

11. CLEAN AIR AND ENERGY EFFICIENCY INCENTIVES PROGRAMME: UPDATE AND OTHER ISSUES

RR 10630

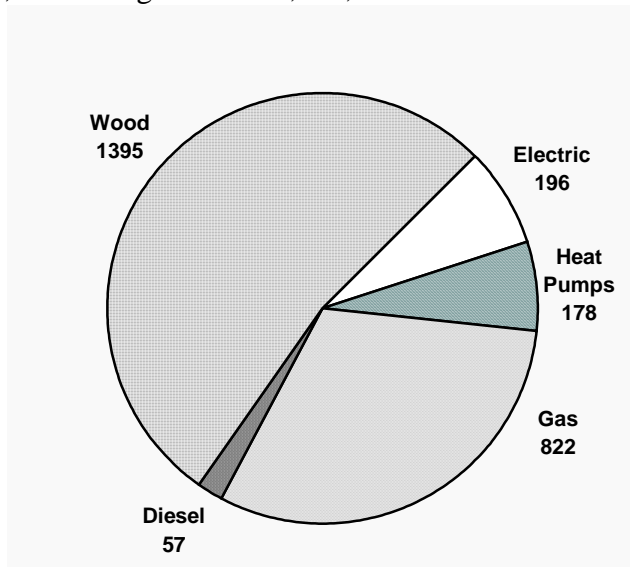
| | |
|---|---|
| Officer responsible Corporate Services Manager | Authors Michael Gaudin and Leonid Itskovich |
| Corporate Plan Output: Environmental Health Policy Vol II page 7.2.text12 | |

The purpose of this report is to inform the Council on the progress of the Clean Air and Energy Efficiency Programme to date and discuss possible modifications to the programme.

PROGRAMME UPDATE

Since the programme launch on 30 April 1998, a total of 2,648 open fires and coal burners have been permanently closed or removed and the following number of clean air heating appliances have been installed:

To date, clean air grants of \$1,282,510 have been made available to householders.



Energy efficiency measures have been installed in 229 homes. This included ceiling insulation and/or underfloor insulation. Energy efficiency grants of \$62,830 have already been made available to Christchurch householders.

REDUCTION OF CLEAN AIR GRANTS

At its meeting on 22 February 1999 the Council requested the Corporate Services Manager to report to the Strategy and Resources Committee on progressively reducing the clean air grants to encourage early conversion.

The Clean Air Programme offers a grant of up to \$300 towards the installation of an electric heater or a grant of \$500 towards the installation of either a complying woodburner, or gas heater, or diesel heater, or a heat pump.

When the programme was designed in 1997, its target market was estimated at around 7,000 participants. To date very few participants have opted for a cheaper electric replacement option; the majority of participants have installed more expensive heating appliances eligible for the \$500 grants (see graph above). As a result, the current average amount of grant is \$485. If this trend continues the existing available funding will be sufficient to subsidise only 5,000 installations out of the 7,000 estimated potential conversions.

From this point of view it may be beneficial to consider a reduction in the size of grants as reduced grants would assist a greater number of Christchurch householders to convert from polluting forms of heating, within the existing programme budget.

The international experience of implementing similar programmes suggests that an optimum level of government or municipal subsidies for general public is around 10-15% of the total costs of environmental or energy efficiency measures installed. This level of assistance is considered to be the right balance of cost and level of public support.

The Christchurch Clean Air Programme grant of \$500 towards the installation of a clean air heater represents usually 20-33% of the total cost of conversion.

Reductions in the level of incentives below their existing levels would accelerate the programme uptake rate in the short term. (Gradual and well notified reductions are used in Europe as a means of programme acceleration.)

However, this approach can be inappropriate for low-income households as any reduction in the amount of subsidy would reduce the affordability of clean air conversions. Although the Council has approved a separate programme for increased assistance to low income homeowners willing to convert to cleaner forms of heating, the implementation of this supplementary programme is subject to Canterbury Regional Council Air Plan coming into force.

Meanwhile, in the absence of the programme for increased assistance to low income homeowners, any reduction in the size of subsidy would result in a reduction of the Clean Air Programme uptake in the long term. If the low income assistance programme were in action, then the negative effect of reduced grants would be negated.

CANTERBURY REGIONAL COUNCIL COAL BAN HEARINGS AND POSSIBLE DATE OF DECISION

Currently, as at 23 August 1999, the hearing of the submissions is part way through and recommence on 20 September.

The coal ban hearings are scheduled to be completed by the end of September and the hearings on the Draft Air Plan are scheduled to commence mid October. Decisions on both the draft Air Plan and the Coal Ban, under section 369 of the Resource Management Act, will be released at the same time and this is expected to be early in December 1999. Should the Regional Council support the prohibition of burning coal in domestic premises the expectation is that this would come into force from the 1 January 2000.

REGIONAL HOME ENERGY RATING SCHEME

A regional Home Energy Rating Scheme (HERS) for Canterbury is a project that can be developed in the near future by a partnership between CCC, CRC and Energy Efficiency and Conservation Authority (EECA). Home Energy Rating Schemes are being used increasingly in Australia, Canada, the USA and the UK and are being applied to both existing and new houses.

For example, in the Australian Capital Territory an energy rating has to be provided whenever a house is offered for sale. In New South Wales, 55 city councils (representing two thirds of the state population) adopted the energy rating as part of a building permit procedure for new houses. The energy efficiency rating is being performed by a number of accredited assessors including, in several instances, the councils' officers.

Improvements in household energy usage flowing from the implementation of a regional HERS would generate significant improvements in the heating affordability, reduction of air pollution and would result in other health and social benefits for the people of the Canterbury region.

The proposed project is outlined in the attached EECA's document of 8 June 1999.

Recommendation: That the information be received.

Chairman's

- Recommendation:**
1. That incentives to encourage early conversion be considered as part of the 2000/01 Annual Plan.
 2. That staff be asked to report on a simple, self-funding Home Energy Rating Scheme for voluntary use by homeowners, landlords and tenants.