



**ENERGY EFFICIENCY STANDARDS OF PERFORMANCE
FOR PUBLIC ELECTRICITY SUPPLIERS 1998-2000**

APRIL 1998

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FOREWORD

This document gives details of the Energy Efficiency Standards of Performance which I have set for Public Electricity Suppliers (PESs) to run from 1 April 1998 to 31 March 2000. I have set these Standards after giving full consideration to the response to the consultation paper, containing proposals for the Standards, which I issued in January. I have published the comments of respondents by placing them in the OFFER library.

The present document also provides guidance to companies on the implementation of the Standards. This supplements the guidance which OFFER issued on the previous Energy Efficiency Standards which ran until 31 March 1998. In meeting the new Standards it is particularly important that PESs have regard to the guidance relating to the marketing of projects in order to ensure that competition in electricity supply is not distorted.

This document is also intended to be of use to other organisations concerned with energy efficiency and who may be interested in working with PESs in implementing projects for the Standards. The document therefore includes details of who to contact in each PES about its Standards programme.

The Standards are based on advice from the Energy Saving Trust on the opportunities for energy efficiency projects available to each PES. A report by the Trust setting out its advice is available from OFFER or directly from the Trust. Each PES has drawn up a plan in consultation with the Trust, which includes the mix of measures that the PES aims to carry out under the Standards and the proportion of its programme aimed at low income customers. The Standards have been set on the basis that PESs will ensure that they broadly follow these plans. The Energy Saving Trust will play an important role in monitoring these, and in evaluating PES' project proposals.

The previous Standards have proved to be effective in promoting the efficient use of electricity by customers and have made a useful contribution to improving the nation's energy efficiency. My decision to set new Standards on PESs for two years, during which they are expected to remain dominant suppliers to protected customers in their own areas, has been broadly welcomed.

In aggregate, the new Standards require the companies by March 2000 to undertake projects designed to save over 2,700 GWh.

PROFESSOR S C LITTLECHILD
Director General of Electricity Supply

April 1998

ENERGY EFFICIENCY STANDARDS OF PERFORMANCE 1998 - 2000

Background

1. In January the Director General issued a consultation paper on the Energy Efficiency Standards of Performance which he proposed to set for the period 1 April 1998 to 31 March 2000 on the 14 public electricity suppliers (PESs) in Great Britain. The present document sets out the details of the Standards which the Director General has set in the light of this consultation and provides guidance on their implementation. Companies should continue to take due account of the guidance which OFFER issued in March 1994 on the previous Energy Efficiency Standards, to the extent that guidance continues to apply to the new Standards.
2. PESs in England and Wales have been subject to Energy Efficiency Standards since April 1994 and PESs in Scotland since April 1995. Standards are set by the Director General under section 41 of the Electricity Act 1989. The previous Standards were linked to the former PES supply price control and were set to run until March 1998. Between September 1996 and August 1997, the Director General consulted on the arrangements for supply price restraint from April 1998 to March 2000. This consultation included consideration of whether further Energy Efficiency Standards should be set to apply during the period of the restraint, and the appropriate arrangements for funding new Standards. The Director General concluded that it would be appropriate to set Standards to apply for that period to be funded by PES customers covered by the price restraint. This would be allowed for in setting the price restraint by assuming that maximum tariffs include £1 a year for energy efficiency.
3. The proposals for the new Standards set out in OFFER's January 1998 consultation paper took account of experience of the 1994-1998 Standards as well as future requirements, not least those arising from the opening up to competition of the electricity supply market.

Coverage of the Standards

4. As indicated in the January consultation paper, to qualify under the new Standards, projects should be for domestic customers or business customers with annual demand under 12,000 kWh, in line with the coverage of the 1998-2000 price restraint. This will reduce the scope for projects for non-domestic customers compared with the 1994-1998 Standards, which covered customers up to 0.1 MW. As under the 1994-1998 Standards, each PES's projects should be for customers within its own authorised area, though this does not rule out collaborative projects between PESs, including national schemes.

