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Dear Mr Hargreaves,

Thank you for your letter containing EEC2 Commitment 2005 – 2008 Report, dated 20th April.

I have spent some time digesting this report and would like to bring some items to your attention, as follows:-

We (OFTEC, representing the oil heating sector) made strenuous representation during the EEC2 (and Warmfront) consultation regarding inclusion of oil heating as part of the EEC2 commitment. Whilst recognising that the enabling legislation is couched in terms of Electricity and Gas, oil heating is a significant player in the market, undoubtedly off the gas net market leader and it seems unfair and unreasonable to exclude people off the net from the scheme(s).

Contrary to your ascertains on page 16/17 of this document (specifically paragraph 5.47) Oil heating has a "let" on the change to requirement to fit SEDBUK A & B Boilers (commonly referred to as condensing requirement) until 2007, (specifically for the replacement market), i.e Condensing Boilers are NOT required until April 2007. New build as you will be aware is subject to SAP requirements until 01/01/06, thereafter will be to DCER/TCER requirements.

This has been done following lobbying and advice from OFTEC. The rational is that the technology of Oil Firing in the UK (and Ireland) is significantly different to anywhere else in the world, therefore, unlike gas, the UK industry has had neither the technology of other countries to draw on, nor the market experience (yet) to prove longevity. Coupled to this, Oil Boilers are significantly more efficient than their gas counterparts anyway (see paragraph 5.51 page 18), typically 5 or 6% for oil, so the efficiency gain is less advantageous which has limited market desire for such products till now.

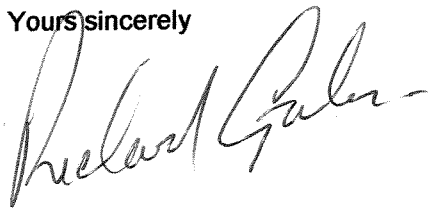
It would be greatly to the benefit of the industry as well as the country if Oil Heating "upgrading" to Condensing could be included in the EEC2 scope, as has been the case for gas during the life of EEC1, this would provide a kick start to oil condensing and give energy suppliers another avenue to gain carbon credit.

We are in dialogue with DEFRA/ODPM and others regarding the carbon value of oil v gas, several European studies notably in Germany (Fitchner et al) and Belgium have demonstrated that a wellhead to meter measure of greenhouse gas emissions clearly proves that oil (as used in Europe, which is heavier and dirtier than Kerosene used in UK domestic market) has as good if not better emissions as natural gas.

Finally, we would ask you to consider the not inconsiderable cost and effort being undertaken by product manufacturers, who do not have the benefit of large European/Global markets in developing a complete new range of condensing appliances. Note that at the time of writing the most efficient boiler(s) on the database are oil fired! Are they eligible for OFGEM innovation grants?

I would be pleased to come and talk further to you in London about this if that would help.

Yours sincerely



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