

THE WARM HOMES AND ENERGY CONSERVATION ACT 2000 (COMMENCEMENT) (WALES) ORDER 2002 – REGULATORY APPRAISAL

Background

1. Section 65 of the Government of Wales Act requires that Regulatory Appraisals be undertaken in connection with proposed Assembly general subordinate legislation for the purpose of assessing the likely costs and benefits to business or other interests of compliance.

Purpose of the Order

2. The overall aim of The Warm Homes and Energy Conservation Act 2000 (Commencement) (Wales) Order 2002 is to put in place a Strategy which defines fuel poverty in Wales; has been consulted upon; specifies a comprehensive package of measures for ensuring the efficient use of energy, such as the installation of appropriate equipment or insulation; specifies interim objectives and target dates; and specifies a target date for achieving the objective of ensuring that, as far as reasonably practicable, people do not live in fuel poverty. The Act proposes a 15 year long-stop date, from commencement, for the achievement of its objectives.
3. By its nature the Strategy will bring with it improvements in public health, the quality of the housing stock and contribute to Assembly objectives for sustainability and UK climate change commitments. The Strategy builds on successful earlier Assembly work in the field of fuel poverty, in particular being complimentary to the Assembly's New Home Energy Efficiency Scheme (HEES) for Wales which provides a range of heating and insulation measures in the homes of the fuel poor to a maximum grant value of £2,700.
4. Our work on the UK Fuel Poverty Strategy, which was published during November 2001, pulls together our existing policies for fuel poverty, such as our work under the Home Energy Conservation Act 1995 and our New Home Energy Efficiency Scheme (HEES), will form much of the basis for achieving the requirements of the Warm Homes and Energy Conservation Act. While the Fuel Poverty Strategy's ultimate target date, of eradicating fuel poverty, as far as possible, by 2010, will underpin the long-stop target under the Warm Homes Act.

Costs/Benefits

6. Up until 2010, our current target for the eradication of fuel poverty, there will be benefits as a result of increased expenditure, flowing from the Strategy, in the following areas:
- Reduced heating costs/improved heating levels for recipients. Over the next three years the HEES, the Assembly's primary vehicle for the tackling fuel poverty, will provide a total of £37.7m in grants (Assembly draft budgets 2002-03 to 2004-05) which, if maintained over a 10 year period will generate fuel savings with an estimated net present value of £67m.
 - Reduced CO2 emissions which will contribute towards UK Government Kyoto/Manifesto commitments, Local Authority targets under the Home Energy Conservation Act 1995 and Assembly sustainability objectives.
 - Increase in business for the heating and insulation industry, stemming from our HEES funding.
 - Reduced maintenance costs to householders/landlords as a result of reducing fabric decay
 - Reduced health costs through reduction in cold related illness.
6. Any costs to business have already been legislated for through the Government's Energy Efficiency Commitment, which places a requirement of the public utilities to spend a notional amount of funding per customer, equivalent to over £10m for Wales over the period of the Commitment (2002-03 to 2004-05), on energy efficiency measures, aimed primarily at the fuel poor. In line with the commitment in the Assembly Partnership Agreement, officials are taking forward proposals for the close integration of public and private funded energy efficiency initiatives, having already secured the agreement to supplement HEES funding with funding from the utilities earmarked for the Energy Efficiency Commitment.

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**Construction
and Domestic**

Energy Branch

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