Project Marketing

5. The arrangements for the marketing and delivery of projects should not distort competition in supply. It is therefore important that customers should not be tied in, or believe that they are tied in, to taking supply from a company which has provided them with assistance under the Standards, and that funds which companies have been allowed to raise for Standards purposes should not be used to subsidise supply charges. In general terms, PESs should make projects available to customers regardless of who supplies electricity to the customer. Customers of second tier suppliers who apply for projects and meet the criteria should not be excluded. However, PESs should not design projects targeting second tier customers nor should they use the Standards as a device to retain market share.
6. The January consultation paper indicated that, subject to adequate safeguards, energy savings arising from Energy Services Company (ESCO) projects might qualify under the Standards. (ESCO projects would involve customer contracts incorporating the supply of electricity and the provision of energy efficiency services). Support for ESCOs under the Standards has to be consistent with competition in the supply of electricity and in the supply of energy efficiency services; and Standards funding should not be used to subsidise electricity supply or tie in customers, nor should it undermine the activities of other energy efficiency providers.
7. In line with these criteria, the new Standards allow PESs to count energy savings arising from ESCO projects which are financially supported by the PES, but where the PES does not provide the electricity supply. The Standards also allow recognition of energy savings from ESCO projects where the PES does provide the electricity supply so long as no financial assistance to the customer is involved and the terms for electricity supply are not more favourable than those offered to non-ESCO customers of the PES. In either case, the savings can be calculated on the same basis as that used for other projects, by forecasting the energy savings from the measures which the ESCO plans to deliver. Such arrangements will help to ensure that the Standards properly reflect the contribution which ESCOs can potentially make to energy efficiency, consistent with the promotion of competition in this area.

Level of the Standards

8. As indicated in the January consultation paper, OFFER invited the Energy Saving Trust to advise on the structure and level of the energy savings targets which would be appropriate for new Standards, taking account of the project costs and opportunities for each PES, and in the light of achievements under the 1994-1998 Standards. The Trust recommended that new Standards should be on the same basis as the earlier Standards, in that the energy saving targets for each PES should be met by forecast savings from projects brought forward by PESs using an assessment methodology approved by the Trust. This view received broad support **from** respondents to the consultation. The Trust derived targets/ranges for the new

Standards on a similar basis to that used for setting the previous Standards, but made greater allowance for regional variations in the opportunities available to PESs. The Trust discussed with each company the mix of measures which the PES planned for the new Standards (as between lighting, insulation and appliances), and applied an estimated cost per kWh saved to each element of the mix, to derive a GWh target/range for each PES. The Trust held further discussions with PESs following the January consultation paper to refine the targets, and the Standards which the Director General has set for PESs are based on the Trust's latest advice. Table 1 sets out the level of the new Standards for each of the PESs. The total energy savings requirement of 2,713 GWh is within the range on which OFFER consulted, and the Standards for all individual PESs are also within the consultation ranges.

9. Table 1 shows the levels of funding for the Standards assumed for each PES. In line with the assumptions of the supply price restraint, five per cent loss of customers by PESs to second tier suppliers is assumed during 1998-2000. PESs have given a voluntary undertaking to spend on energy efficiency all of the funds assumed for the Standards, even if this means exceeding the energy savings required, provided that they do not lose more than 5 per cent of customers.

TABLE 1
PES ENERGY SAVINGS REQUIREMENTS AND FUNDING, 1998 - 2000

PES	PES funding (£m)	GWh target
Eastern	5.8	332
East Midlands	4.3	238
London	3.5	188
Manweb	2.5	137
Midlands	4.2	246
Northern	2.5	153
NORWEB	4.1	223
SEEBOARD	3.7	220
Southern	4.9	274
SWALEC	1.8	100
South Western	2.4	150
Yorkshire	3.9	208
Hydro-Electric	1.2	59
ScottishPower	3.3	185
TOTAL	48.1	2,713

