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CARBON TRADING – ACCELERATOR OR SOFT OPTION?
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Definitions

London Energy Partnership

'A Zero Carbon Development is one that achieves zero net carbon emissions from energy use on site'

'A low carbon development is one that achieves a reduction in net carbon emissions of 50% or more from energy use on site, on an annual basis'.

Carbon neutral new housing development can be defined as that which achieves zero net carbon emissions by offsetting emissions on site by investment off site to reduce emissions from existing housing
– this is a process that **eaga** calls 'carbon balance trading', which enables new housing development to fund energy investment in nearby neighbourhoods to achieve carbon neutral development *now.*
(note – same principles can be applied to water)

First advocated for implementation in housing growth areas of the South East by the Sustainable Development Commission in its July 2006 report '*Stock Take: delivering improvements in existing housing'*

Policy background – double dual challenge

The **dual challenge** of moving towards achieving zero carbon new housing by 2016 whilst significantly increasing lthe volume of housing production – a tension between two strategic housing policy objectives – can we simultaneously improve the quality *and* quantity of new housing ?

The **dual challenge** of rapidly reducing the carbon emissions from new development at the same time as reducing emissions from the existing stock, which will constitute over 80% of the stock in 2050

Industry response

Industry leaders – the volume builders – taking the agenda on board, but facing the problem of how to change a niche market for new sustainable homes into a mass market – the barriers of cost increases and the issue of a premium for zero or low carbon homes

Industry SMEs feel threatened by the prospect of the rapid ramping up of standards – House Builders Association reported to be concerned that housing output may suffer.

We are on an uncertain path to Code for Sustainable Homes Level 6 by 20116

However, unless there are significant innovations, we face the certainty of hundreds of thousands of new homes being built below CSH Level 4 by 2016 and thus a significant increase in carbon emissions as a result of delivering the government's house-building programme.

This outcome, combined with continuing under-investment in energy efficiency in the existing stock, will mean that the reduction in carbon emissions from our housing stock will be very modest by 2016.

Balance Trading – a new tool

The principle of Balance Trading (BT) is being applied by **eaga** – a not for profit company which delivers 250,000 energy efficiency improvements in the UK housing stock each year, on behalf of government and energy companies

eaga is promoting the application of BT by encouraging Local Planning Authorities and developers to agree to provide S106 investment in energy efficiency measures in existing stock adjacent or close to new housing development.

Initial applications in the East of England and the North-East

SECBE has recently been commissioned to work in partnership with eaga to examine and encourage the adoption of Balance Trading in the South East

Issues for discussion

BT has the potential to be an accelerator – i.e. it could speed up the rate at which we reduce carbon emissions from housing in the period up to 2016

But has it also the potential to be a soft option – i.e reduce the effort put into moving towards zero carbon new housing

Will BT result in a redistribution of the developer contributions with opportunity costs?

Or will BT provide a rationale for LPAs to negotiate increasing developer contributions in order to achieve carbon reduction targets?

How will the energy efficiency investment in the existing stock be delivered ? Will new links be needed between housing construction programmes and neighbourhood renewal and fuel poverty programmes?

Other isssues ?????????