Energy conservation in buildings as a way to reduce the emission of greenhouse gases is forcing an urgent re-examination of how closely thermal and air quality conditions should be controlled in buildings. Allowing conditions to drift outside the optimum range would conserve very large amounts of energy and would in most cases have only marginal effects on health or subjective comfort. The question that then arises is whether occupant performance would be negatively affected and if so, by how much. This information is required for cost-benefit analyses. The answers in this paper are based on laboratory and field experiments that have been carried out since the massive increase in energy costs that took place in the 1970s. Although only a few of the mechanisms by which indoor environmental effects occur have been identified, it is already clear that any economies achieved by energy conservation will be greatly exceeded by the costs incurred due to decreased performance. Reducing emissions by allowing indoor environmental conditions to deteriorate would thus be so expensive that it would justify greatly increased investment in more efficient use of energy in buildings in which conditions are not allowed to deteriorate. Labour costs in buildings exceed energy costs by two orders of magnitude, and as even the thermal and air quality conditions that the majority of building occupants currently accept can be shown to reduce performance by 5e10% for adults and by 15e30% for children, we cannot afford to allow them to deteriorate still further.