



NBPM RT 215

CC NO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Dear Peter,

51 MAY 1985

ENERGY CONSERVATION

Thank you for sending me a copy of your letter of 1 April 1985 to the Prime Minister. I have now seen the reply from her office.

I am surprised that you have written about energy conservation without mentioning the work that PSA has done in the 1970s and 1980s. Of course, despite the very considerable savings achieved by PSA over many years, there still remains scope for further savings. That is why, in spite of our very tight squeeze on accommodation expenditure, we expect to spend about £14m in 1985/6, on continuing the programme of capital investment in energy conservation measures with a short payback period. Moreover, we have set a target of a further 12% reduction in energy expenditure on the civil estate for the three year period starting 1 April 1985.

PSA has been pursuing energy efficiency since 1972 - well before the oil crisis - and we have achieved the following savings on the civil estate:-

1972/3 to 1977/8	35% of 1972 consumption
1978/9 to 1983/4	22% of 1978/9 consumption

We have been able to do less on the MOD estate, because we have less control but, even so, savings now exceed 30% of 1972/3 consumption. We hope, in co-operation with MOD, to achieve even more, particularly as a result of the new initiatives introduced last year for energy saving in MOD (Navy) establishments.

In all the value of the savings attributable to PSA's energy conservation initiatives is estimated at £110m per annum at 1983/4 prices, and the Select Committee on Energy in their Fifth Report 1981-2 commended us. However, capital investment and energy management systems, although they are the main source of energy savings, are not the whole of the story and you are right to stress the part to be played by the Departments occupying Government buildings.

This is particularly important in the light of the development of the Property Repayment Service. Under PRS Departments are

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charged for energy costs and are accountable for the expenditure. The responsibility for energy savings which it is within the capacity of the occupants of buildings to achieve, rests squarely on the officers responsible for the economical use of accommodation as a whole. I agree that we should make this clearer and I shall be taking up your suggestion with which the Prime Minister agrees about the appointment of an energy efficiency condition when we take action on the recommendations of the MPO's Accommodation Review.

I am afraid you cannot argue from Thames House South experience to the rest of the Government estate. Thames House South is on a short lease which makes capital expenditure by us unprofitable compared with other opportunities and, as you know, we fund, within our limited resources, energy conservation capital investment measures in the order of their profitability. But the design of Thames House South is such that there is considerable scope for saving in electrical energy consumption on the part of the occupants, which I know you will be seeking to achieve.

I am copying this letter to the Prime Minister and other recipients of your letter.

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Yours
Patrick

PATRICK JENKIN