



Condensing boiler policy demonstrates how incentives must work together

Inducements, compliance and increased awareness being used in harmony have transformed the domestic boiler market. Could this co-operation between government and industry be replicated in other sectors?

Every successful energy-saving programme needs precisely the same set of components. Carrots, to provide inducements. Sticks, to ensure compliance. And tambourines, to increase awareness.

But the three together, the programme can work. Omit any one, and you have a distinctly Sisyphean task, pushing that notorious boulder of altering consumer behaviour uphill.

I want to focus on one case study, where all three dimensions were employed. And which ended up delivering a really effective improvement in energy efficiency.

Less stringent standards

The subject matter is domestic gas boilers. In use in around 85 per cent of British homes. Each year around 1.4 million of these are replaced. And almost all of the replacements are now more than 90 per cent energy efficient.

Boilers are, of course, quintessentially traded goods. Some fifteen years ago, the European Commission tried to set minimum standards of efficiency for residential gas boilers. They succeeded but with far less stringent standards than they had hoped. The main country that fought against these higher standards was the UK. On the quixotic grounds that, because our boilers are mostly to be found in the living area, rather than the number houses as on the Continent, but "wasted" heat from their inefficiency helped to keep homes warm.

At that time, the high efficiency condensing boiler was a rare beast. I remember having one installed at home. Such was the lack of local expertise about this newfangled technology, every time it malfunctioned, somebody had to travel 150 miles from the manufacturers in Hull to effect repairs.

The technology became more reliable. But it remained a distinctly esoteric, niche market product. The similarities in market profile with another "alternative", high efficiency product, compact fluorescent lighting, are striking.

The first to break the logjam on this



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was the Energy Saving Trust. It began publicising condensing boilers as a trendy new concept in home heating. It deliberately offered cash back on every installation. Gradually consumers became more aware of the alternative option. A few more heating engineers became familiar with the technology. The market share crept up, almost into double figures.

But the full potential of delivering a 20 per cent or more improvement on each existing boiler remained unfulfilled. Enter a determined minister. Lord Whitty held the energy efficiency brief during the second Blair government. During that time, he presided over a transformation in the market for such boilers. Now almost 90 per cent of new installations

are high efficiency boilers, and 75% of these are A-rated.

Multi-faceted approach

How did he achieve this? First, by talking to the boiler manufacturers. And agreeing with them a multi-faceted approach. It was now clear that boilers worked well. But consumers had yet to demand them. And most heating engineers from whom they would demand them, on what is usually a distress purchase – "my old boiler has clapped out" – were yet to feel comfortable installing them.

The deal was simple. If the manufacturers would facilitate, Larry Whitty would provide some pump priming money for retraining of the heating engineers (carrots). This opportunity for subsidised, mid career retraining would receive maximum publicity within the trade (tambourines). And he would also arranged a special change of the relevant part of the Building Regulations, to make gas condensing boilers the norm (sticks).

It is two years since this thoroughly integrated programme was completed. It has been by any standards an unqualified success. An initial worry that old fashioned heating engineers would promote the patch and mend alternative to boiler replacements has proved unfounded.

Indeed the only blemish has been that the extra promotional effort, to encourage faster replacement of old boilers has yet to appear. This was flagged up in the 2006 Climate Change White Paper to deliver 200,000 tonnes of carbon by 2010. It would make a lot of sense to get this going.

But that should not detract from celebrating what has been a model of cooperation between industry and government. It has delivered an important step change in the market for energy efficiency. The old donkey has truly learned some new tricks. ■

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FURTHER INFORMATION

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