Project Mix

10. The January consultation paper sought views on the principle of requiring PESs to undertake a mix of measures, and on the distribution between categories proposed for each PES. Respondents generally supported the principle of a mix, but some criticised the specific distribution proposed by PESs, mainly in relation to the relatively high percentage for lighting proposed by some PESs. As the January consultation paper indicated, lighting schemes tend to be more cost-effective than other types of measures and to provide greater cost savings for customers. Several PESs (notably London, Northern, SWALEC and Yorkshire) have indicated that in their areas they face limitations on the scope for cost-effective projects in fields other than lighting. Accordingly, notwithstanding the comments about lighting during the consultation, the Standards which have been set assume a fairly high element for lighting for these PESs. Across PESs as a whole, however, roughly 40 per cent of the energy savings requirement is assumed to come from lighting schemes.
11. Table 2 sets out the mix of measures - as between lighting, insulation, and appliances and other schemes - which each PES plans to undertake, expressed in terms of the percentage of its energy savings requirements to be delivered by each of these categories. The level of the Standards for each company is based on this assumed mix of measures. In carrying out the Standards, PESs should aim broadly to follow the distribution between categories which has been assumed. In any event PESs should comply with paragraph 2 (3) (ii) of the Standards under which they must have regard to the desirability of demonstrating a variety of methods of achieving savings.

TABLE 2
PLANNED PROJECT MIX, 1998-2000

PES	Lighting (%)	Insulation (%)	Appliances & other (%)
Eastern	30	53	17
East Midlands	40	42	18
London	67	14	19
Manweb	30	52	18
Midlands	42	30	28
Northern	60	22	18
NORWEB	29	54	17
SEEBOARD	28	52	20
Southern	30	52	18
SWALEC	66	15	19
South Western	28	56	16
Yorkshire	55	15	30
Hydro-Electric	33	45	22
ScottishPower	32	50	18
Average	39	41	20

Low Income Customers

12. The level of the Standards takes account of the proportion of each PES's insulation programme which the PES expects to be accounted for by low income customers. As set out in the consultation paper and in the Energy Saving Trust's advice, low income customers tend to take more of the benefits from insulation in the form of higher comfort, rather than energy savings, than do high income customers. The extent to which low income customers receive insulation projects therefore influences the level of energy savings. The consultation paper indicated that under the new Standards expenditure on projects for low income customers was expected to vary between PESs, ranging from 60 to 80 per cent. Many respondents endorsed the principle of weighting expenditure in favour of low income customers. The Standards have been set broadly in line with this. As indicated in Table 3, across PESs as a whole, 74 per cent of energy savings from insulation projects are expected to be for low income customers, This covers a range of 54 per cent (Seeboard) to 90 per cent (London and Yorkshire). Low income customers are expected to account for 65 per cent of PES's expenditure on all projects. This covers a range of 57 per cent (Hydro Electric) to 69 per cent (four PESs).

TABLE 3
PES' PROGRAMMES FOR LOW INCOME CUSTOMERS

PES	% of energy savings from insulation for low income customers	% of PES expenditure on projects for low income customers
Eastern	70	64
East Midlands	80	67
London	90	69
Manweb	70	69
Midlands	80	64
Northern	80	61
NORWEB	85	69
SEEBOARD	54	59
Southern	85	69
SWALEC	80	61
South Western	64	63
Yorkshire	90	63
Hydro-Electric	60	57
ScottishPower	69	69
Average	74	65

13. In carrying out the Standards, PESs should aim broadly to follow the allocation of projects for low income customers which has been assumed. In any event, PESs should comply with paragraph 2 (3) (i) under which they must take into account the interests of customers who may have payment difficulties.

14. The previous Standards were set on the assumption that around 35 per cent per cent of energy savings would come from projects for low income customers, though, as indicated in the January consultation paper, in practice low income customers have accounted for around 60 per cent of PES' expenditure. The new Standards take account of experience under the previous Standards by making a realistic allowance for projects aimed at low income customers. A significant effect of this is to raise the comfort factor which it is appropriate to allow for when setting the level of the new Standards, as set out in the Trust's advice. Under the previous Standards the comfort factor on insulation schemes was 30 per cent; under the new Standards the comfort factor for each PES depends on the proportion of its insulation projects aimed at low income customers, but the average is over 42 per cent. This covers a range from 36 per cent (SEEBOARD) to 47 per cent (London). The higher comfort factor more than accounts for the higher allowed cost per GWh saved under the new Standards (1.77 pence) than under the previous Standards (1.67 pence).

