



*Promoting choice and
value to customers*

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Dear Colleague,

Open letter, the Energy Efficiency Commitment 2002 – 2005

The Electricity and Gas (Energy Efficiency Obligations) Order 2001 ('the Order') sets the legal framework for the Energy Efficiency Commitment (EEC) 2002 - 2005. The Order obliges certain suppliers to achieve a target figure of energy savings. This target had to be met over a three year period, ending on 31 March 2005. Suppliers met their targets by setting up schemes to offer energy efficiency measures to domestic consumers across Great Britain. The suppliers had until 30 April to submit all of the monitoring data for their schemes.

Under the Order, Ofgem has given notice that it requires suppliers to take the steps set out in the EEC Administration Procedures to comply with their obligations. The Administration Procedures state that 'suppliers should submit schemes to Ofgem for approval before commencement or within one month of work commencing.' This requirement enables Ofgem to determine whether the proposed activity is capable of being qualifying action and enables us to report to the Secretary of State each year on the suppliers' progress against their targets.

It has come to light that one supplier failed to notify us of one of its schemes. While the supplier in question has stated that they attempted to notify us, no record has been found. The energy saving measures delivered under this scheme have led to an improvement in energy efficiency.

The energy savings achieved by this scheme account for more than 10% of the supplier's target. In light of its principal objective to protect the interests of consumers, Ofgem is minded to allow the scheme to be considered qualifying action under the Order. However, because no record of the notification has been found, and acknowledging the importance of effective administration of the programme, the supplier in question has volunteered to forego around 5% of the savings achieved by this scheme. The supplier has agreed to resubmit the scheme on this basis.

Views are invited on Ofgem's proposed decision to allow the resubmitted scheme to be determined qualifying action. Please provide your comments by 12:00 on Wednesday 22 June. Please address your response to Kate Smith, katharine.smith@ofgem.gov.uk, 9 Millbank, London SW1P 3GE.

This deadline has been set to allow Ofgem time to finalise this issue in time to report to the Secretary of State on suppliers' compliance by 31 July 2005.

Suppliers are reminded that under article 5(2)(a) of the Electricity and Gas (Energy Efficiency Obligations) Order 2004, (the Energy Efficiency Commitment 2005 – 2008), they have a statutory duty to notify Ofgem of their actions within one month of commencement. Ofgem's decision in this case does not affect that duty.

Yours sincerely,

Virginia Graham
Director, Environmental Programmes