

CERT Case Study

METROPOLITAN HOUSING PARTNERSHIP – USING CERT FUNDING TO IMPROVE THE ENERGY EFFICIENCY OF HOMES AND REDUCE FUEL POVERTY

The Metropolitan Housing Partnership (MHP) is a family of successful businesses providing housing, regeneration, community and support services across London, the South East, East of England and East Midlands. MHP owns and manages over 36,000 homes.

In response to rising fuel prices and concerns over household carbon emissions, MHP has developed a fuel poverty action plan. The plan aims to improve the energy efficiency of its existing housing stock and levels of fuel poverty.

As part of this action plan a member of MHP, Granta Housing Society, earmarked 60 of its least energy efficient properties to receive energy efficiency works including fuel switches, heating upgrades and improved insulation at a total cost of £80,000.

Granta successfully applied for funding through the CERT scheme to help carry out these improvements.

Although not essential to secure CERT funding (housing associations can contact any obligated supplier directly), Granta chose to work with an external partner called Climate Energy Ltd. The partner provided advice and support to staff, and also used its well established relationships with the obligated suppliers to get the best possible grant rates for Granta's improvement works.



Granta secured £25,000 in CERT funding, which paid for 31% of the improvements to each property.

- Each home benefited from an average £1,333 of works, including a loft insulation top-up to 250mm as a minimum improvement
- CERT funding enabled Granta to carry out works to 15 more homes than they had originally planned
- The improved properties' average SAP ratings have risen from 69 to 81 over the past 2 years
- Granta has set up an Energy Services Scheme which offers tenants energy saving advice
- Granta is now looking to improve all its properties to a minimum SAP score of 60 by April 2010.

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Get grant funding to improve the energy efficiency of properties AND REDUCE TENANT FUEL BILLS



Improving the energy efficiency of existing homes has never been more important

- Research carried out on behalf of the Federation predicts that almost a quarter of the population will be in fuel poverty by the end of 2009 and average annual electricity and gas bills will increase to over £500 and £900 respectively by 2010
- The UK's 21 million homes are responsible for 27% of the country's CO2 emissions. Existing homes will make up around 70% of the total housing stock in 2050. Government has stated it wants an 80% reduction in greenhouse gas by 2050

Housing associations as owners or managers of over two million homes in England have a pivotal role to play in addressing environmental sustainability and reducing fuel poverty.

Delivering energy efficient homes can be expensive, but housing associations can access grant funding from energy suppliers to help with this task.

Carbon Emissions Reduction Target (CERT) funding

CERT funding arises from a statutory obligation on energy suppliers to meet carbon targets by encouraging households to take up energy efficiency and low carbon measures. CERT is the Government's principal driver of household energy efficiency and carbon reduction and is the main funding stream through which housing associations can obtain funding to improve the energy efficiency of their properties. The current CERT phase will end in March 2011.

What can CERT be used for?

Whilst it is up to suppliers how they meet their CERT obligations, CERT will typically provide support for:

- loft and cavity wall insulation
- high-efficiency lighting
- heating systems
- appliances
- energy saving devices

They are also beginning to provide support for:

- micro-generation or the installation of biomass boilers

Priority groups

40% of suppliers' activity must be focused on priority groups. These include vulnerable and

low-income households, including those in receipt of certain income/disability benefits and pensioners over 70.

Under CERT, suppliers can meet up to 5% of their obligation through a flexibility mechanism – this enables them to target hard-to-treat homes, for example properties off grid or solid-walled homes occupied by those in a priority group.

How much funding is available?

Obligated suppliers under CERT must, by 2011, deliver measures that will provide overall lifetime savings of 154 million tons of carbon dioxide (MtCO2) – this is equivalent to the annual emissions from 700,000 homes. The expected cost to suppliers of the measures to secure these savings is £2.8bn.

In September 2008 the Government announced proposals to increase the CERT savings target by 20% to 185 MtCO2. This increase will result in an additional investment by suppliers of £560m by 2011. The proposals will provide new incentives to encourage professionally installed top-up loft insulation, encourage energy suppliers to promote realtime display devices and increase the proportion of the CERT target that can be met through innovation activity.

Energy suppliers are keen to work closely with housing associations to enable them to meet their CERT obligations.

Innovative Projects

Under CERT innovative actions can count towards 6% of the supplier's obligation, or 8% where at least 2% micro-generation is delivered. A proportion of this obligation can also be spent on demonstration projects, trialling new products and schemes, or assessing customer reactions to information or measures on offer.



How can my housing association access this money?

CERT funding can be accessed directly from any of the energy companies obligated under the scheme. You don't need to be an existing customer.

Obligated suppliers include British Gas, EDF Energy, Npower, Powergen, Scottish and Southern Energy and Scottish Power.

When choosing an energy company a tender process is not technically required, although you may choose to adopt this approach.

Some energy companies have appointed agents to promote the scheme. Direct Funding Associates (www.direct-funding.co.uk), for

example, are working on behalf of British Gas to help promote the CERT scheme to housing associations and other housing providers.

Useful advice on choosing a supplier and other aspects of the CERT scheme is available from:

- www.energysavingtrust.org.uk
- www.defra.gov.uk
- www.decc.gov.uk

Contact information for the suppliers' CERT teams can be found at:

- www.ofgem.gov.uk

Other sources of funding to tackle energy efficiency

Following the introduction of the 2008 Climate Change Act, the Government is now able to place more than one carbon emission reduction obligation on energy suppliers and electricity generators. As a result they are currently consulting on proposals for a Community Energy Saving Programme (CESP). CESP will operate in addition to CERT and aims to deliver around £350m of additional energy efficiency measures. The Government expects that CESP will fund around 100 schemes nationally, which will benefit 90,000 households. One of CESP's stated aims is to target areas of low income across Great Britain.

The programme is planned to start in autumn 2009 and run until December 2012. The Federation will keep you informed on CESP developments and will be submitting a response to the consultation. For more information go to:

www.decc.gov.uk/en/content/cms/consultations/open/cesp/cesp

Information on other energy efficiency funding opportunities can be found on the Federation's website, housing.org.uk (go to: key issues – environment – funding opportunities)