**Terms of Reference**

**The Missed Opportunity of Energy Efficiency**

**Summary**

We are looking for an external third party to examine the government and CCC’s ambitions to reduce energy demand in domestic buildings across the country and consider what the policy and industrial strategy gaps are to achieving both scenarios.

Background

The government's Energy Price Guarantee, which limits the price that suppliers can charge for each unit of energy, was originally put in place for two years from the 1st October. Now it will only be in place in its existing form for six months, covering this winter.

Under the current cap consumers still pay for the gas and electricity they use. A typical household - one that uses 12,000 kWh (kilowatt hours) of gas a year and 2,900 kWh of electricity - currently faces an annual bill of £2,500. That is up from £1,277 last winter. After 1st April the Energy Price Guarantee will be raised to £3,000.

The Chancellor, Jeremy Hunt, stated in the Autumn Budget that those on lower incomes will be partially supported through Cost of Living Payments, however there are concerns that these payments will not be sufficient.

Predictions from Cornwall Insight suggest that, for households that do not receive any support, a typical annual energy bill could be £4,347 in the spring, dropping to £3,722 next winter, leaving many at risk of fuel poverty.

In the Autumn Budget, the Chancellor has announced that the government will invest a further £6bn from 2025-2028 in energy efficiency, on top of what has already been promised this Parliament, alongside a long-term commitment to reduce the UK’s total energy consumption from homes and industry by 15% by 2030 against 2021 levels. Investing in domestic energy efficiency at a national scale is therefore a priority, as this will reduce households’ energy demands and reduce energy bills. It will have a range of co-benefits, including warmer homes and lower household emissions, and will benefit the national economy by providing opportunities for investment and the growth of new and existing markets. There is a huge economic risk associated with not investing in energy efficiency and failing to meet these promises, which includes vast costs being passed onto consumers’ bills and the Treasury, unless sufficiently addressed now.

Main Deliverable

A piece of analysis (no page limit) covering 2023-2030 and generating scenarios for how to meet two ambitions relating to reduction in final energy consumption in domestic buildings. From an evidenced 2021 baseline (for example [DUKES 1.1au](https://www.gov.uk/government/statistics/energy-chapter-1-digest-of-united-kingdom-energy-statistics-dukes) data on final domestic consumption, which was 478TWh in 2021), the analysis should consider how to reach:

1. A 15% reduction in final consumption by 2030 (consistent with the government’s new ambition to reduce final consumption across buildings and industry by 15% from 2021).
2. A c.20% reduction in final consumption by 2030 (broadly consistent with the CCC’s Net Zero Balanced Pathway, although noting that, using an updated 2021 baseline, reaching the CCC’s projected final demand for residential buildings in 2030 is likely to involve a greater reduction, potentially around 23%).

The analysis should consider what the policy and industrial strategy gaps are to achieving both scenarios, taking into account existing government policy and commitments (as announced already) for the years ahead this decade.

Final Output

The delivery (by WWF and ScottishPower) of a short report (5/6 pages) in February, bringing together previous work and outlining the new analysis from the third party. WWF will provide a summary of previous reports highlighting the economic benefits of investing in energy efficiency, taking account of the new economic context (e.g. jobs, economic growth, bill savings) to set the scene.

Suggested Project Timeline

* Deadline for responses: 5th Dec
* Decision from WWF and ScottishPower: 7th Dec
* Project kick-off: 8th December
* First draft: 9th Jan or 16th Jan
* Comment on first draft from WWF and SP: 12th or 19th Jan
* Final report delivered: 20th or 27th Jan
* Publish report: Mid-Feb 2023

Project Governance

This project is being conducted as part of the WWF-UK and ScottishPower partnership. The project will be jointly led by both parties. Weekly progress meetings will be held, alongside additional communications as required.

The chosen applicant will be expected to work in parallel with ThinkThree consultancy, who will be creating a short, follow-up piece of work for the [Better Homes, Cooler Planet](https://www.wwf.org.uk/sites/default/files/2022-08/Better_Home%2C_Cooler_Planet_Report.pdf) report launched in July 2022. This information is for awareness only.

Response Instructions

* Please provide evidence of having previously undertaken similar work that demonstrates the required skills and experience, as well as brief professional biographies of the team involved.
* Please include a project plan detailing proposed scope, methodology and timelines.
* Please include a fee proposal.
* Proposals should be no longer than four pages (names and CVs of staff working on the project are excluded from this).

Assessment of Proposals

WWF-UK and ScottishPower will consider proposals and appoint the successful third party through a mix of qualitative and quantitative assessment, to include:

* Quality of the submission and adherence to the brief
* Relevant organisational experience, expertise and skills of staff
* Cost and overall resource inputs
* Quality and effectiveness of the proposed methodology and ability to deliver the brief

Proposal Submissions:

* Please submit your written proposal to [latkinson@wwf.org.uk](mailto:latkinson@wwf.org.uk)
* The deadline for submission is 5th December 2022

Consultant to be Appointed By: 7th December 2022

Contract Particulars:

WWF would prefer to contract this activity using the WWF-UK Standard Terms and Conditions (available upon request). Should you wish to propose alternative terms then please include this information in your response. This will not impact your application.

Budget:

£25,000 inc VAT

WWF-UK Contacts:

**Leanne Atkinson** – Climate Change Policy Advisor: [latkinson@wwf.org.uk](mailto:latkinson@wwf.org.uk)