

Title: The Energy Efficiency (Encouragement, Assessment and Information) Regulations 2014 Post Implementation Review PIR No: BEIS013(PIR)-20-EECC Original IA/RPC No: N/A Lead department or agency: BEIS Other departments or agencies: N/A	Post Implementation Review
	Date: 08/06/2020
	Type of regulation: Domestic
	Type of review: Statutory
	Date measure came into force: 26/06/2014
	Recommendation: Keep
RPC Opinion: N/A Choose an item.	

1. What were the policy objectives of the measure? (Maximum 5 lines)

The Energy Efficiency (Encouragement, Assessment and Information) Regulations 2014 transpose part of the requirements of Articles 8, 14, 15, 17, 18 and 19 of the Energy Efficiency Directive 2012 (EED). The overall aim was to improve energy efficiency across the UK, putting the EU on track to reduce energy use by 20% in 2020 based on a 2007 business-as-usual scenario.

2. What evidence has informed the PIR? (Maximum 5 lines)

BEIS has used two main publications to assess progress and gather evidence against the objectives of these Regulations: the UK's [2019 EED annual report](#) and the [UK's 2017 National Energy Efficiency Action Plan \(NEEAP\)](#). Both report on progress toward the UK's obligations under the EED. The NEEAP also details the further actions that will be taken to realise our energy efficiency goals.

3. To what extent have the policy objectives been achieved? (Maximum 5 lines)

As at end December 2018 the UK has achieved a 15.2% reduction of final savings in energy consumption against its 18% 2020 target. This puts the EU on track to reduce energy use by 20% in 2020, meaning the policy objectives have been achieved. The EED is still in force during the Transition Period, and so the Energy Efficiency (Encouragement, Assessment and Information) Regulations 2014 remain best placed to continue meeting the requirements set out in Articles 8, 14, 15, 17, 18 and 19.

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: Kwasi Kwarteng

Date: 15/07/2020

Further information sheet

Please provide additional evidence in subsequent sheets, as required.

4. What were the original assumptions? (Maximum 5 lines)

The original assumption was that the Regulations would have no direct impact on business, charities or voluntary bodies, with the main impacts coming from the action required by the public sector to promote energy efficiency and undertake assessments of the potential for energy efficiency improvements.

5. Were there any unintended consequences? (Maximum 5 lines)

As the Regulations transpose requirements in EU law which were broadly in line with existing domestic energy efficiency policy and decarbonisation objectives, unintended consequences were not expected. The evidence within this Post Implementation Review concurs with the original projections in that no unintended consequences were observed.

6. Has the evidence identified any opportunities for reducing the burden on business? (Maximum 5 lines)

These Regulations place obligations on the public sector to promote efficiency in energy use and undertake assessments of the potential for energy efficiency improvements. As a result, no burden was forecasted for business, charities or voluntary bodies. The evidence in this Post Implementation Review maintains this finding.

7. For EU measures, how does the UK's implementation compare with that in EU member states in terms of costs to business? (Maximum 5 lines)

Given the obligations fall on the public sector, implementation of the relevant EED articles is not likely to have had costs to business, and no impact assessment was produced at the time of adoption. In light of this, there is unlikely to be any difference across Member States with regards to the costs of business. Member States similarly report their progress towards energy efficiency objectives within their [annual reports and NEEAPs](#).

Post Implementation Review of the Energy Efficiency (Encouragement, Assessment and Information) Regulations 2014

Contents

1. Introduction	3
2. Scope of this PIR.....	3
3. Objectives of the Energy Efficiency Regulations.....	4
4. Impact of the Energy Efficiency Regulations.....	4
5. Progress against the Energy Efficiency Regulations.....	4
6. Next steps for the Energy Efficiency Regulations	13

1. Introduction

This document provides a Post Implementation Review (“PIR”) of the Energy Efficiency (Encouragement, Assessment and Information) Regulations 2014 (SI 2014/1403) (“the Regulations”), that came into force on 26 June 2014.¹

The Regulations were made under section 2(2) of, and paragraph 1A(1) of Schedule 2 to, the European Communities Act 1972, to transpose Articles 8(2), 14(1), (3) and (10), 15(2), 17 (1) and (4), 18 and 19 of, and Annexes II, VIII, IX and X to, Directive 2012/27/EU on energy efficiency (the ‘EED’). This PIR is required by the Regulations.

