



Environment Scrutiny Panel
Energy Policy Review hearing with the Jersey
Construction Council

WEDNESDAY, 11th JUNE 2013

Panel:

Deputy J.H. Young of St. Brelade
Deputy S.G. Luce of St. Martin
Connétable P.J. Rondel of St. John
Mr. R. Levett (Adviser)

Witness:

Mr. I. Wilson (Jersey Construction Council)

[17:16]

Deputy J.H. Young of St. Brelade (Chairman):

Right, so I think we are formally ready. Are you okay if I open the meeting? Good afternoon, for the record, this is the second afternoon hearing of the Environment Scrutiny Panel having a hearing into the Minister for Planning and Environment's draft Energy Plan for Jersey. For the record, John Young, Chairman of the Scrutiny Panel.

Deputy J.H. Young:

Thank you for coming along and I apologise again our programme did not run to time and that you got on at 5.15 p.m. on an afternoon and we are all tired, but this is an important subject and grateful that you have agreed to carry on. We have got your written submission, or the submission signed by, I think, Martin Holmes, who is the Chairman. I think the area we most want to talk to you about is about the practicality of achieving these energy efficient measures in our building

stock. Perhaps I might just open it up to you to kick us off on that subject. If you could perhaps give the panel your general views about this, as to where the Island is in this spectrum of energy efficiency of buildings and so on, and what the opportunity and the proper place for the Island to be is.

Director, Jersey Construction Council:

I think the first thing is we have an excellent skill set in the Island in terms of the people we employ, the trades that we have in the Island. We are open to new technologies, if you have a look at the Ogier Building in terms of its BREEAM status (Building Research Establishment Environmental Assessment Method), you look at the design of the Radisson Hotel, it was a modular hotel which we have never built before, we built that with on Island companies, and then the work on the Energy from Waste plant. So we do have, within the Island, the skills available. We also have the capacity to learn new skills and it is quite evident that a lot of the savings and a lot of the work we have to do to make these savings will require the industry to gain some new skills. Use some old skills as well but gain some new. Certainly when you are looking at heat pumps, when you are looking at photovoltaics, when you are looking at solar thermal. So I think the industry is ready for the challenge. Where are we in terms of the homes, I think energy efficiency is key and the work the Energy Efficiency Service has done has been commendable over the last few years. We mentioned earlier about the able to pay, I think you need to change that to the ability of the able to pay, because you will have people who will just enter the able to pay category, and people who will be well into that category. I think what we should be looking at is ways of helping the able to pay get themselves some energy saving measures. Certainly the ones that are at the lower end of that scale. Again, I suppose Government would need to have the mechanisms to assess those people, as we do now with the Energy Efficiency Service assessing people who are on benefits and on lesser incomes. In terms of housing stock, certainly the customers I visit, I believe a lot of them do not understand what they need to do. We do a lot of work talking to people about what they can do for nothing, so things like drawing curtains, or if you are going to buy curtains, buy the best, thickest, curtains you can afford because they will save you energy and cost you next to nothing. So I think there is a lot of work to be done educating people and also a lot of work to be done in explaining these new technologies. Unfortunately, we fall foul of what we hear from the U.K. (United Kingdom) and over the past 3 or 4 years negativity towards photovoltaics, and heat pumps, have had some bad press and a lot of that is due to the poor quality of installation. In the U.K. there is an accreditation scheme for these technologies. Although you need the accreditation to get the grant, there is certainly the mechanism out there to make sure that people who will be applying these energy saving measures and new technologies should be trained, should be skilled.

Deputy J.H. Young:

Is there an accreditation scheme in Jersey for contractors doing that sort of work?

Director, Jersey Construction Council:

No, not that I am aware of. At work in the day job at Jersey Electricity, we have installed our P.V. (Photovoltaic) panels and our guys have done that certification voluntarily because we see that is the right thing to do. There are installers on the Island who voluntarily got themselves accredited because they see that as a way of setting their business out against some of their competitors. But we do feel the industry would need some help from government in making sure if we start to implement grants for these new technologies, the day we advertise a grant for air source heat pumps, for example, so that the industry and market is ready to meet the challenge. If that is what the government decides, if that is the way forward, we are going to subsidise air source heat pumps, everybody who thinks they know how to install them will be out there on the back of that system trying to install air source heat pumps. I think what we need to do is make sure that the skills are recognised, the training is in place and that the people who are well qualified who are best suited to deliver those products can do it rather than just completely open the market up, which is what happened in the U.K.

