

Elliot Morley's speech at BRE's Resource'05 on Wed 14 September 2005, BRE Watford, Herts

Thank you George [Monbiot, Chairman for the day], and good afternoon ladies and gentleman. I am delighted to be here as Minister for Climate Change and Environment. I am not actually the Energy Minister but I do have a great deal of involvement in energy efficiency and do work very closely with my colleagues in DTI and ODPM, and I am very glad that there has been a discussion about Government policy on issues of energy and environment with regards to buildings. I think policy should be challenged and I think that people should say where they think it can be improved. And I think we are at a point in terms of the development of Government strategies where there is a very open debate and I will touch upon some of those in a moment.

I was very impressed with some of the technologies and innovations that I was looking at, before I came into the hall, in the exhibition. What we can see from that is the potential for new design, new techniques, new building methods that we can apply to our buildings that will not only give us environmental gains which are crucial - and of course one of my top priorities in terms of reducing CO₂ – but will also make buildings and the running of homes more sustainable, reduce costs for those people who live in them and also stimulate a whole new environmental industrial sector. It is a potential win, win, win situation. In terms of jobs, in terms of environment, in terms of lower running costs and sustainability.

So we do need to address this, and we need to address this in the overall context of our priorities for climate change which is undoubtedly the biggest environmental challenge that we face today and indeed in the future. The link between energy use and carbon dioxide production is very clear; and the importance of energy efficiency in reducing carbon production should not be underestimated and it is one of the sectors in relation to the carbon reduction where we can make significant gains.

The UK's current Presidency of the EU and G8 has given us a unique opportunity to focus the world's attention on climate change and energy efficiency, and we have already made important progress on those areas.

Under our G8 Presidency, the plan of action resulting from the Gleneagles summit recognises the global implications of climate change and emphasises the importance of carbon reduction measures such as energy efficiency – a recognition signed up to by all the members of the G8. It also proposes a comprehensive set of actions and commits us to continue the dialogue between the G8 countries and also emerging economies like South Africa, Brazil, Mexico, China and India. This is a major step forward, and Ministers from 20 nations, including those emerging economies, will meet in November to discuss how we can build upon this significant progress. Already, the recent summits in China

and India have resulted in new announcements on low carbon technology packages, which will be invaluable in reducing the future impact from these fast growing economies – which are of course not Annex 1 countries under the Kyoto Protocol and therefore, are not under the same commitments and restraints as the UK.

Now, with the EU Presidency, we can take this further. The Commission's Green Paper on energy efficiency, published at the end of June, kick-started a dialogue that is expected to set the blueprint for Europe's energy efficiency strategy. The ambitious headline target is for a 20% reduction in EU energy consumption by 2020, a standard that we in the UK Government very much welcome. We will try to use our Presidency to make significant progress with this agenda, and also push for an agreement of the Energy Services Directive, which is intended to be a foundation for the work of the Green Paper.

So, there is a great deal of work to do in the international arena. However, that does not mean we have relented in fulfilling our climate change commitments at home. In fact in some cases we will have to double our efforts because if we are to give an international lead – and I think that we should and the Prime Minister has been very strong on this – then we must demonstrate our commitment to tackling climate change in our own country.

Building on the Energy Efficiency Action Plan, which we published last year, we are in the middle of a comprehensive review of the UK Climate Change Programme – that forms part of the debate that I mentioned. As part of the programme we're looking at how existing policies are performing and considering the range of new or strengthened initiatives that might be put in place. This is of absolute vital importance in helping us to counter the anticipated shortfall against our target of a 20% CO₂ reduction in 2010.

We are looking to publish the revised programme before the end of the year. This extension of our original deadline has given us an opportunity to further appraise our policy options and allow us to take full account of a number of important pieces of work which can now feed into the review. Of course that also includes the pre-Budget Review.

One of those important pieces of work is the Energy Efficiency Innovation Review, which has been examining how technological, financial, behavioural and policy innovation across the economy could best contribute to the long-term goals to which we are committed. We will be publishing this review as soon as it has been completed – and that is also due towards the end of the year.

At this stage I am, as you'll appreciate, not able to say anything concrete about the outcome of the review, although it is already clear that every sector of the economy will need to play a role in meeting our 20% target. Every single sector. Whether it is financial, whether it is ODPM, whether it's transport, whether it's

Defra, construction sector, manufacturing sector, whether it's the energy sector, domestic and indeed individual behaviour will all have to contribute if we are to get to our 20% target.

And energy use in buildings is a very important part of this, as energy use in buildings accounts for nearly half of UK CO2 total, it is essential that we continue to raise the standards of both new-build and our existing stock. It is fair to say that building standards in this country have been pretty poor and I don't think we have a great deal to be proud of in relation to standards that have been set over the years, which have often been driven by financial considerations rather than long term environmental consideration. And not just the standards but the level of enforcement has also been pretty poor. I am very glad that these are issues which are going to be addressed in the announcement of the revision to Part L of the Building Regulations and this is an important step in the process. By revising Part L of the Building Regulations we aim to save 1 million tons of carbon by 2010 through raising the standards to conserve fuel and power, minimise heat loss and encourage the use of more energy efficient materials and methods.