2. Scope of this PIR

This PIR will cover:

- The objectives of the Regulations;
- The impact of the Regulations;
- Progress against the Regulations, including an assessment of the extent to which their intention has been achieved;
- Next steps and conclusions, including an assessment of whether its objectives remain appropriate and, if so, could be more effectively achieved, and whether there have been any unintended consequences.

¹ <http://www.legislation.gov.uk/ukxi/2014/1403/made>

3. Objectives of the Energy Efficiency Regulations

The overall aim of the articles of the Directive that are transposed by the Regulations is to improve energy efficiency across the UK, putting the EU on track to reduce energy use by 20% by 2020, against 2007 business-as-usual projections. The objectives of each provision of the Regulations requiring action to be taken are summarised below.

Regulation 3 (transposing Article 8 (2) of the Directive) aims to encourage improvements across the UK in the energy efficiency of Small and Medium Sized Enterprises (SMEs) by developing programmes that encourage them to undertake energy efficiency audits and by making available examples of how energy systems can be beneficial to their business.

Regulation 4 (transposing articles 14(1) and (3) and annexes VIII and IX of the Directive) intends to exploit the opportunities for efficient cogeneration and heating and cooling by requiring a UK wide assessment to be carried out of the potential for high-efficiency cogeneration and efficient heating and cooling, including through cost benefit analysis.

Regulation 5 (transposing article 14(10) and Annexes II and X of the Directive) aims to ensure certainty as to whether electricity has been produced from high efficiency cogeneration through certification.

Regulation 6 (transposing article 15(2) of the Directive) intends to improve the energy efficiency of gas and electricity infrastructure in Great Britain, by placing a duty on the Gas and Electricity Markets Authority to assess the potential for greater efficiency in infrastructure across the UK and identify cost effective measures to achieve these improvements with a timetable for their introduction.

Regulations 7, 8 and 9 (transposing articles 17(1) and (4) and 18 of the Directive) aim to promote the energy services market by stimulating action to increase energy efficiency by organisations and consumers through the dissemination of information across the UK. This includes information on contracts for the provision of energy services, lists of energy service providers and labelling.

Regulation 10 (transposing article 19 of the Directive) aims to promote energy efficiency across the UK with the evaluation and removal of barriers to energy performance contracting and energy efficiency.

4. Impact of the Energy Efficiency Regulations

When the legislation was laid, no impact assessment was produced because the provisions do not impose obligations on business, charities or voluntary bodies.

5. Progress against the Energy Efficiency Regulations

Each provision that required action to be undertaken has been implemented and its objective achieved, as detailed in the table below.

Reg. No.	Summary of obligation (on UK Government and Devolved Administrations, unless otherwise stated)	Action taken
3	<p>Programmes to be developed to encourage SMEs to undergo an energy audit and implement its recommendations. Examples to be made available to SMEs on how energy management systems could be beneficial to their businesses.</p>	<p>SMEs across the UK are encouraged through the Energy Savings Opportunity Scheme (ESOS) guidance² to undertake an energy audit on a voluntary basis to identify ways to reduce energy consumption and to demonstrate their commitment to energy efficiency. Those who notify compliance have their details published by the Environment Agency to show they have complied. Research conducted by BEIS in 2017 showed that 42% of organisations of a medium size (50-249 employees) had undertaken an energy audit.</p> <p>A guide to Energy Efficiency for UK SMEs was released in 2015 which covers the benefits of energy audits for SME's.³</p> <p>In Scotland, the Resource Efficient Scotland programme provides SMEs access to a wide variety of support on energy efficiency, ranging from in-depth support such as site visits, resource efficiency assessments and advice reports, to lighter-touch support such as online guidance, telephone consultations, advice packages, training tools and webinars.</p> <p>As part of the ESOS evaluation (which will be published by the end of 2019) UK case studies have been included which specifically cover the benefit of implementing energy management systems (such as ISO50001) in SMEs. A number of Case Studies are provided on the Resource Efficient Scotland website⁴.</p>
4	<p>The UK Government to undertake a UK-wide assessment of the potential for high-efficiency cogeneration and efficient heating and cooling,</p>	<p>A comprehensive assessment of the potential for combined heat and power and district heating and cooling in the UK was carried out, with the results published in February 2016⁵. The assessment found that up to 85% of the UK's heat demand could be met by individual building-level solutions, such as heat pumps, solar thermal and biomass</p>