Indirect Costs

15. A number of respondents to the January consultation paper challenged the Trust's advice that the new Standards should be based on an assumption that 25 per cent per cent of overall PES expenditure would be accounted for by indirect-costs. The Trust's advice was based on the experience of project costs under the previous Standards, under which indirect costs were reckoned to account for 25 per cent of PES expenditure, and on the Trust's examination of the PES' cost projections for the new Standards. However, in view of the concerns which were expressed, the Trust was invited to re-examine the forecast level of indirect costs.
16. The Trust has explained that the main components of indirect costs are expected to include the marketing, development and monitoring of projects. These costs cannot easily be avoided - indeed, marketing costs may tend to rise if the easiest areas of the market have already been reached, as PESs claim. Other indirect costs include the administration of grants, and project management. The Trust has also indicated that a lower level of indirect costs does not necessarily raise the overall cost-effectiveness of a scheme: effort at the initial stages of a project in design and procurement can help to reduce total costs.
17. Taking these points into consideration, the Director General believes it reasonable to base the Standards on the assumption that indirect costs account for 25 per cent of overall PES expenditure. It is, however, important that there are adequate controls on the level of indirect costs, To this end the Trust will require companies to justify indirect costs in order to ensure that they are reasonable. PESs are required to comply with paragraph 2 (4) of the Standards under which they must seek to achieve energy savings "at the best effective price reasonably obtainable".

Cost Savings for Customers

18. The consultation paper sought views on whether it would be appropriate to set a secondary target for PESs specifying a minimum level of costs savings to be achieved from projects. There was little support for such a secondary target although National Energy Action (NEA) proposed a secondary target based on an affordable warmth index. The general view of PESs was that a specific cost saving target was unnecessary.
19. In view of respondents' comments, the new Standards do not incorporate a formal cost savings target. However, the level of energy savings expected by PESs from lighting and appliance schemes will deliver significant peak time electricity savings for customers, and the Trust estimates that around 20 per cent of the energy savings from insulation measures will also be at peak time rates. As indicated in the consultation paper, it is appropriate that cost savings for customers are carefully monitored. The Trust already estimates cost savings for customers over the Standards as a whole, and will be putting in place arrangements to monitor cost savings from individual projects. PESs should submit projects for evaluation in line with these arrangements.
20. An important criterion of the Standards is that, subject to the need for all projects to be cost-effective, companies should give priority to projects which can be expected to exert downward pressure on unit charges to customers generally (paragraph 2 (2)). This could include projects which, by reducing demand, serve to avoid distribution network costs or which reduce demand where generation and transmission costs are particularly high in relation to charges. The reporting of PES performance against this criterion under the previous Standards suggests that companies have had difficulty in identifying appropriate projects or at least in assessing the impact of projects in terms of this criterion. This is admittedly a difficult area and the Trust has agreed to examine how PES' project submissions might best address this criterion.

Project Monitoring

21. The Standards include important monitoring and reporting obligations as set out in paragraphs 3 (3) and 5 of the Standards. As under the previous Standards, these obligations include an annual Energy Efficiency Report which companies will be required to publish. These reports have been useful in publicising achievements under the Standards and in promoting energy efficiency.
22. The January consultation paper proposed that the monitoring procedures required under the previous Standards should be amended for the new Standards, based on the Trust's recommendations of a more targeted approach to monitoring. A number of PESs argued that project monitoring, even if targeted, was unnecessary, and unlikely to add to existing models for predicting the energy savings from projects. Against this, other respondents stressed the importance of robust monitoring in order to improve the design of projects. As indicated in the January

consultation paper, the Director General considers that the absence to date of robust monitoring results from projects implemented under the previous Standards weakens the ability of companies to demonstrate to customers the proven benefits of energy efficiency schemes. It is important that reasonable efforts are made through the empirical observation of completed projects to quantify the actual benefits for customers. Accordingly, OFFER is inviting the Trust to develop revised arrangements for the monitoring of selected projects, focused on measuring the actual *energy* savings delivered by the Standards.

23. The Standards require PESs to assist the Trust in carrying out this important monitoring task in relation to the new Standards. In the meantime, PESs should complete their monitoring of projects carried out under the previous Standards.