Deputy J.H. Young:

So that requires investment?

Director, Jersey Construction Council:

It requires investment in training, it would be great if that training could be delivered on Island because again reduces the costs, certainly to our members. At this moment in time our members have to go off Island to get those skills and to get that certification. The training, a lot of it can be gained by internet research, a lot of it is self-taught. These appliances are not that difficult to install but they are difficult to design and apply. An easy way to explain that is an air source heat pumps works at a cooler temperature than a boiler. So if you design a house to be heated with a boiler, the radiators would be of a certain size, and if you installed a heat pump they would need to be larger. That is the bit that is missed. A lot of installations are misdesigned or poorly designed and what happens at the end of that is the product gets a bad name. There is nothing wrong with the product; it is just how the product was installed.

Deputy J.H. Young:

So we have got to avoid those problems ...

Director, Jersey Construction Council:

I think so.

Deputy J.H. Young:

... in the future in how we go about this?

Director, Jersey Construction Council:

Yes, and I think, like I said earlier, the industry has got the capacity to respond but we just need to make sure that it is done properly.

The Deputy of St. Martin:

The drive to improve the energy usage in new buildings is being lead ... the first part here, action statement 2, is: "By 2014 a 60 per cent improvement on 2011 targets for newly constructed dwellings." Are you aware that we are going to make that target by the end of this year?

Director, Jersey Construction Council:

I am not so sure we will make that target. What is of greater concern is the added cost that is going to put into building those properties. The Jersey Construction Council did some work last year, got involved in the affordable homes debate, and it is a concern that there is this differing viewpoint; there seems to be this dilemma between affordability versus sustainability, can we afford to build the most energy efficient homes, and if we can afford to build them, can people in the Island afford to buy them? So that is a major concern. Obviously a new build, it is not that difficult to change a 4 inch block to a 5 inch block, it is not going to be a huge cost but some of these other measures, heat pumps, for example, are more expensive than traditional boilers. We have already seen in certain properties, certainly small flats, the most cost effective heating solution is storage heaters, but in terms of the most energy efficient it would be air source heat pumps. There is that difference. You can be talking a £4,000, £5,000, £6,000 increase from a storage heater installation to the most energy efficient heat pump. So on a one or 2-bedroom flat, £6,000 purely on your heating installation is obviously a cost the builder or developer has to recoup. So we do need to be mindful about where we go with this.

Deputy J.H. Young:

Obviously the building by-laws are the things that regulate us as well, government regulation on new building, my recollection is the last time we upgraded the by-laws for energy conservation measures the industry expressed concern at the time of the increased building costs that would arise. What this strategy now proposes is still further increases in those by-laws to arrive at a point of being carbon neutral. Has the industry done any ... has that proposal been subject to consultation with the industry, has there been any assessment done of the impact on the industry of those by-laws?

Director, Jersey Construction Council:

Not that I am aware of.

Deputy J.H. Young:

Do you think that is something that should be done or would have to be done?

Director, Jersey Construction Council:

I think when we were looking at this policy everything seemed to come back to cost; all of the energy efficiency measures will drive up the cost of buildings and it is whether the Island can find that sustainable in its own right. Put in extra installation, the most efficient product, you will get some payback in terms of the end user but we do find customers, home-owners do not fully understand the payback period when you talk about energy. They seem reluctant to spend money today to save tomorrow.

The Deputy of St. Martin:

Is there a case for using this scheme which helps people to ... the eco-active energy efficiency scheme on new builds?

Director, Jersey Construction Council:

I am not so sure on new builds, what I do see a need for is if I was going to put double glazing in my home then I would not expect government to pay that. Both me and my wife work. I might expect some help, whether that was some help with the finance, whether that was a nominal cost, if a neighbour got more than me because he earned less than me, I would be comfortable with that. So I think, getting back to this ability to pay and encouraging people, people like to have something, they like to see some sort of benefit coming back. You could do that with new build, it would need to be very, very carefully managed and what you would not want is to be accused of using grant systems to increase profits. So I think you would need to be careful.

