



Recommendation of the Council on
the Reduction of Environmental
Impacts from Energy Use in the
Household and Commercial
Sectors

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Background Information

The Recommendation on the Reduction of Environmental Impacts from Energy Use in the Household and Commercial Sectors was adopted by the OECD Council on 21 September 1977 on the proposal of the Environment Committee (now called Environment Policy Committee). The Recommendation recommends that management of energy demand should be a major element of combined environmental and energy policies in the household and commercial sectors.

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Recommendation of the Council of 14 November 1974 on Energy and the Environment [C(74)222];

HAVING REGARD to the Secretary-General's proposals for follow-up action to the Long Term Energy Assessment [C(74)259];

HAVING REGARD to the Recommendation of the Council of 18 June 1974 on Guidelines for Action to Reduce Emissions of Sulphur Oxides and Particulate Matter for Fuel Combustion in Stationary Sources [C(74)16(Final)];

HAVING REGARD to the Recommendation of the Council of 14 November 1974 on Measures Required for Further Air Pollution Control [C(74)212];

HAVING REGARD to the Recommendation of the Council of 12 October 1976 concerning the Reduction of Environmental Impacts from Energy Production and Use [C(76)162(Final)];

HAVING REGARD to the conclusions of the Report relating to the Environmental Impact from Energy Use in the Household and Commercial Sectors [ENV(77)12];

RECOGNISING that the products of combustion, produced in providing energy for the household and commercial sectors, contain noxious substances, such as sulphur dioxides, nitrogen oxides and particulates, which are health hazards in certain concentrations;

RECOGNISING that increasing energy consumption in the household and commercial sectors contributes significantly to total energy use and that there is a need for policy action to reduce adverse environmental impacts from energy production and use in areas of high population density;

RECOGNISING that energy policy decisions must strike a balance between all relevant elements, such as economic, security of supply and environmental considerations;

On the proposal of the Environment Committee;**RECOMMENDS** that:

1. Management of energy demand should be a major element of combined environmental and energy policies in the household and commercial sectors and that these policies be co-ordinated and be mutually reinforcing in both providing protection of the urban environment and conserving energy; the mutuality of these policies should be given public recognition in policy statements.
2. Preference be given to energy policies in the household and commercial sectors aiming for growth rates and composition of energy consumption that are compatible with environmental aims and would therefore be less harmful to the environment.
3. Effective energy conservation measures, which provide specific environmental benefits, taking into account economic and social costs, should be selected and given priority for the household and commercial sectors.
4. The energy distribution system and the utilisation of clean fuels in high density urban population areas should be progressively improved to meet environmental requirements.
5. Land use planning for urban areas should formally incorporate an evaluation of environmentally desirable energy systems such as district heating, and of urban designs which might lead to the reduction of the environmental impact of energy use.

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6. Public information programmes be implemented that stress the environmental benefits of energy conservation in the household and commercial sectors.
 7. In order to ensure that the measures referred to in paragraphs 3, 4, 5 and 6 above are implemented in such a way that full environmental benefits are obtained, assessments should be carried out of the environmental impacts of energy use in clearly-defined large urban regions before and after implementation of the above measures in these areas.
 8. In implementing these recommendations the attached conclusions should be taken into consideration.

ANNEX

GENERAL CONCLUSIONS RESULTING FROM THE STUDIES ON THE ENVIRONMENTAL IMPACT FROM ENERGY USE IN THE HOUSEHOLD AND COMMERCIAL SECTORS**I. Compatibility of Demand Management of Energy with Environmental Objectives**

1. When environmental benefits result from conservation policies these benefits should be stressed in support of these policies.
2. From the environmental point of view it is desirable that low polluting energy sources meet the energy needs of areas with high density of population and low environmental absorption. Energy supply policies should, therefore, give adequate attention to local environmental needs.
3. It will assist environmental planning if policy aims for reducing energy consumption are quantitatively expressed.
4. Policy formulation and implementation will be greatly facilitated if data on energy use and related environmental effects are collected in an internationally agreed format on a national and regional base for each country.
5. National and regional energy goals should be taken into account along with broader environmental and social objectives in conducting land use planning. Planning for all aspects of urban development should take account of both environmental factors and the need to avoid wasteful use of energy.
6. Energy research and development efforts are needed to develop environmentally sound use of plentiful energy sources and to reduce energy consumption, together with technological improvements in energy appliances. A major focus of research should be the prediction of the social, economic, energy and environmental consequences of energy conservation and supply measures in order to allow an enlightened choice among alternatives.
7. When the reduction in the growth rate of energy consumption requires energy saving investments then the calculation of the overall benefits and costs should include also the resulting environmental changes.

II. Pricing

1. From the environmental point of view, it is desirable to ensure, as far as possible, that energy prices take account of the entire social cost, *inter alia* the environmental cost, of energy use. For this purpose, energy pricing policies, including energy tax measures, should take into account the different environmental costs associated with the production and transportation of energy, as well as other factors such as the welfare of the consumers.
2. Energy pricing policies should facilitate the use of low temperature heat where such heat is suitable to achieve the end purpose desired.
3. Utilities' marketing practices and rate structure should encourage efficient use and saving and discourage over-use of energy.

III. Financing

Retrofitting of existing buildings and the long term development of district heating are highly desirable from the environmental point of view and their financing should be facilitated. Financing arrangements, however, should be justified on the basis of long-term total net social benefits, including environmental benefits, arising from combined environmental and energy improvements.

IV. Regulations

1. Increased thermal and lighting efficiency in new commercial and public buildings and new residences should be introduced through changes in building codes and better integrated design.
2. Central and local governments should by their example contribute to the reduction in wasteful use of energy.
3. Energy efficiency labelling that indicates end use energy efficiency or net energy consumption should be introduced for all major consumer appliances.
4. Government regulations should be used to ensure efficient operation of household burners and boilers which produce significant local environmental benefits.

V. Information Programme

Comprehensive public education programmes, including school programmes and consultative facilities and training for personnel concerned, should be provided on the economic and environmental benefits of improved energy use and conservation; in particular, the efficient use of heat and hot water should be encouraged.

VI. Institutional Arrangements

1. National energy and environmental authorities should be encouraged to co-ordinate their activities as closely as possible.
2. One of the functions of such co-ordinating activities would be energy planning at the regional level promoting environmentally acceptable systems, e.g. district heating.

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