² www.gov.uk/government/publications/comply-with-the-energy-savings-opportunity-scheme-esos

³ www.gov.uk/government/publications/sme-guide-to-energy-efficiency

⁴ www.resourceefficientscotland.com/case-study/innovative-eyemouth-food-business-puts-freeze-rising-energy-costs

⁵ www.gov.uk/government/publications/the-national-comprehensive-assessment-of-the-potential-for-combined-heat-and-power-and-district-heating-and-cooling-in-the-uk

	including through cost benefit analysis.	boilers. Separately, as much as 60% could be met by efficient district heating.
5	Guarantees of Origin of Electricity Produced from High-efficiency Cogeneration Regulation (2007) to be amended, to provide for guarantee of origin certification.	The required amendment has been made, for both GB and Northern Ireland, by the Guarantees of Origin of Electricity Produced from High-efficiency Cogeneration (Amendment) (EU Exit) Regulations 2018 ⁶ .
6	Places a duty on the UK Gas and Electricity Markets Authority to assess the electricity and gas infrastructure of GB with a view to identifying the potential for energy efficiencies.	The Gas and Electricity Markets Authority published its assessment of the energy efficiency potential of the gas and electricity infrastructure in GB on 16 June 2015 ⁷ .
7	Information on schemes to promote energy efficiency to be widely disseminated to market actors across the UK. Information to be encouraged to banks and other financial institutions on participation in energy efficiency finance. Information to be given to individuals on energy efficiency measures.	A phonenumber advice, Energy Savings Advice Service (ESAS), was launched in 2012 by the UK Government to provide energy efficiency advice to consumers. In 2018, ESAS was replaced by Simple Energy Advice (SEA), a digital service providing tailored domestic energy efficiency advice to homeowners and tenants ⁸ . The service consists of an easy-to-use website, supported by a call centre which members of the public may contact for assistance. SEA was created in response to the Government-commissioned Each Home Counts Review, which emphasised the importance of consumers receiving trusted, impartial advice on energy efficiency. SEA's 'core' offer is an assessment of users' behavioural traits and of the fabric of their homes (using EPC data), resulting in tailored energy saving advice. Where relevant, users are also directed towards financial support and qualified installers. There is further information, for example on smart meters, and specific advice for tenants and landlords. Development on the service with the aim of broadening and further improving its functionality. The service's full functionality is applicable to domestic buildings in England and Wales though much of the content is applicable to Scotland and to non-domestic buildings.

⁶ www.legislation.gov.uk/uksi/2018/1206/contents/made

⁷ www.ofgem.gov.uk/publications-and-updates/energy-efficiency-directive-assessment-energy-efficiency-potential-great-britain-s-gas-and-electricity-infrastructure