Indirect Electricity Savings

24. The January consultation paper sought views on whether the Standards should give credit to indirect electricity savings. The example given was energy efficient washing machines, where not just the electricity saved by the washing machine user but also electricity saved at water pumping stations could be counted. This could allow projects to come forward which would otherwise fail the cost - effectiveness test. Although most PESs and the Trust were in favour, most other respondents who commented on this point opposed allowing indirect cost savings to count,
25. Having considered this issue, the Director General has decided that, as under the previous Standards, projects under the new Standards should be assessed in terms of the benefits for customers who provide funding for schemes, ie designated customers. Accordingly, the Standards do not provide for indirect electricity savings to count towards the Standards, although it is appropriate for PES project submissions to draw attention to any indirect electricity savings.

Savings of other Fuels

26. The Trust recommended that the new Standards should recognise gas savings (and savings of other fuels apart from electricity) where these savings arise incidentally from projects which save electricity. The predominant savings would have to be electricity - for example, a block of flats which is mainly electrically heated, but where some gas might also be saved. The January consultation paper indicated that OFFER was sympathetic to savings of other fuels being counted, where this improved the overall cost-effectiveness of the Standards. There was general support from PESs and other respondents for savings of other fuels to be recognised, including the comment that this might enable PESs to secure more local authority funding for projects.
27. The new Standards follows the previous Standards in allowing up to 25 per cent of each PES's energy savings target to be met by savings of fuels other than

electricity. As under the previous Standards, this allowance is available for fuel substitution schemes which meet the special criteria for such projects. Appropriate savings of other fuels which do not arise from fuel substitution can also be counted towards the 25 per cent allowance. But as a guideline, companies should aim to achieve no more than 10 per cent of their energy savings target from such savings.

28. So far as the assessment of individual projects is concerned, PESs should identify clearly any savings of other fuels which are being claimed and should indicate how such savings enhance the cost-effectiveness of the scheme, to enable the Trust to evaluate these factors, Unless fuel substitution is involved, savings of other fuels should form only a small part of the total energy savings of any project. Within the overall ceiling of 10 per cent indicated above, savings of other fuels should normally account for no more than 15 per cent of the total savings from any one project.

Research and Development

29. The Trust advised that the Standards be set on the basis that PESs spend up to 0.5 per cent of their funds for the Standards on research and development (R&D) The January consultation paper sought views on this. In general, respondents agreed that the R&D should be supported, and several respondents favoured expenditure greater than 0.5 per cent being allowed.
30. The new Standards follow the previous Standards in the important sense that they are capable of being achieved on the basis of forecast, rather than actual, energy savings. In general, therefore, to count towards the Standards, projects should employ proven technology to enable reasonable ex-ante savings estimates to be calculated. However, there is a role for the Standards in supporting relevant research and development, for example to test savings from new technologies, which have a reasonable potential for being applied in energy savings projects for customers. OFFER has therefore accepted the Trust's recommendations that up to 0.5 per cent of Standards funding be allocated for research and development, It would not be appropriate for PESs to be given credit in terms of energy savings from R&D projects in the same way as from other projects. The Trust will therefore be developing separate procedures for R&D projects.

Liaison Arrangements

31. As under the previous Standards OFFER encourages companies to work in close partnership not only with the Trust, but also with other national and local energy efficiency bodies such as NEA. Companies should discuss their plans with Consumers' Committees, local authorities and other bodies in their areas. In particular each PES should continue to meet with its Committee in order to present the company's Annual Report on the Standards and to review project proposals.

Contacts

32. PESs, in consultation with the Trust, will be responsible for selecting projects under the Standards. Organisations and individuals with project ideas therefore should contact their local company to discuss proposals. Alternatively, they may wish to contact the Trust. Contact names and addresses for both the companies and the Trust are set out below:

Eastern Electricity

Mrs Mary Moss
Energy Efficiency Manager
Eastern Electricity
Suffolk House
Civic Drive
Ipswich
Suffolk
IP12AE

Tel: 01473 554 471
Fax: 01743 552 566

East Midlands Electricity

Mr David Morris
Energy Standards Manager
East Midlands Electricity
Phoenix Centre
Nuthall
Nottingham
NG8 6AT

Tel: 01159956718
Fax: 0115995 5960

London Electricity

Mr Keith Marsh
Energy Efficiency Manager
London Electricity
34-38 Aybrook Street
London
W1M 3JL

