

The Energy Efficiency Commitment 2005-2008

Decision on late notification of action

The Electricity and Gas (Energy Efficiency Obligations) Order 2004 ('the Order) sets out the legal framework for the Energy Efficiency Commitment 2005-2008. The Order obliges certain suppliers to achieve a target figure of energy savings. This target is to be met over a three year period ending on the 31 March 2008. Suppliers meet their targets by setting up schemes to offer energy efficiency measures to domestic consumers in Great Britain.

Under the Order, each supplier is required to notify Ofgem of any action it intends to count against its target before or within one month of commencement ("the one month rule"). Further, paragraph 3.5 of the Energy Efficiency Commitment 2005 – 2008 Administration Procedures (December 2004) state that where notified actions change, the action must be notified again within one month of the change commencing i.e. pursuant to the one month rule. These requirements enable Ofgem to determine whether the action can be approved as one which will promote an improvement in energy efficiency in relation to domestic consumers.

It has come to light that further to changes to a notified action, a supplier failed to notify Ofgem in accordance with the one month rule. The supplier in question claimed that it was uncertain as to whether the scheme needed to be notified again. Additionally, it stated that the timing of submission of the information was irrelevant in this case as at the time Ofgem had put looking at the suppliers' EEC 2005-2008 submissions on hold due to the heavy workload it faced in dealing with the suppliers' EEC 2002-2005 completion reports.

In the circumstances, Ofgem has decided to award energy savings towards the supplier's target in respect of the action despite the notification being delayed.

Suppliers are reminded that under article 5(2)(a) of the Order they have a statutory duty to notify Ofgem of actions that they intend to qualify for the purpose of meeting the whole or part of a target according to the one month rule.