⁸ www.simpleenergyadvice.org.uk

		<p>In Autumn 2018, the Department for Business, Energy and Industrial Strategy (BEIS) hosted an event for finance institutions, energy suppliers and the retrofit supply chain. This was designed to stimulate conversations between these different sectors, with discussions focussing on how to build successful partnerships, self-sustaining products and services to increase the rates of energy efficiency improvements in owner occupied homes, lower the cost of retrofit, and save money on energy bills for consumers. This received positive feedback from attendees and BEIS is feeding learnings into work on encouraging finance for energy efficiency going forward.</p> <p>In Scotland, an advice and support service is provided through a network of local advice centres, Home Energy Scotland Advice Centres, funded by the Scottish Government and managed by the Energy Saving Trust. Additionally, Citizens Advice Scotland provides advice and support on energy bills and signposting for further help on insulation measures through their network of local bureaux.</p> <p>The Scottish Government is working closely with key stakeholders and facilities management contractors to develop and implement a Behaviour Change Campaign to raise staff awareness of resource efficiency issues in the workplace.</p> <p>The Welsh Government provides advice to people living in Wales on how to improve their home energy efficiency. Subject to meeting certain eligibility criteria, people are provided home energy efficiency measures at no cost to the householder, to improve the energy efficiency of their homes. This contributes to the Welsh Government's efforts to reduce fuel poverty and decarbonise Welsh homes. There is evidence, however, increased benefits could be delivered through an expansion of advice and support services, targeting people struggling to maintain a satisfactory home temperature at an affordable cost. As part of the new plan to tackle fuel poverty, the Welsh Government will implement a pilot scheme to explore how people can be supported to reduce energy demand using smart metering and other measures. The pilot has been delayed owing to the social distancing restrictions imposed</p>
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		<p>for COVID-19, but will begin once the current restrictions are relaxed. The Simple Energy Advice service, described above, also covers Wales.</p> <p>The roll-out of smart gas and electricity meters across Great Britain is enabling millions of consumers to realise a range of benefits⁹ and improve energy efficiency. The In-Home Display (IHD), which households are offered when they have smart meters installed, gives accurate information about energy consumption so that consumers can easily understand how to use less and save money on their bills. Research shows that almost three-quarters of people with smart meters have taken steps to reduce their energy use.¹⁰ The Smart Metering Implementation Programme has made significant progress in 2019, with over 1 million smart and advanced meters installed in every quarter and a total of 16.5 million now operating, as of 31 December 2019.¹¹ In September 2019, the UK Government published a consultation on proposals for a new policy framework to continue to drive market-wide rollout of smart meters in the period after 2020.¹²</p> <p>The Energy Performance Certificates (EPCs) system in all UK Devolved Nations represents an additional core source of information and energy efficiency advice.</p>
8	<p>Information to be published by relating to energy service contracts, energy service providers and energy performance contracts, including the provision of model energy performance contracts for use by public authorities. The development of quality labels also to be encouraged.</p>	<p>The Carbon Trust produced a summary of the most common types of energy performance contracts that was set out in the UK's NEEAP in 2014¹³.</p> <p>A Model Energy Performance Contract for use by the Public Sector, with accompanying guidance notes and a guide to best practices for the public sector, was published in 2015¹⁴.</p>

⁹ <https://prolandscapermagazine.com/government-trustmark-new-mark-quali>

¹⁰ www.gov.uk/government/publications/smart-metering-implementation-programme-progress-report-2018

¹¹ <https://www.gov.uk/government/statistics/statistical-release-and-data-smart-meters-great-britain-quarter-4-2019>

¹² <https://www.gov.uk/government/consultations/smart-meter-policy-framework-post-2020>

¹³ <https://www.gov.uk/government/publications/the-uks-national-energy-efficiency-action-plan-and-building-renovation-strategy>