Deputy J.H. Young:

If government were to put money in ... because obviously you sum up in the statement that Mr. Holmes wrote, that you support initiatives but would like to see some financial support. Where would be the right place to put the investment? Would it be in training like you have explained to help the industry prepare to do this work and do it well and do it economically, or will it be grant aiding or ... you know, where will it be? Where is the right place, if government were to intervene, to do it?

Director, Jersey Construction Council:

I think initially it would have to be in training and improving the skills, learning the new skills because unless we do the training first then it is pointless doing anything else.

Deputy J.H. Young:

Are there job creation possibilities there?

Director, Jersey Construction Council:

Yes, certainly. We have seen already there are one or 2 local companies who are very active in renewables and they have invested themselves, it is a way of differentiating their business, there comes a point though when there are grants to be had that any other business on the Island will be looking to get those grants. I think initially education, in terms of the home owner, if someone wants to replace their boiler now, be it a gas boiler, be it an electric boiler, they would be looking at something in the region of £2,500 and £4,000.

[17:30]

That is a straight boiler replacement. If they were looking for a renewable product, they could be looking at £7,000, £8,000, in some cases double. So me as a home owner, what is going to make me spend an additional £4,000 when in terms of comfort in my home it is exactly the same? I will save on running costs, there will be a payback, and a payback probably between 3 and 5 years. If I am selling my home next year then I may not be interested in payback, I will just be interested in what is the lowest cost of doing that work. So I think that is where the problem lies, that is the tricky question.

Deputy J.H. Young:

So in terms of encouragement and incentives the financial agenda is very important? Just shifting tack a bit in that these energy ... these by-laws that talk about being carbon neutral, in the past we have had a debate whether or not the by-law standards should be based on energy consumption or carbon neutral, what are your views on that? Or carbon emissions?

Director, Jersey Construction Council:

Okay, I am just trying to think of the answer now without my day job. **[Laughter]**

Deputy J.H. Young:

You do not have to answer if you would sooner ...

Director, Jersey Construction Council:

I think in terms of carbon it would be very easy to say on a new build it would be electric, therefore there would be less carbon. That would be a simple especially if I cast my mind back to 4 or 5 years ago, I think that was in one of the policies. So in terms of carbon, yes, I believe to incentivise the customer, the home owner, they are interested in running costs. They might like to think they are interested in carbon and if they were interested in carbon we would see a lot of renewable products, we would see a different mix than we have now. So I think it is about running costs. As Chris said before, energy costs are going one way.

The Deputy of St. Martin:

So it is about the cheapest way to insulate your home and to reduce the cost of energy consumption?

Director, Jersey Construction Council:

A by-product of that is that you will save on carbon, even if it is electric you will save a smaller amount of carbon. So I think that is a soft win. If people are looking to buy 2 properties and one is very energy efficient and one is not, but the one that is energy efficient is in the middle of the Island and the one that is less energy efficient is on the beach, then there are lots and lots of things that come into play for that person to choose their purchase. What we do see is although people generally ask the carbon question now, and are very interested, there is still a need to educate, even all the great work that the Energy Efficiency Service has done, and is still doing. People do not see these messages until they are ready to make that decision, so we can advertise heat pumps and talk about them until the cows come home but until you are ready to change your boiler you do not see those messages.

Deputy J.H. Young:

You would like to see that work carried on, this energy efficiency scheme?

Director, Jersey Construction Council:

Definitely.

Deputy J.H. Young:

But extended into other areas so people who are able to pay ...

Director, Jersey Construction Council:

Yes, I think you have to do that. We have only so many people that fit the current criteria and we have an awful lot, me included, and probably some of you gentlemen as well, who fall outside of that.

