21 Dartmouth Street
London SW1H 9BP
Telephone 020 7222 0101
Fax 020 7654 2444
email partnership@est.co.uk

Energy Efficiency **Partnership** for Homes

Charles Hargreaves
Head of Energy Efficiency
Ofgem
9 Millbank
London
SW1P 3GE

13th June 2005

Dear Mr Hargreaves

Response to Consultation on EEC 2005-2008 Innovative Action

I write on behalf of the White Goods Strategy Group of the Energy Efficiency Partnership for Homes in response to your consultation proposals on the Energy Efficiency Commitment Innovative Action (2005-2008).

The White Goods Strategy Group welcomes the opportunity to input into the way innovative action is assessed under the Electricity and Gas (Energy Efficiency Obligations) Order 2004.

Background
The White Goods Strategy Group (WGSG) is a sector working group of the Energy Efficiency Partnership for Homes (the Partnership) – a network of over 300 organisations from the public, private and voluntary sectors working together to promote energy efficiency and combat fuel poverty. The Partnership is funded by Defra and facilitated by the Energy Saving Trust.

The WGSG brings together representatives of manufacturers of domestic kitchen appliances, retailers of those products, relevant trade associations, the Energy Saving Trust and representatives of Defra and Defra's Market Transformation Programme.

This letter presents the outcome of discussions by the EEPfH White Goods Strategy Group and does not necessarily represent the views of individual members of the group.

In our response we would comment on the following:

1. Compliance
2. Independent Retailers
3. 'Innovative Action' thresholds, specifically including
    a. Cold appliances
    b. Wet appliances
    c. Jug Kettles
    d. Washer dryers
    e. Tumble dryers

The first two comments are general points, which the WGSG would like to make prior to commenting on the specifics of the consultation in section 3.

1. Compliance

Ofgem will need to be assured that products which are supported under its scheme actually perform as well as claimed, or the calculated benefits (i.e. energy savings) may not be delivered.

The WGSG is concerned that previous EEC schemes have not been policed to show that appliances have been checked to show they meet their claims. If some models do not meet the claimed standard when in use, it is unfair to models which do comply and also to consumers as their appliance is not as efficient as it should be. EST and MTP are arranging to discuss with policy and programme managers in June how best to co-ordinate practical market surveillance activities. **In short, the WGSG believes that a compliance testing scheme should be introduced.**

2. Independent Retailers

Some members of the group feel that the auditing and monitoring requirements in EEC2 are too onerous for the vast majority of independent retailers: these SMEs do not have the time or resources to meet the existing requirements. There is also some evidence from EEC1 that supply companies prefer to deal with the large retailers, because it delivers volume at lower cost to them.

There are two reasons why Ofgem should give special consideration to making it easier for smaller independents to participate in the scheme. Firstly, they represent up to 25% of the market, and many of them are kitchen specialists selling a higher proportion of higher range, more energy efficient appliances. Secondly, excluding them puts them at a competitive disadvantage to the larger retailers.

We ask Ofgem to review the requirements so far as independent retailers are concerned and to give consideration to imposing a requirement on supply companies to include these traders in their EEC2 schemes – perhaps through a quota system.

3. ‘Innovative Action’ Thresholds

a. Cold appliances

The WGSG does not believe that suppliers have been promoting A+ rated appliances since July 2004. A+ rated fridges currently account for only 2-3% of all refrigerator sales in the UK, and A+ rated cold appliances for only 1.7% of all cold appliances sales. Given the limited market penetration of A+ rated cold appliances in the UK, the WGSG is concerned that requiring suppliers to promote A++ rated cold appliances could adversely impact the sale of efficient cold appliances, especially as sales of A++ are almost non existent. Approximately 100 A++ cold appliance units were recorded as sold in April 2005 compared with 240,000 cold appliances in the same period.

The WGSG believes that for white goods, the qualifying standard for the innovation uplift should be based on market penetration of the most energy efficient products in the market. The WGSG recommends that A+ rated and above cold appliances should be considered innovative for EEC2 as they represent less than 5% of current market sales. This could then be reviewed using this approach at the 2007 review point.

The WGSG therefore recommends that to demonstrate a significantly greater improvement in energy efficiency suppliers should be required to promote A+ and above rated cold appliances, as opposed to just A++ rated appliances as recommended by Ofgem. A+ cold appliances deliver on average a 24% energy efficiency improvement over A rated cold appliances, and an uplift applied to these appliances will deliver considerable Carbon savings.

b. Wet appliances

Because different wet appliances are at different places on the market transformation curve the WGSG does not believe that all wet appliances should be treated in the same way for the purposes of the uplift.

i. Washing Machines

The WGSG agrees that the threshold (0.17KWh/kg of wash), as opposed to the actual rating of the machine, should be used to demonstrate a significantly greater improvement in energy efficiency for wet appliances. However, WGSG believes that the uplift should only be offered to machines that meet this threshold and are rated by the EU Energy Label AAA (Energy, Clean and Dry).

ii. Dishwashers

Because the 0.17KWh/kg of wash would not apply to dishwashers, **the WGSG recommends that that new EER endorsement criteria for dishwashers of EU Energy Label AAA (Energy, Clean and Dry) plus the EU Eco-Label requirement for water consumption be used to demonstrate a significantly greater improvement in energy efficiency**.

c. Jug Kettles

The WGSG does not believe that jug kettles should be excluded from the innovation uplift for EEC2. There is now a considerable variation in jug kettles and their features available on the market (e.g. broad base, plastic and metal models, keep warm features) therefore indicating that there is likely to be a variation in their energy consumption. **In short, the WGSG would recommend allowing the opportunity for supply companies to propose innovative jug kettle schemes under EEC2.**

d. Washer dryers

To the best of the WGSG's knowledge no washer dryers were supplied via EEC1. As such the **WGSG believes that the most energy efficient available should benefit from an incentive to help transform a market that is dominated by C rated units.**

e. Tumble dryers

To the best of the WGSG's knowledge no clothes dryers were supplied via EEC1. As such the **WGSG believes that the most energy efficient dryers available (i.e. A and B rated units) should benefit from an uplift to help transform the market** which is dominated by C rated units. In addition, the WGSG believes that gas tumble dryers should be eligible for an uplift provided that they demonstrate savings equivalent to or better than A or B rated electrical tumble dryers.

Yours sincerely,

David Kenington

On behalf of the Energy Efficiency Partnership for Homes White Goods Strategy Group