Tel: 0171725 3060
F&: 01714877296

Manweb

Mr Walter N. French
EESoP Manager
Manweb and ScottishPower
Energy Supply
Cathcart Business Park
Spean Street
Glasgow
G44 4BE

Tel: 01415683055
Fax: 0141 568 3378

Midlands Electricity

Mrs Kim Jones
Energy Efficiency Operations Manager
Midlands Energy Services
Belfont Trading Estate
Halesowen
West Midlands
B62 8DR

Tel: 0121 423 2345
Fax: 0121 625 1823

Northern Electric

Mr B Brass
Energy Efficiency and Environmental Manager
Northern Electric
Carliol House
Market Street
Newcastle upon Tyne
NE1 6NE

Tel: 01912102000
Fax: 0191 210 2367

NORWEB

Mr G,W Trumper
Energy Efficiency Manager
NORWEB
Emtec
Little Carr Lane
Chorley
PR7 3JT

Tel: 0 1257 225 249
Fax: 01257 261 450

SEEBOARD

Mr R Sykes
Energy Efficiency Manager
SEEBOARD
50-52 Cross Keys
The Broadway
Crawley
West Sussex
RH10 1HF

Tel: 01293 656 014

Fax: 01293 656 063

Southern Electric

Mr A Oxley
Strategic Marketing Manager
Southern Electric
Southern Electric House
Westacott Way
Littlewick Green
Maidenhead
Berkshire
SL6 3QB

Tel: 01628 822 166

Fax: 01628 584469

SWALEC

Mr Phil Beynon
Energy Efficiency Manager
SWALEC
Newport Road
St Mellons
Cardiff
CF3 9XW

Tel: 01222 773 223

Fax: 01222 773 980

SWEB

Mr C Thomas
Energy Efficiency Manager
South Western Electricity
800 Park Avenue
Aztec West
Almondsbury
Avon
BS12 4SE

Tel: 01454452 137
Fax: 01454 452 258

Yorkshire Electricity

Ms Jill Southward
Energy Efficiency Manager
Yorkshire Electricity
Wetherby Road
Scarcroft
Leeds
LS 14 3HS

Tel: 0113 289 5607
Fax: 0113 289 5025

Scottish Hydro-Electric

Mr T Gould
Energy Efficiency Project Manager
Scottish Hydro-Electric
Inveralmond House
200 Dunkeld Road
Perth
PH13AQ

Tel: 01738 456 000
Fax: 01738 456 005

ScottishPower

Mr Walter N. French
EESoP Manager
ScottishPower and Manweb
Energy Supply
Cathcart Business Park
Spean Street
Glasgow
G44 4BE

Tel: 0141 568 3055
Fax: 0141 568 3378

Energy Saving Trust

Mr Dan Staniaszek
Evaluation Manager
Energy Saving Trust
1 1- 12 Buckingham Gate
London
SW1E 6LB

Tel: 0171 931 8401

Fax: 0171 931 8548

Mr Terry Rowbury
National Projects Manager
Energy Saving Trust
11-1 2 Buckingham Gate
London
SW1E 6LB

Tel: 0171931 8401

Fax: 0171 630 0813

APPENDIX

STANDARD OF PERFORMANCE FOR THE PROMOTION OF THE EFFICIENT USE OF ELECTRICITY

The Director General of Electricity Supply (“the Director”),

- (a) in exercise of the power conferred upon him by section 41 of the Electricity Act 1989 (“the Act”) and after the consultations required by that section, hereby determines the standard of performance in connection with the promotion of the efficient use of electricity by Consumers to be achieved by [PES] plc (“the Supplier”) as set out in Part I below;
- (b) in exercise of the power conferred upon him by section 42 of the Act, directs the Supplier to furnish information in accordance with Part II below;
- (c) in exercise of the power conferred on him by paragraph 2 of Condition 22 of the licence (“the Licence”) granted to the Supplier under section 6(1)(c) of the Act, gives to the Supplier the directions in Part III below; and
- (d) declares that the interpretation provisions in Part IV below shall apply to this document.