¹⁴ www.gov.uk/government/publications/energy-performance-contract-epc

		<p>A list of organisations who maintain a register of energy service providers was made available in 2014 and has since been updated¹⁵.</p> <p>TrustMark¹⁶, the Government Endorsed Quality scheme for any work that a consumer performs on their home, has expanded its remit to include energy efficiency sectors.</p> <p>The Scottish Government funds the Energy Saving Trust and Home Energy Scotland energy advice services helpline and websites to support and provide details of grants and loans available for energy efficiency measures and encourage the uptake of renewable technologies. This includes bespoke specialist knowledge on the suitability of measures and assistance with obtaining a suitably qualified installer, particularly in more rural geographical areas.</p> <p>The Scottish Government is currently working on policy to ensure the correct delivery mechanism for the Energy Efficient Scotland programme to ensure a clear route for customers and supply chain installers on energy efficiency projects. The aim is to streamline the customer journey from initial contact through installation and post installation follow up on quality standards and customer satisfaction.</p>
9	The UK Government to publish a review of the energy services market in the National Energy Efficiency Action Plan (NEEAP).	<p>A review of the UK's energy services market was included in the NEEAPs for 2014¹⁷ and 2017¹⁸. The UK Government also published a report in 2018¹⁹ on the non-domestic energy efficiency services market, in which organisations improve their energy efficiency by outsourcing work to separate service providers under contract.</p>
10	Barriers to energy efficiency to be evaluated and removed where necessary, in particular split incentives in buildings with more than	<p>The UK Government issued a Call for Evidence in February 2012 to identify any barriers to under-investment in energy efficiency²⁰. The findings were set out in the Energy Efficiency Strategy that</p>

¹⁵ www.gov.uk/government/publications/registered-energy-service-providers

¹⁶ www.trustmark.org.uk/aboutus/what-is-trustmark

¹⁷ <https://www.gov.uk/government/publications/the-uks-national-energy-efficiency-action-plan-and-building-renovation-strategy>

¹⁸ https://ec.europa.eu/energy/sites/ener/files/documents/uk_neeap_2017.pdf

¹⁹ <https://www.gov.uk/government/publications/non-domestic-energy-efficiency-services-market>

²⁰ www.gov.uk/government/uploads/system/uploads/attachment_data/file/42899/4286-call-for-evidence-energy-efficiency-deployment-off.pdf 45 As per requirement 18(2)(b)

	<p>one owner or a tenant, and in public purchasing or accounting rules.</p>	<p>was published in November 2012²¹ in which they were summarised as the small size of the energy efficiency market, lack of information, misaligned financial incentives and undervaluing energy efficiency.</p> <p>In October 2015, the Secretaries of State for the Department for Energy and Climate Change²² and the Department for Communities and Local Government²³, commissioned an independent review of consumer advice, protection, standards and enforcement for UK home energy efficiency and renewable energy measures. This 'Each Home Counts' report was released in 2016²⁴. Measures implemented as a direct result of Each Home Counts include the Simple Energy Advice service and the TrustMark quality standards scheme for the energy efficiency industry.</p> <p>A further Call for Evidence was launched in October 2017 on Building a Market for Energy Efficiency²⁵. This outlined a range of barriers to investment in energy efficiency on both the demand and supply side. It invited views about the role of government in overcoming barriers and stimulating the market through more direct interventions. A summary of responses was published in summer 2019²⁶.</p> <p>The UK Government published a report in 2018²⁷ on the non-domestic energy efficiency services market, in which organisations improve their energy efficiency by outsourcing work to separate service providers under contract. The report indicated that high financial hurdle rates, combined with lack of project scale and high transaction costs could explain the lack of energy service provider focus on smaller business.</p> <p>A working group was established in 2012, attended by the Department of Energy and Climate Change, the UK Green Investment Bank,</p>
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²¹ www.gov.uk/government/collections/energy-efficiency-strategy

²² Now the Department for Business, Energy and Industrial Strategy

²³ Now the Ministry of Housing, Communities and Local Government

²⁴ <https://www.gov.uk/government/publications/each-home-counts-review-of-consumer-advice-protection-standards-and-enforcement-for-energy-efficiency-and-renewable-energy>

²⁵ www.gov.uk/government/consultations/building-a-market-for-energy-efficiency-call-for-evidence

²⁶ www.gov.uk/government/consultations/building-a-market-for-energy-efficiency-call-for-evidence

²⁷ <https://www.gov.uk/government/publications/non-domestic-energy-efficiency-services-market>