We have also taken this opportunity to use the Building Regulations to deliver many of the provisions contained within the Energy Performance of Buildings Directive. I want to make it absolutely clear that this is just a first step as far as I'm concerned in relation to the environment, in that we still have an awful long way to go in relation to energy standards, building standards, enforcement standards. We do intend to consult on a range of measures that can be applied to existing housing stock and we also want to look at exiting non-domestic buildings in relation to raising their standards as well. And I want to make absolutely clear that in that review I do not rule anything out. Statutory, non-statutory, voluntary, compulsory, incentives, penalties – I think we should be as wide ranging as we can in relation to how we can address existing stock. Although I don't think we are going far enough at the moment with new stock, in some ways it is far easier when you have new build as you can put in all the latest standards at the beginning. It is a much greater challenge to apply those standards to existing stock. That is what we must consider and that is what we must do.

Later this autumn we will be announcing our plans for implementing the Articles that deal with certification, boilers and air-conditioning. The forthcoming Code for Sustainable Buildings will offer a further opportunity to promote buildings that go beyond minimum standards. As the Code is expected to be published in early 2006, Government leadership has an important role to play. This is why compliance to the Code, which will go beyond the new building standards, will be a requirement of all new homes, and indeed public sector buildings, which are funded by Government or its Agencies from April of next year. Procurement is an issue and we are looking at this within Government.

I will also make it very clear that I accept that the building industry needs time to adjust to these standards there are issues of skills training, there are issues in relation to permits for those kind of changes. But what I will say to the construction sector is that while the new Code for Sustainable Buildings will be launched next April, I want to make it clear that I expect that new code to become the new building standard. And as we move on, and as we raise standards I want it to the new standard for all building and the industry has time to adjust to that.

Our vision for tomorrow is of a more diverse and localised energy generation system. Therefore, micro-generation is set to have a big part to play. I genuinely believe that micro-generation is going to be a really big expansion sector, in terms of both building it into new design and also in terms of retro-fitting. Small-scale renewable generation has an important part to play in helping each of us as individuals make a contribution to our wider energy policy goals. Rooftop wind turbines, solar panels, heat pumps and biomass; are just some of the possible sources of heat and electricity for our homes. Just how much can be done will depend on the costs and how they compare with other technologies. I've had very interesting discussions with some of the companies with technologies on display here today, and what particularly struck me was that some of these technologies have been around for a while but the cost of them is gradually coming down. As the cost of them comes down then of course they are a lot more viable in terms of routine installations, rather than being seen as some kind of exotic fringe as they have up to now.

I also recognise again that Government has a role in this because the widespread take-up of micro-generation is not likely to happen overnight – there are at the moment lots of barriers to the installation of micro-generation. So therefore, as a Government we must address these barriers and create the right competitive environment for these technologies to fulfil their potential. That is why my colleagues in DTI have been consulting on the Government's strategy to promote micro-generation and the new Low Carbon Buildings Programme, to look at the key issues facing the micro-generation industry and where there are barriers that we can remove to ensure that they are removed.

I think it is fair to say that due to our progressive policies, and our desire to keep the issue at the top of the political agenda, the UK is seen as a leader on climate change. Our Energy White Paper is often held up in international meetings as an example of good practice. But even with those commitments increases in our carbon dioxide emissions over the last two years have gone up and we do have to face up to the reality that there has been increased coal burn resulting from our national energy mix, transport is still an issue that we have to address – and of course aviation is not even including within the Kyoto Protocol. And that cannot go on. Indeed as one of our EU priorities is to have European aviation included in the ETS.

So the projected shortfall against our 2010 target provide us with a warning that we cannot, and will not, be complacent. And we won't be complacent. That is why we are focussing on working to ensure the UK plays its full part in the global effort to tackle climate change. I did mention how we want to use the powers of Government procurement, the power of Government contracts to drive some of these issues forward. To use some of these new technologies, to give some of the manufacturers and some of the people providing innovation in buildings and design the opportunity to actually have a market share in terms of the Government contracts placed. That is why we set up the Sustainable Procurement Taskforce, Chaired by Sir Neville Simms, and I look forward to his report. It is also why every Government Department has been tasked with producing its own strategy for sustainable procurement which will be reported back to the Sustainable Development Cabinet sub-committee, which I Chair and involves Ministers from every part of Government.

So I hope that I have stressed to you that we do want to continue to work closely with all the various stakeholders, all the various industries and all the various organisations in terms of implementing a vision of a low-carbon economy of tomorrow, into the reality of today. I don't have any illusions about the challenge. I don't have any illusion about the costs of implementing these measures. But this is an absolutely crucial issue. And it is one in which BRE have played a very important part in terms of taking forward. It does have the incentive of long term sustainability, in terms of better quality homes and lower running costs for people who live in them and that important signalling for those new emerging environmental technologies and industries in our own economy. I am absolutely committed to taking this forward and using all the tools at our disposal as a Government. But these are issues which we as a Government cannot achieve alone. We do need that partnership approach. We do need the commitment. I know this from the many people at organisations that I have spoken to that we can turn this into a reality. And I am confident of your overall contribution on how we can do that. Thank you very much.