

Climate Policy on the Built Environment

Advice 2: Climate Crisis Policy Team (KBT)

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Summary

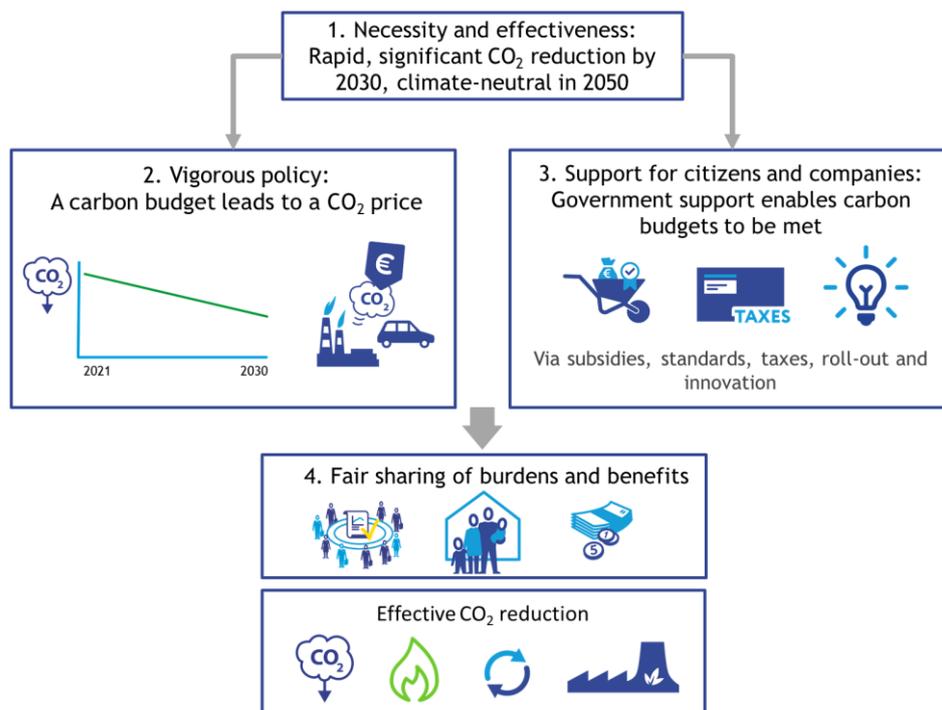
While there is widespread appreciation of the need for vigorous climate policy, too few people are translating this into reducing their energy use in their own homes and consumption patterns. That is mainly down to measures being expensive and today's energy prices providing no financial incentive for reducing energy demand. The national government is the only party that can remedy this - through mandatory measures, pricing and subsidies, but also by supporting citizens in adapting their homes and giving them the confidence we're all in this together.

The Climate Crisis Policy Team (KBT) sees the need for a four-track policy to reduce emissions in the built environment both swiftly and equitably:

1. A clear narrative that climate change means we need to rapidly reduce our CO₂ emissions, including those in the built environment (necessity and effectiveness).
2. Vigorous policy, by introducing carbon emission budgets.
3. Advice and support for citizens to take action to cut their emissions.
4. Compensation of additional expenditure for the lowest income groups.

Figure 1 illustrates the main thrust of this KBT policy advice.

Figure 1 - Main thrust of KBT advice



1. Necessity and effectiveness

If the government is serious about pursuing a climate crisis policy, the underlying reasoning needs to be clearly explained in language understandable to everyone. The same holds for what that policy precisely entails and what it will achieve. The government must ensure citizens are imbued with an awareness of why a rapid reduction of CO₂-eq. emissions in the built environment is needed, alongside other sectors - not only in the Netherlands, but around the world. This is essential if we are to halt the rapid pace of climate change.

2. Vigorous policy: zero-carbon energy carriers and a major reduction in energy demand

The only way to rapidly reduce CO₂ emissions in the built environment is to achieve a rapid and major reduction in both energy demand for heating and the carbon content of the energy used ('track 2'). The best guarantee for this is to introduce a national budget for total annual CO₂ emissions. This budget should be set by Parliament, with the price of 'emission allowances' subsequently being determined by the market. With aggregate CO₂ emissions budgeted, the price of fossil energy will rise.

3. Support for citizens and companies

It is therefore important that there be flanking policy to help residents and homeowners reduce energy demand for heating and have access to zero-carbon energy. This supportive policy ('track 3') builds on the district/estate-based strategy of the National Climate Agreement.

We recommend the government pursue an active policy to help citizens reduce their energy consumption through insulation, good ventilation and higher-efficiency heating units. The government will also need to take steps to increase the capacity of the installation and insulation sector. Recommended measures include:

- for new dwellings and buildings, no gas connection and net-zero energy consumption;
- training of green installation and post-insulation workers in partnership with market parties;
- independent, reliable government advice to help citizens understand what steps they can take;
- a differentiated insulation standard, on transfer of the dwelling/building for the owner/residents and for rental (within 10 years of notification), for example, with an obligation for municipalities to enforce it;
- for citizens who cannot afford it, new heating provisions and post-insulation free of charge.

Concrete policies to reduce the carbon content of gas, electricity and heat have already been elaborated in the National Climate Agreement when it comes to electricity.

The following additional steps need to be taken:

- Grid operators will have to be given the option of cutting off the gas supply to certain areas, after approval by the local council, once only 30%, say, of the dwellings/buildings still have a gas connection.
- At the same time as pursuing a substantial reduction in demand for gas, an obligation could be introduced (as already in place for motor fuels) for blending in zero-carbon gas, rising from 1% now to 100% in 2040 (by which time total gas consumption will be vastly lower).
- For heat, already covered by the Collective Heat Supply Act, it is above all important that wider use is made of district heat by extending and renewing existing systems and that resident-supported heat corporations are set up. This could be accelerated by covering heat companies' initial losses and the 'unprofitable component' for the first residents and companies connected.

It is also essential to transform the energy tax into a carbon tax, with no tax being paid on zero-carbon sources and a tax indexed to CO₂ emissions from production and use for other sources. In moving towards zero-carbon energy carriers, it is essential that sustainability limits are respected, with no problem-shifting.

4. **Compensation of rising energy costs**

Another key issue in maintaining public support for swift and effective climate action is that those unable to shoulder the extra costs are compensated accordingly. Energy poverty and fair distribution of the costs of climate policy are key issues.

Today's energy transition is not the first: natural gas has not always been a given, for example. History shows that even if public resistance must be overcome, with well thought-out and clear government policy major change is possible within a relatively short period of time.