



Developers need incentives for energy efficient buildings, report says

BY Scott Simpson

Vancouver Sun

Friday, March 21, 2008

VANCOUVER - Traditional business practices by financiers, engineers, architects and even landlords are greatly at odds with global efforts to conserve energy and cut greenhouse gas emissions, says a new report from the International Energy Agency.

The report on barriers to energy conservation, titled Promoting Energy Efficient Investments, identifies "market failures" in the residential sector as "a significant impediment" to efficiency gains that could actually save consumers money and take a huge bite out of carbon dioxide emissions.

Lowered consumption could also boost energy security for those nations that trim their appetite for light and heat.

Here in British Columbia, the provincial government is planning to introduce carbon taxes on home heating and gasoline as means of deterring energy consumption - and it has also ordered BC Hydro to take aggressive measures including a two-tier rate system that imposes significantly higher electricity rates on customers using more than average amounts of power.

Those initiatives are making B.C. a leader in North America for energy conservation - but the Agency report suggests the governments can expect only limited success unless they address some fundamental and systemic problems in the residential property market.

The report warns that while consumers will spend money to upgrade buildings, appliances, cars and other equipment for reasons of health, safety and status, the comparatively small savings from using energy efficient lighting and furnaces means it is "rarely a high priority issue."

Similarly, architects and engineers who do extra work to design energy efficient buildings may end up cutting their clients operating costs, but are themselves penalized in the form of lower fees for increasing the capital cost of the projects - hence, there's a strong disincentive to do that work.

"The building sector in particular presents one of the biggest opportunities for cost-effective energy consumption reduction," says the report, which looked at policies in five jurisdictions including the United States, Japan, France, Germany, the United Kingdom and the European Union overall.

Member countries of the Paris-based agency include Canada, the EU, and the U.S.

The report says worldwide energy consumption would actually be 56 per cent higher today, compared with 1973, without energy efficiency policies already in effect.

Buildings consume 40 per cent of the world's primary energy and emit 24 per cent of CO2.

However, the report warns that opportunities for further reductions are languishing.

For example, it says barriers in the residential development sector are "numerous and complex" - and that energy efficiency goals appear to be entirely at odds with economic interests in the building sector.

"Most actors in the building chain do not have adequate training and knowledge in energy efficiency. Suppliers, manufacturers, promoters, and financiers alike, tend to lack the necessary skills to adequately promote energy efficiency products to their customers."

Within banks and other financial institutions that loan money for building and home purchases, "energy expertise is almost nonexistent."

The report also noted a disincentive for both landlords and tenants - property owners tend to focus on their capital investment rather than operating costs, which they can pass along to renters.

Tenants don't have any incentive to make changes because they don't have a long-term interest in their homes.

The report suggests that the private sector cannot be expected to act without action by governments to "establish more favorable grounds for energy-efficient investments."

ssimpson@png.canwest.com

CLOSE WINDOW

Copyright © 2008 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.
CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.