

A FOCUS ON...

Commercial and Industrial Buildings



SUMMARY

In October 2017, the Government published its Clean Growth Strategy – a broad-reaching document aimed at cutting carbon emissions while keeping costs down for consumers, creating good jobs and growing the economy. The proposals include plans to improve the energy efficiency of commercial and industrial buildings, and reduce the emissions from heating businesses.

In 2015, business and industry were responsible for 25% of UK emissions. Heating in buildings and industry creates around 32% of total UK emissions.



The Government wants to help businesses improve their productivity and competitiveness; this includes working together to unlock any potential energy savings to help keep energy bills as low as possible.

A policy and regulatory framework will be put in place to make it easier for businesses to identify where they can save energy by simplifying energy and carbon reporting. The Government will ensure that those who lease premises to businesses continue to refurbish and improve the performance of their buildings. In parallel, all new commercial and industrial buildings should be more energy efficient.

The Government says the potential for further energy efficiency in businesses and industry is significant. It suggests that up to £6 billion could be saved by 2030 through investment in cost-effective energy efficiency technologies. Roughly half of these savings are available through improving the efficiency of buildings and industrial processes, including by fitting better insulation and smarter energy controls. The other half can be realised through eliminating electricity waste in business, for example by using better lighting and energy management systems.



In 2015, the final energy expenditure for buildings was £7.6 billion for electricity and £1.8 billion for gas and other fuels.

Keeping up the good work

Our commercial buildings have become more efficient in the way they use energy, which helps to reduce emissions and also cuts energy bills. The energy efficiency of non-domestic buildings has been improved since 1990, with emissions 18% lower in 2015. The number of properties registering as having the lowest Energy Performance Certificates (EPC Bands F and G) dropped from 19% to 13% between 2010 and 2016.

Heating our homes, businesses and industry accounts for nearly half of all energy use in the UK and a third of our carbon emissions.



What is being proposed?

The Government has identified key policies and proposals to drive emissions down throughout the next decade. Plans for commercial and industrial buildings include:

- Consulting on improving the energy efficiency of new and existing commercial buildings
 - The Government has commissioned an independent review of Building Regulations and fire safety, led by Dame Judith Hackitt, to be reported on in spring 2018
 - Subject to the conclusions, the Government intends to consult on making improvements to Building Regulations requirements for new and existing commercial buildings where there are cost-effective and affordable opportunities, and it is safe and practical to do so
 - It will look to promote low carbon and higher energy efficiency heating, ventilation and air conditioning systems in new commercial buildings
- Consulting on raising minimum standards of energy efficiency for rented commercial buildings
 - 42% of business buildings' energy use is in the private rented sector
 - The Government will consult in 2018 on how best to improve the energy performance of these buildings through tighter minimum energy standards
- Exploring how voluntary building standards can support improvements in the energy efficiency performance of business buildings, and how the provision of information and advice on energy efficiency to SMEs can be improved
- Simplifying the requirements for businesses to measure and report on energy use, to help them identify where they can cut bills



- Phasing out the installation of high carbon forms of fossil fuel heating in new and existing businesses off the gas grid (which are mostly in rural areas) during the 2020s, starting with new buildings, which lend themselves more readily to forms of low carbon heating
 - As the Government works to understand different options for the long-term decarbonisation of heat, it will need to tackle the challenge of those business properties off the gas grid, particularly those heated by oil boilers and facing volatile costs
 - It will involve businesses and industry in developing new policy, in line with broader Government priorities on delivering clean air
- Investing in low carbon heating by reforming the Renewable Heat Incentive (RHI), spending £4.5 billion to support innovative low carbon heat technologies such as heat pumps, biomass boilers and solar water heaters in businesses (and homes) between 2016 and 2021

The costs of low carbon and more efficient technologies have fallen significantly since 2010 through a series of innovations and growth in deployment: solar photovoltaic modules are now almost 80% cheaper, and LED lightbulbs are over 80% cheaper.



Lowering carbon emissions: the opportunity

- The UK energy efficiency sector already turns over £20.3 billion, employs 144,000 people and sells exports worth over £1 billion
- As well as reducing bills across the UK, building the energy efficiency market would place UK businesses and industry in a prime position to further increase the export of knowledge, skills and products to other countries
- The global construction sector will be boosted by investment in sustainable infrastructure to meet decarbonisation goals: global markets for energy efficient buildings, and for low carbon heating and cooling, are already growing
- There is also a significant expansion in the use of innovative green finance to support the investment needed to realise these opportunities

Higher quality, more energy efficient buildings are healthier places to work.

The full Clean Growth Strategy can be viewed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/651916/BEIS_The_Clean_Growth_online_12.10.17.pdf

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