**Terms of Reference**

**A Decade for an Energy Efficiency Transformation in Homes**

**Summary**

We are looking for an expert, external third party to examine delivery of the UK Government’s ambition to reduce final energy demand in domestic buildings in the 2020s based on meeting the target announced by the Government in the 2022 Autumn Statement for a 15% reduction in final energy consumption by 2030 (based on a 2021 baseline)[[1]](#footnote-2); as well as exploring a stretch target option of meeting a higher ambition of around 20% by 2030.

The analysis should consider the range of policy and regulatory options that might be combined to deliver upon the Government’s target, taking into account existing government policy, plans and commitments, whilst identifying policy and regulatory gaps, and other barriers to progress such as sectoral capacity and skills challenges. Whilst recognising the nature of the devolution settlement in terms of the energy efficiency policy/regulatory landscape, the analysis needs to be done on a GB-wide basis.

Background

The Government's Energy Price Guarantee (EPG), 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. As part of the Autumn Statement, the Chancellor confirmed that the EPG will remain in place until April 2024, but that it will be set at the higher level of £3,000 (rather than £2,500) for a typical household from April 2023.

Under the EPG 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, up from £1,277 last winter. As noted above, from 1st April 2023, the EPG will be raised to £3,000 for the typical household. Those on lower incomes will also receive support through Cost of Living Payments to be paid through the welfare system.

Incentivising investment in domestic energy efficiency is an important way in which the Government can help households reduce their energy bills. Alongside the announcement on the EPG, the Chancellor announced in the Autumn Statement that the Government will invest a further £6 billion from 2025-2028 in energy efficiency (on top of a sum of £6.6 billion which 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. The Government also announced a three year £1 billion ECO+ energy efficiency scheme running alongside ECO4 from April 2023 to 31 March 2026.

As well as reducing bills, further deployment of energy efficiency measures can have a range of co-benefits, including warmer homes and lower household carbon emissions, and can benefit the national economy by providing opportunities for jobs, investment and the growth of new and existing markets. It will also lower the costs to Government associated with providing support through the Energy Price Guarantee and other forms of government-funded support that might be put in place beyond that.

Progress in this area also needs to be seen in the context of the UK Government’s targets to upgrade fuel poor homes to EPC Band C by 2030 where reasonably practicable and to ensure all homes meet EPC Band C by 2035, where cost-effective, practical and affordable.

Main Deliverable

A report and analysis (no page limit) covering 2023-2030 and generating scenarios for how to meet the Government’s energy efficiency ambition relating to a 15% reduction in final energy consumption in domestic buildings by 2030 (considering both building fabric and heating measures, such as heat pumps). From an evidenced 2021 baseline (e.g. DUKES), the analysis should consider how to reach this kind of target. The analysis should consider what the policy, regulatory and public investment gaps are to meeting this scale of ambition, as well as identifying other barriers such as skills and industry capacity challenges. The analysis should also take into account the Government’s policy, plans and commitments and relate this to the gap analysis over the decade.

There should also be consideration given to the steps needed to be taken to get on track with a stretch ambition of around a 20% reduction in final domestic consumption by 2030 (based on the same 2021 baseline). (NB. This scale of target is understood to be closer to the scale of ambition envisaged in the independent Climate Change Committee’s Net Zero Balanced Pathway).

The report and analysis will be used to inform a short (6-8 page) report authored by WWF and ScottishPower, which will be published around the end of March/early April. This will reflect the key findings from the third party analysis with clear attribution and WWF/SP will look to join up on the development of this product.

Suggested Indicative Project Timeline

* Deadline for responses: 13th January 2023
* Decision from WWF and ScottishPower: 18th January
* Project kick-off: 19th January
* Kick-off meeting with WWF/SP w/c 19-20th January
* First outline of initial findings: w/c 13th February
* Draft (near final) report delivered for discussion: w/c 27th February
* Final report: by 17th March
[NB. We would like to retain the ability to incorporate any relevant policy updates announced in the Spring Budget as part of a final/near final version of the report. We are flexible on how this is incorporated into the timeline and report finalisation, but would like to receive any updates on a timeline consistent with WWF & ScottishPower publishing our own report around the start of April].

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. Regular 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 separate 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 by WWF/SP 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 in response to the brief
* Relevant organisational experience, expertise and skills of staff
* Quality and effectiveness of the proposed methodology, approach and ability to deliver the brief
* Cost and overall resource inputs

Proposal Submissions:

* Please submit your written proposal to latkinson@wwf.org.uk
* The deadline for submission is 13th January 2023

Consultant to be Appointed By: 19th January 2023

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:

£30,000

WWF-UK Contacts:

**Leanne Atkinson** – Climate Change Policy Advisor: latkinson@wwf.org.uk

1. It is recognised that the announced 15% reduction target is in respect of both domestic buildings and industry – however, for the purposes of this analysis we wish it to be (openly and explicitly) assumed that the aim is to reduce final energy consumption in domestic buildings by 15% by 2030 based on the 2021 baseline. It is also noted that the Government’s announced target is UK-wide – however, to keep the project manageable within timescales we are seeking a GB-wide analysis. [↑](#footnote-ref-2)