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*Dear Mr George*

**LOCAL ENERGY SUPPLY FOR NEW DEVELOPMENT AND THE 'MERTON RULE'**

Thank you for your letter of 21 August on this subject. I hope this response will clarify our views that we expect to set out in the Planning Policy Statement (PPS) later this year.

First, let me assure you the Merton Rule will not be scrapped, despite reports to the contrary. The Merton Rule has acted as a real incentive to provide local renewable energy and cut carbon emissions.

Our policy, building on PPS 22, which we set out in our July *Building a Greener Future* policy statement is more ambitious about local renewable energy, not less.

Our target for all new homes to be zero-carbon by 2016 has set a world standard. We want to achieve a 25% reduction in carbon emissions from new homes by 2010, and nearly 50% by 2013 before reaching zero carbon in 2016. These reductions will be required by national binding building regulations. We will also want to achieve ambitious carbon reductions from new commercial buildings and we are currently working on setting a similar framework though the timing may vary.

This will only be possible with both higher levels of energy efficiency and much greater use of local renewable and low carbon energy. We will not achieve our zero carbon standard without the use of green energy.

As we gear up to our zero-carbon ambition, councils will be able to continue with and adopt new Merton Rules, although it is very important they are properly tested as part of development plan documents. Clearly Merton Rules must be well-founded to ensure they are achieving their ultimate aims – of cutting carbon.

We also believe they should also be sufficiently flexible to allow for off site as well as on site renewable technologies and councils should also consider wider local low carbon opportunities. The emphasis should be on minimising carbon emissions and maximising the scope for innovation. When there are clear carbon savings to be had from local energy supplies they should be included.

In their forward planning, councils also need to bear in mind that by 2016 the national zero carbon standard will mean local Merton Rules are no longer needed for new homes – which in practice will require a combination of energy efficiency measures and renewable and low carbon energy supply.

As we have said in *Building a Greener Future*, councils should have a strategy for securing decentralised and renewable and low carbon energy in new development. Our new Planning Policy Statement on climate change will therefore support local strategies that include both site (and area) specific targets and Merton-style rules. The area specific targets should be set for locations where higher proportions of renewable and low carbon energy are feasible and viable.

All these strategies should be properly tested through the planning system rather than introduced on an ad hoc basis when individual planning applications come in. We therefore believe the local approach to be set out in a development plan document, not a supplementary planning document, so as to ensure examination by an independent Inspector. Clearly it is important that the approach to renewables is consulted on and tested, and does not prevent the delivery of housing targets in the area, and badly needed affordable homes.

As I'm sure you will agree, we need to make sure that we deliver more affordable homes alongside higher environmental standards. What is asked of developers therefore has to be feasible and viable. For instance, Merton's original policy through its thresholds recognises the difficulties of viability for very small developments. We also want to ensure that councils are not looking for excuses to deter or delay development.

Building and delivering these strategies will require practical steps by local councils, developers and energy companies. We know this will be demanding. All involved will need to be innovative and committed to developing new cost-effective technologies that will reduce carbon emissions.

We will want the most to be made of local opportunities for low and zero-carbon technologies, alongside promoting more economic development and housing.

The new PPS will be supported with practice guidance designed to help practitioners get the most from our new approach and deliver sustainable development on the ground.

Our 'Merton-plus' approach will be challenging to councils and developers alike but I believe it will allow us to move to a zero carbon culture. We know this is not going to be easy. It requires a revolution in the way in which we design, heat and power new developments.

And it will also require all kinds of groups and organisations – developers, councils, environmental groups and local communities – to work together to ensure we achieve this ambition.

Yours sincerely  
  
MYVETTE COOPER