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## British Energy Conservation

by Dr. John Cunningham\*

**T**HE DECISION TO devote this issue of the *Journal* to world resources is most welcome. At a time when most of these resources are coming under increasing pressure, informed debate on the issues can only be beneficial.

Energy is a key world resource. The standard of living and the well-being of the industrialised world depend on adequate supplies of energy as do the hopes and aspirations of the developing world. It is therefore right that the international community should be concerned with the use of a resource which is indispensable to us all.

Energy conservation—the more economic and efficient conversion and use of energy in all its forms—is now an integral part of energy planning. As awareness increases of the limits on the world's supplies of traditional fossil fuels, particularly oil and natural gas, the need for a vigorous conservation effort by industrial countries simultaneously increases. The need to conserve energy was recognised last May at the London summit of major Western powers. It is continually recognised in the work of the member states of the European Economic Community and in the wider context of the International Energy Agency. Of course, it is recognised in the United States in President Carter's efforts to develop a conservation programme.

Energy conservation is crucial in both international and national terms. It lengthens the life of our precious fossil fuels; it reduces energy costs and it buys time for the development of additional or alternative energy sources.

In the short-to-medium term, Britain's prospects for a secure supply of energy from indigenous sources are excellent. We recognise, however, the need to prepare now for declining and increasingly expensive supplies of oil and gas expected in the longer term. Indeed, as an industrialised trading nation dependent on the strength and competitiveness of its manufacturing base for survival, Britain is determined to build conservation into the fabric of its national life.

We have been developing our energy conservation policies over the

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last four years principally on a cooperative basis of voluntary action stimulated by example, information and encouragement from government. It is a programme born out of a very open system of policy formulation involving industry, advisory bodies and pressure groups, and includes the publication of a wide range of information and consultative documents, discussions in a recently established energy commission which embraces the consumer, trade union, industrial and conservationist interests as well as the fuel suppliers themselves, and of course Parliamentary debate.

There are three main strands to our conservation approach, and three main areas of attack—industry, the domestic sector and transport. Our programme is designed to promote energy-saving in industry—the major energy using sector; in housing where insulation levels and heating controls are patently inadequate; and in transport—where despite our relative fuel economy compared to the United States, there is still a great need for further saving.

The first strand in our approach is pricing policy. Current energy prices are the product of the varying circumstances and histories of the individual supply industries. The price of oil in Britain is determined by the international market. But coal, gas and electricity—produced by nationalised industries in Britain—are not traded internationally to the same extent as oil and therefore the government has greater scope for influencing pricing policies. This influence operates indirectly through the financial framework in which the nationalised fuel industries operate. Up to 1974 energy prices were artificially held down by the administration then in office. But in the interests of the proper use of resources the present government believes that energy prices need to reflect at least the cost of supply and substantial progress has been made in bringing energy prices back towards economic levels. Realistic economic signals are an essential basis for maximising the efficient use of energy.

The second strand is publicity, information and advice. As well as running a major campaign—“save it”—using the full range of the media aimed at changing fundamental and long-established attitudes to energy use, the government offers a very wide range of consumer and technical advice and assistance to all energy users, whether at home or at work. We believe that this kind of guidance helps to alleviate the possible effects of blunt price increases, particularly for the poorer sections of the community and for the small businessman.

The third strand in our conservation policy rests on government example, and there was a major development in this area in December

1977. The Secretary of State for Energy announced a new investment programme to insulate two million public sector houses and to raise the efficiency with which energy is used—primarily for space heating—in a whole range of public sector buildings such as schools and hospitals. This ten year programme is costing U.S. \$600 million in the first four years alone. This kind of public investment in public buildings is felt necessary because we believe the government should show the way.

The British approach to energy conservation is marked by a very limited and selective use of incentives and mandatory measures. The most notable of these are: a statutory limit on heating levels for all non-domestic buildings (with some exceptions), the introduction of higher thermal insulation standards in building regulations for new buildings, and fiscal incentives in the form of 100 per cent tax allowances for the insulation of industrial buildings.

With the small-to-medium sized firm particularly in view, we have introduced a number of schemes to provide financial assistance so that lack of cash need never hold back investment. Under these schemes the government will: subsidise consultancy surveys of energy use, provide a quick advice service by the "freefone" system, and develop a programme of industrial demonstration projects designed to encourage the more widespread application of existing energy saving technology.

Our approach in the transport sector is more long-term, based on improvements in the efficiency and design of the internal combustion engine. We have opened discussions with the motor industry in Britain on possible targets for raising the average miles per gallon in new cars and on methods of achieving those targets. And oil companies and motor manufacturers are already working towards getting more out of the fuel we use in cars. In some cases the government is seeking to ensure the availability of information by legislation if necessary, for example, by instituting a programme for fuel consumption testing of automobiles to provide comparative information about the miles per gallon achieved under standard conditions. This measure will be in force from April 1978 under powers taken in the Energy Act of 1976. And in line with our general approach, we continue to promote good maintenance and economical driving techniques in our publicity campaign.

In the United Kingdom domestic housing sector where roughly eighty per cent of the energy used in the home provides space and water heating, there are three main problem areas: public sector housing (which is to be treated by more than \$200 million from the

package of measures announced in December), owner occupiers, and private sector tenants.

The government has sought to persuade house-holders by means of information, advice and promotional campaigns to act in their own financial interest by improving the insulation in their homes, by shutting out draughts and by improving the control over energy use. There is plenty of room for improvement. A recent survey suggests that some five million private houses out of a total national housing stock of nineteen million are still without loft insulation.

The case for increased use of financial incentives and mandatory measures is kept under constant review, and the government has made it clear that these will be developed and reinforced as and when necessary. We have deliberately avoided overburdening people with legislation in this policy area. In our general approach we prefer to proceed by persuasion and conviction rather than by conscription and compulsion. Accordingly, the government's "save it" campaign represents an almost unprecedented attempt through use of the media to advise, persuade and influence people in their decisions about energy use.

It remains a fair question to ask what this peculiarly voluntarist British approach to energy conservation has achieved. It is certainly not easy to estimate what the savings have been, or what they would have been had we had greater recourse to the statute book, but a preliminary (and inevitably approximate) assessment suggests that energy saving is running at about six percent per annum. Accordingly, total savings over the four years of 1974 to 1977 could be worth around U.S. \$4 billion measured in terms of oil which would otherwise have had to be imported.

We believe we have made a good start on energy conservation in Britain. But it is just a start, and we must do better. That is what we intend to do.