



**MONARCH PARTNERSHIP**  
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# ENERGY OUTLOOK

# 2021

The year '2021' is rendered in large, white, 3D-style block letters. Small, stylized green trees are placed at the base of each digit. In the background, a large, faint, light blue silhouette of a wind turbine is visible against the dark blue background.

# FOR SOCIAL HOUSING

# 2021

## ENERGY OUTLOOK FOR SOCIAL HOUSING

The unprecedented challenges and hardships that arose in 2020 continue to wreak havoc across numerous sectors, but social housing has been hit especially hard. This isn't surprising considering the challenges housing associations face in the best of times. Now, in addition to keeping costs low, they must also consider their role in reducing the UK's carbon emissions.

Social housing can be especially vulnerable to higher energy costs largely due to older builds with consequently low energy efficiency ratings. This can often lead to tenants struggling to pay their bills, and resorting to energy saving methods that compromise their health and wellbeing.

This has been especially devastating over the past year. With more people forced to remain at home during the winter months, the importance of [affordable warmth for social housing](#) has been amplified.

In 2021 we will see a rise in clean energy initiatives and a shift in focus towards better protection and support for customers. In this report, we look at the upcoming trends for energy in social housing and outline how Monarch can help your business get ahead of the curve.



## DID YOU KNOW?

The UK's ailing housing stock contributes to around one-quarter of the UK's carbon emissions.

Research shows that the EPC targets set in the 2014 Fuel Poverty Strategy are not drastic enough to achieve net zero carbon emissions by 2050.



# A focus on energy efficiency

Of the emissions savings projected in the [2020 energy white paper](#), buildings are expected to contribute the largest chunk. Through green gas, electrification, heat pumps, hydrogen, and district heating, the government hopes to significantly reduce the UK's heating emissions.

Helping to propel the decarbonisation initiative is the newly launched Zero Carbon Heating Taskforce which will be conducting a review of heating in the UK housing market this year. This will hopefully help spur green energy schemes and initiatives, making it easier than ever to renovate and optimise buildings across the UK.

Energy efficiency measures will help play a huge part in this initiative. The 2014 Fuel Poverty Strategy aimed to have as many homes as possible reach an energy efficiency rating of Band C by the end of 2030.

Since then, research has shown that this isn't enough to reduce our emissions to safe levels. An updated Fuel Poverty Strategy which sets more ambitious targets is expected in 2021.



## Landlords and property managers can prepare for this by:

### 1. Conducting an energy audit

An energy audit can detect cracks in your resource efficiency and find solutions to seal those financial leaks permanently.

### 2. Installing smart meters

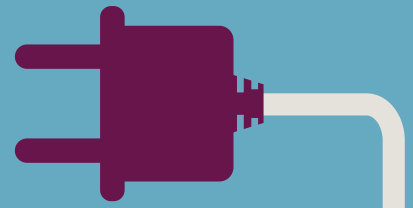
Smart metering is quickly becoming an essential part of every property's energy toolkit. Not only do smart meters provide property managers with more control and transparency, but they can also help to detect areas of inefficiency.

### 3. Improving building standards

With energy efficiency rating targets set to increase in the coming year, housing associations will have to consider insulation, glazing, and updating appliances. Nearly 50% of all the heat lost from houses escapes through the walls, and another 25% escapes through the roof. This makes proper insulation the clear solution for lowering energy costs and reducing emissions.

The good news is that social housing properties can benefit from having the walls and lofts insulated free of charge through ECO3. Monarch has teamed up with Origin Energy Services, who are licensed to carry out this work and have been doing so for many other housing associations and local authorities.

# Ramping up clean energy



Clean energy technology is quickly evolving: becoming less expensive and more efficient than ever before. For that reason, it is forecast to become a viable option for any business looking to reduce energy costs and maximise CO2 savings over the coming decade.

Renewable energy is not yet widely used for social housing in the UK. In fact, there has been a downturn in renewables investment in social housing despite incentives like RHI and FiT. But this could change as it becomes a more cost efficient and sustainable option. Through the combination of efficient build standards, low carbon heating, and renewable installations, buildings could contribute to the largest chunk of emission reductions over the next decade.

## Onsite generation

For many organisations, energy security is a growing concern especially in the uncertainty caused by Covid-19 and Brexit. Social housing especially needs to make sure they can buy energy for reasonable prices.

Onsite generation provides this security and helps to avoid non-commodity costs which can make up to 60% of energy bills. This can also become a source of passive income when combined with battery storage, allowing you to sell energy back to the grid at times of peak demand.



## Renewable energy procurement

Renewable power purchase agreements (PPAs) are the greenest energy option after onsite generation. PPAs give customers the option to buy energy from a renewable project, often at a fixed price.

There are different types of PPAs. One option is purchasing the energy from a nearby or on-site generator, which means you avoid any non-commodity charges. Another option is purchasing from a project that isn't directly connected. These are often offered as a packaged block of energy to a consumer.

Renewable PPAs are seeing a global surge as countries like the UK expand their clean energy generation. Hopefully, the push for sustainability across the housing sector will prompt an increase in renewable energy generation and usage in social housing, where energy security is most crucial.

## Electric vehicle infrastructure

The government bringing forward its plan to ban the sale of petrol and diesel cars to 2030 has added urgency to the roll out of EV charging stations across the UK. Housing associations will have to consider the inevitable necessity of installing this infrastructure. This will be a growing trend in the coming years as petrol and diesel cars are rapidly phased out and replaced with their eco-friendly counterparts.