Deputy J.H. Young:

Can I shift the discussion away from homes for the moment to commercial buildings and use the example of offices? We have got a lot of empty office blocks around in the Island at the moment, as I understand it if those buildings require any alteration works or refurbishment works, they have to be brought up to the new by-laws. But that imposes massive costs. Do you have a view on that? Do see that as being a situation that should be addressed by this strategy or is it okay to set standards that result in buildings lying idle and not being used?

Director, Jersey Construction Council:

I think we said earlier, new build is fine because we have got the opportunity to change a new build with the building by-laws. Existing properties are more difficult because they are already built, commercially trying to ensure that empty buildings are brought up to standard from the industry's point of view is a great idea because it is going to generate work, it is going to generate employment, it is going to generate revenue for the industry. I think that question might best be suited to the people who own the building because obviously ...

Deputy J.H. Young:

So the industry can do it but it needs the clients?

Director, Jersey Construction Council:

Yes, the industry can do it, it is down to the client and if the client is faced with a £1 million refurbishment or leave the building empty then if the building is not costing them anything they may well decide to leave that building empty. But, as an industry, we certainly welcome as many opportunities to showcase what skills we have.

Deputy J.H. Young:

Roger, do you want to come back on anything?

Mr. R. Levett:

I suppose there is a broader point underlying a lot of this, if I may, which is we have very ambitious targets in this plan to reduce energy, the means that the plan suggests and that you have talked about as well are largely encouragement, persuasion, training, awareness raising, skilling up the industry ready to do things, the evidence from the U.K. as far as I can see is that all of these things are valuable and helpful but they will not get anywhere near the sort of 80 per cent carbon reductions we are talking about. Is there not a huge gap there? Is there not much more active and aggressive interventions needed to deliver what the plan is after?

Director, Jersey Construction Council:

If those aggressive measures are brought in, I think the industry would respond. I am struggling to see, other than the industry having the capability to deliver this wide range of new and existing technologies, which - I hold my hands up - I do not think we are there yet. We have pockets of expertise and excellence, it is not right across the industry. We do need that to be broader, to drive down prices and make those more attractive to the homeowner, so maybe that is where the industry can help drive down the cost of this work is by the whole industry being trained. I struggle to see, other than being ready to take on an enabling role, what the industry can do to encourage, other than for us to take on an awareness role and this is something maybe the Construction Council will take on board, there is lots of commercial suppliers out there who would love to talk to

our members and get them in a room and give them a bacon roll and talk about their products and how wonderful they are. Maybe we can take that on board to raise the level of education among our members and get them involved, get them interested, so when they are talking to their customers it is not just a case of: "You have got this boiler, you replace it with the same. Have you considered heat pumps, P.V.?" There probably is a need for us to raise the awareness among industry. Like I said, there is pockets of excellence, and at the moment they are the guys who are doing quite well out of these new technologies. You will know over the years, Connétable Rondel, as things have come in, new technologies, there are people who are happy just doing the 9.00 a.m. to 5.00 p.m. looking after the usual stuff and you have got the other guys who want to move ahead. Well, I think we need to address that. That is certainly a point I will take back.

Mr. R. Levett:

Do you have a view on what kind of further measures might be useful?

Director, Jersey Construction Council:

I think it is a difficult situation. I experienced this in the previous job when we had a specific skill set; it is no secret, I worked for the gas company for a number of years and there was plumbers on the Island and installers who were very comfortable with the fuel and there were some who completely left it alone. You will get that with these new technologies. Some just will not be interested in learning the new skills. I think what we have to do is make sure there is a diverse enough work force so when a customer wants a quote for a heat pump, she opens the phone book and she sees 5 companies, 10 companies who are saying: "We can supply heat pumps." There might be different manufacturers, and again that helps drive the price down. At the moment it is quite a niche market.

The Deputy of St. Martin:

Could I just go back to the commercial, and I know it is very general and there will be other challenges of which one will be buildings, but the forecast for the industrial and commercial sector, the intention is to reduce the level by 80 per cent of 1990 levels. Have you had any idea from by-laws as to what changes they might be making? Is it physically possible that they will put restrictions on some buildings which are not possible to achieve? That buildings may just have to be left empty because there is no way, apart from knocking them down, that they will conform.

