by 25%.

Treasury must respond by developing an Infrastructure Strategy and a comprehensive EE programme

As we know, the NIC can only recommend 'what' needs to be done and its strict remit means it does not set out 'how'. We therefore urge HM Treasury to take up the Institute of Government's suggestion that it coordinates the development of a comprehensive National Infrastructure Strategy in response to the NIC's recommendations and sets out how the Government will achieve them.

The NIC's Assessment –in particular its emphasis on the need to ramp up energy efficiency measures significantly and rapidly - underscores the need for a comprehensive energy efficiency infrastructure plan developed by Government and supported by HM Treasury and Whitehall departments.

Tackling climate change, healthier and more comfortable homes and lower energy bills

We look forward to the Government's response and hope that in the meantime it develops lasting policies to ensure the energy efficiency policy and investment gap identified in the Assessment is addressed and delivers the win-win benefits of tackling climate change, giving people healthier more comfortable homes and reducing energy bills for people across the UK.