

# Energy Efficiency Commitment – The Way Forward

Ofgem's EEC Annual Review  
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# Structure of presentation

- EEC 2002-05
- EEC Development
- Elements of 2007 Review
- Stakeholder Involvement
- Conclusion

# EEC 2002-05

- Suppliers: Success in exceeding targets – by a significant margin
- Ofgem: Efficient administration of EEC
- Energy efficiency industry: Delivery of measures when needed
- Others, including local authorities & retailers: Productive partnerships with suppliers

# EEC 2002-05 - Assessment

- Ofgem's Annual Report to Secretary of State
- Defra assessment, to include carbon impact
  - by Autumn 2005

# Observations

- Suppliers stepped up activity significantly in 3<sup>rd</sup> year
  - good sign for meeting EEC2 targets
- Overarching target & carry over
- Impact of uplifts
- Impact of changes to scoring
- Impact on installers/manufacturers
- Impact on changing consumer behaviour

# EEC Development

- Energy Efficiency Action Plan stated Government's intention to extend EEC to 2011
- Climate Change Programme Review this year
- EEC Review in 2007

# 2007 Review – Evaluation of EEC

- Defra's Assessment of EEC 2002-05
- Monitoring of supplier activity under EEC 2005-08
- Monitoring of current EEC incentives, e.g.
  - Energy services, in conjunction with Ofgem's monitoring of 28-day rule trial
  - Level of take up of innovation incentive

# 2007 Review – Market Factors

- Independent review of insulation industry supply chain (manufacturing, installation, skills and training capacity)
- Consumer demand – EST assessment of the impact on consumer awareness and behaviour of activity to promote energy efficiency (by suppliers, industry, EST, Defra and others)

# 2007 Review – Consumer Issues

- Cost to consumers - Detailed analysis by Defra, drawing on a wide range of sources
- Social impact – Balance with primary objective of EEC to achieve carbon abatement
- Defra to consider impact of EEC on vulnerable households as part of Fuel Poverty Action Plan

# 2007 Review – Other Policies and Measures (1)

- Defra Five Year Strategy Commitment to *“examine the role which tradable white certificates could play in promoting further improvement in promoting energy efficiency, as part of the next phase of EEC”*
- Work on the possible role of white certificates under EEC and the wider potential for new market-based mechanisms

# 2007 Review – Other Policies and Measures (2)

- Take account of potential requirements on suppliers of Energy End-Use and Energy Services Directive, including:
  - to ensure availability to their final customers of, or the promotion of, competitively priced energy services or energy audits

# Stakeholder Involvement

Input encouraged:

- Climate Change Programme Review Process
- EEC High Level meetings, chaired by Defra and DTI ministers
- Informal discussions feeding into 2007 Review
- Outcome of 2007 Review - Statutory Consultation in Spring 2007

# Conclusion

- Solid foundation provided by first phase of EEC
- Interesting issues raised in Ofgem Report
- Work underway towards 2007 Review
- Will involve input of wide range of stakeholders

# Thank you

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