# A rise in empathy

Another trend to bloom out of the wreckage of 2020 is growing social awareness. After a year full of momentous change, which left many in a state of uncertainty and anxiety, there has been an outpouring of empathy. The focus across the UK has turned towards a sustainable and ethical recovery, with better care and support for those most vulnerable.

This trend extends to the energy sector, where there will be more emphasis placed on tenants and customers wellbeing. This will mean a huge push for more transparency, better relationships, fairer prices, and higher standards. The roll-out of stricter billing regulations and widespread installation of smart meters will provide customers with

more transparency. It's also crucial for tenants in social housing to be made aware of how they can save energy without sacrificing their wellbeing. Provide your tenants with information on any sustainability efforts and recent efficiency upgrades as well as tips for conserving their heat and electricity. This will not only help to cut costs but more importantly, gives your tenants a sense of safety and support.



# How you can get ahead of the curve

With many working from home or furloughed, this is a busy and stressful time for businesses of any size. By outsourcing your energy admin to a specialist, you can free up valuable time and reduce stress.

At Monarch, we can help turn your carbon compliance risks into opportunities by simultaneously finding potential refunds through bill validation.

## Carbon Compliance

- **SECR:** SECR aims to further incentivise the improvement of energy efficiency and reduction of carbon emissions. Since it applies similar qualification criteria to ESOS, it also reduces some of the administrative burden of overlapping carbon schemes.
- **ESOS:** ESOS provides a real chance to improve the energy efficiency of your business, on a continual basis, to make significant cost savings. The compliance deadline for Phase 3 of the scheme is the 31st December 2022.
- **CCAS:** Complying with the CCA scheme means you can receive a Climate Change Levy (CCL) discount on your electricity and gas bills.

## Helpful government schemes

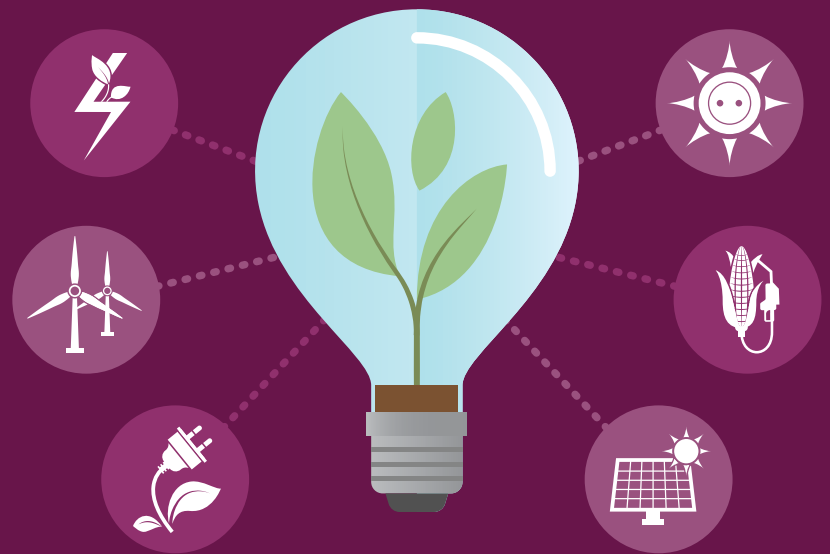
- **SEG:** The SEG came into effect on 1st January 2020, replacing the Feed-in Tariff (FiT) scheme. It offers payment to anyone with installed renewable generation capacity who exports excess electricity to the National Grid.
- **RHI:** The Renewable Heat Incentive (RHI) provides businesses, the public sector and non-profit organisations with financial incentives for the installation of renewable heat. Payments for eligible installations are based on the amount of renewable heat generated.
- **ECO:** The Energy Company Obligation (ECO) helps to reduce carbon emissions and tackle fuel poverty. It is largely based on the Home Heating Cost Reduction Obligation (HHCRO) which requires energy suppliers to promote the installation of efficiency measures that lead to financial savings, such as the installation of insulation.



# Who we are

At Monarch Partnership we have an experienced and dynamic team of energy consultants who specialise in the housing sector. We're currently managing energy procurement, bill validation and energy efficiency solutions for over 200 Housing Associations.

As the energy landscape evolves, carbon neutrality will become central to all businesses. We keep our clients ahead of the curve by finding them affordable sustainable solutions, whilst ensuring they are achieving all their necessary carbon compliance.



# How we can help



Cost Management



Procurement



Carbon Reporting



Sustainability

We recognise the unique challenges Housing Associations face in keeping costs and carbon emissions low. Fortunately, we also know that if successfully managed, the two can easily go hand in hand.

Our expert team can guide you through auditing, monitoring, and optimising your energy management. We can future-proof your organisation by finding hidden financial savings in areas of inefficiency and waste.

If you are interested in preparing your business for a green future, **contact us at Monarch Partnership today.**





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**[www.monarchpartnership.co.uk](http://www.monarchpartnership.co.uk)**

Monarch House, 7-9 Stafford Road, Wallington, Surrey, SM6 9AN

**T:** 020 8835 3535 | **E:** [savings@monarchpartnership.co.uk](mailto:savings@monarchpartnership.co.uk)

Monarch Partnership Ltd, Registered in England, (Reg No 4346309), VAT Reg No: 793 6132 10

Published in the UK: January 2021