		<p>Local Partnerships and HM Treasury, to analyse the specific accounting rules governing energy efficiency improvements and look at available financing and structuring options. The group concluded that there are no specific legal or regulatory provisions, or administrative practices, regarding public purchasing and annual budgeting and accounting that act as a barrier to investment in energy efficiency measures, although guidance on the precise accounting treatment of energy efficiency projects could be helpful.</p> <p>The UK Government has undertaken a number of actions to help overcome the barriers that it has identified to energy efficiency. Regulations for a minimum energy efficiency standard of energy Performance Certificate (EPC) Band E for private rented property in England and Wales were applied to properties let on new tenancies in April 2018²⁸. Since 1 April 2020 this now applies to all privately rented properties (even if there has been no change in tenancy) (or 2023 for non-domestic properties). In March 2019, amendments were agreed by Parliament to introduce a landlord financial contribution element. Under these amended Regulations, landlords of EPC F and G rated homes will be required to invest, or co-invest, in improving the energy efficiency of these properties, where third-party funding is insufficient or cannot be secured. The landlord spending requirement will be capped at £3,500 inclusive of VAT. The amended regulation took effect on 1 April 2019. This amendment to the Regulations only applied to domestic properties, as non-domestic properties use a seven-year payback test to determine which measures are cost effective.</p> <p>The Government has provided funding to help stimulate the energy efficiency market, including:</p> <ul style="list-style-type: none">• £2.5m to six pilot projects to increase rates of energy efficiency improvements by providing support for local supply chain integration and project coordination;
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²⁸ www.gov.uk/government/publications/the-private-rented-property-minimum-standard-landlord-guidance-documents

		<ul style="list-style-type: none"> • A £10m retrofit cost reduction trajectory innovation competition for whole house retrofit; • £5m to fund development of innovative green finance products to drive consumer uptake of energy efficiency measures; • BASEE (Boosting access for SMEs to energy efficiency)²⁹, a £6 million to fund innovative solutions that accelerate the growth of the energy services market for SMEs by driving down transaction costs and promoting third party investment in small-scale energy efficiency project; and • NDSMIC (Non-Domestic Smart Energy Management Innovation Competition)³⁰, an innovation competition to develop energy management products and services that use smart meter data to help organisations to manage their energy consumption better. <p>The UK Government committed in the 2019 Green Finance Strategy to consult on requiring lenders to help homeowners improve the efficiency of their properties³¹. The energy efficiency of a property impacting on its mortgage could change consumers' views on the value of energy efficiency.</p> <p>The UK Government has taken action to improve information on energy efficiency (see regulation 7 and 8 above).</p> <p>The Scottish Government consulted on regulation of energy efficiency of private rented homes in Scotland from April to end of June 2017³². The Energy Efficient Scotland Route Map states that Regulations will be brought forward requiring Private Rented Sector properties to be EPC band E, at a change in tenancy from 1 April 2020 (although this has been delayed due to Covid-19), and in all properties by 31 March 2022; and EPC</p>
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²⁹ <https://www.gov.uk/government/publications/boosting-access-for-smes-to-energy-efficiency-basee-competition>

³⁰ <https://www.gov.uk/government/publications/non-domestic-smart-energy-management-innovation-competition-research-and-evaluation>

³¹ <https://www.gov.uk/government/publications/green-finance-strategy>

³² <https://consult.gov.scot/better-homfes-division/energy-efficiency-programme/>

		band D at change in tenancy from 1 April 2022, and in all properties by 31 March 2025.
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6. Next steps for the Energy Efficiency Regulations

Based on the evidence within this Post Implementation Review, the objectives remain appropriate and it is necessary to retain the Regulations in order to continue to comply with the requirements of Articles 8, 14, 15, 17, 18 and 19 of the EED during the Transition Period.

The actions and measures outlined in Part 5 of this Post Implementation Review demonstrate the ways in which the Regulations have achieved their objectives. There have been no unintended consequences as a result of the Regulations.