Director, Jersey Construction Council:

I think the problems at 1990 levels is that is 23 years ago, so that has been the biggest issue. In terms of what measures, the measures we have done where I work we have changed lighting to L.E.D. (light-emitting diode) lighting. That saved on those costs. It is quite topical that the air conditioning goes off at 4.30 p.m. You notice at 4.30 p.m. the building goes quiet, where the air conditioning used to go off at 5.30 p.m. So we now turn it off 30 minutes before you go home

rather than 30 minutes after. We have reduced it by, I think Chris said, 20 per cent by doing really simple easy to do measures. We have not cladded the building, we have not changed the insulation levels, we have done the easy simple stuff first and there is a clear payback on those. We have even removed desk bins. We now have communal bins in certain parts of the building. We saved 27,000 bin liners from being taken out of the building every year because we had the number of desks times a bin per desk. So there are lots of simple, simple measures but ... and that is what we are looking at commercially, is going out and selling that skill set. So there are lots of things we can do in terms of saving energy. It would not cost companies an awful lot. So, to answer your question, I think we should focus on the quick wins, whether we get to this 80 per cent figure, I am not so sure but I think there are a lot of easy quick wins. But, again, that gets down to eco-active and help from the Energy Efficiency Service going out and broadcasting these quick wins. It also brings work, particularly with lighting, back into the industry as well which creates jobs and everything else.

Deputy J.H. Young:

Your letter was critical ... well, not yours, Mr. Holmes' letter was critical ...

Director, Jersey Construction Council:

I wrote it, by the way.

Deputy J.H. Young:

Was critical of the targets for the public sector in any type of energy efficiency measures and said that they ... did you have any evidence for that? Did you have experiences that led you to believe that the public sector should do more? I think what you said was that the targets should be the same for the public and private sector.

Director, Jersey Construction Council:

I think the government having a lesser target than the public or the private sector would not work. I just think that would be a mistake. In terms of leading this, I think people would be looking to government to lead and I would see those targets being reversed, the government setting itself bigger targets and banging the drum saying: "You guy can do this."

Deputy J.H. Young:

Leading by example, putting our money where our mouth is basically?

Director, Jersey Construction Council:

All of those sorts of things. It certainly puts you in a lot stronger position to go out and drum up support. That, again, is what we try and do in the Construction Council, through our members is try and deliver excellence to stretch ourselves, do not wait for somebody to legislate to make us

improve, try and make those improvements off our own back because it is the right thing to do. I think governments should be doing that.

Deputy J.H. Young:

Okay, thank you for that. Does anyone have questions or can I close the session?

Mr. R. Levett:

Sorry, do you have any comments on the States energy management and how it should go?

Director, Jersey Construction Council:

I live in town, lived in town all my life, I walk through town with my dog at various times of the day and night, I see what is on, I see what is off, so there is certainly lots and lots of scope to save energy I look around this room now and I do not know whether these light fittings are low energy but we have 9 wall lights, goodness knows how many are in the ceiling fittings, I rest my case on that one. They look lovely though!.

The Connétable of St. John:

You have hit the nail on the head.

Deputy J.H. Young:

I think you have made a very powerful and successful point there.

Director, Jersey Construction Council:

The other benefit just while we are on that issue, while I am on my soapbox, you cool a building because the building is too warm, what we have found with introducing L.E.D. lighting, which gives off very little heat, is that the air conditioning does not work as hard. So the saving is that the light is more economical to run - you do not have to change it for many years so from a pure health and safety benefit there is less risk - and your air conditioning does not work as hard, therefore your bills go down, there is a win/win. I think it is about walking around with your head up more and less with your head down because you will be surprised what you see. Although, that is a good fitting, because one of those is out, and that one there as well, yes.

Deputy J.H. Young:

Thank you, I think that was very well ...

The Connétable of St. John:

We made sure before you came in that those would be out. [Laughter]

Deputy J.H. Young:

I think that is an excellent point to close the session on, if I may. Thank you very, very much for your submissions and giving us evidence, Ian. Thank you for that.

Director, Jersey Construction Council:

Thank you.

Deputy J.H. Young:

I am going to close the session formally, thank you.

[17:44]