PART I

The Standard

- 1(1) The standard of performance is that between 1 April 1998 and 31 March 2000 the Supplier shall have caused such Projects, selected as provided in paragraph 2, to be implemented in accordance with paragraph 3 as will achieve (whether before or after 31 March 2000) Savings of Energy, calculated in accordance with paragraph 4, of [] GWh, provided that

- (a) all Savings of Energy are achieved by means of Projects which involve the efficient use of electricity by Consumers; and
 - (b) at least three quarters of the Savings of Energy are savings of electricity supplied to Consumers.
- (2) The standard of performance fixed by paragraph (1) is in addition to, and not in substitution for, the standard of performance fixed by the determination dated [] March [1994/95].

Selecting Projects

- 2(1) The Supplier shall not select a Project unless the aggregate benefits of that Project to Consumers generally are expected to exceed the aggregate costs of that Project.
- (2) The Supplier shall give priority to proposals for Projects which can be expected to exert downward pressure on the charge per kilowatt-hour to Consumers generally.
- (3) Subject to sub-paragraphs (1) and (2), in selecting Projects the Supplier shall take into account -
- (i) the interests of Consumers and in particular the interests of those Consumers who are elderly or disabled, who are in rural areas or who may have difficulty in meeting their obligation to pay for electricity;
 - (ii) the desirability of demonstrating a variety of methods of achieving Savings of Energy; and
 - (iii) the effect of a Project on the physical environment.

- (4) In selecting Projects the Supplier shall seek to meet the obligation imposed by paragraph 1 at the best effective price reasonably obtainable having regard to the alternatives available and to the factors to be taken into account by virtue of sub-paragraphs (1), (2) and (3).
- (5) The Supplier shall not select Projects under which a Consumer will use electricity for a purpose for which he previously used another form of energy or will use another form of energy for a purpose for which he previously used electricity unless the change produces greater savings in overall cost to the Consumer than are achievable by undertaking projects using other forms of energy.
- (6) The Supplier, having prepared a specification of the Project and submitted that specification to the Energy Saving Trust to enable the Energy Saving Trust to express its views thereon, including its views on the extent to which the Supplier has met the criteria set out in sub-paragraphs (1) to (5), shall not select a Project until either the Energy Saving Trust has expressed its views on that Project or three months have elapsed since the Project was submitted to the Energy Saving Trust.

Implementing Projects

- 3(1) The Supplier shall cause Projects to be implemented at the best effective price reasonably obtainable having regard to the alternatives available.
- (2) The Supplier shall cause each Project to be designed and implemented in a way that maximises its contribution to the efficient use of electricity.
- (3) The Supplier shall (so far as it is practicable to do so) provide such assistance and information as the Energy Saving Trust or its agents shall reasonably require for the purpose of assessing the Savings of Energy actually achieved in implementing Projects.

Calculation of Savings Achieved

- 4(1) The Savings of Energy achieved by a Project shall be calculated after it has been implemented, and subject to sub-paragraph (4), shall be the Savings of Energy actually achieved by implementing that Project.
- (2) Where, as a consequence of a Project being implemented, there is an increase in the consumption of electricity or other forms of energy, that increase shall be taken into account in calculating the Savings of Energy.
- (3) Before a Project is implemented the Supplier may prepare a statement, in consultation with the Energy Saving Trust, of the method which it considers is appropriate for calculating the Savings of Energy to be achieved by that Project.
- (4) Where a statement of method has been prepared in accordance with sub-paragraph (3) and approved by the Director, the Savings of Energy achieved by the Project when it has been implemented shall be deemed to be the Savings of Energy calculated in accordance with that statement of method.

PART II

Reporting

5. **The Supplier shall on or before 30 June 1999, and on or before 30 June in each subsequent year, send to the Director a report setting out -**
 - (a) the level of performance of the Supplier against the standard set by paragraph 1;

- (b) a description of each Project that it is proposing, has arranged to be implemented or has caused to be implemented during the previous financial year including
 - (i) the type of Consumers involved;
 - (ii) the objective or objectives;
 - (iii) the name of the person by whom it was or is to be implemented; and
 - (iv) the Savings of Energy which the Project is to achieve;
- (c) an explanation of how Projects have been selected and how the criteria in paragraph 2 have been met;
- (d) so far as is reasonably practicable the total cost of implementing each Project, and the contribution made by the Supplier to that cost; and
- (e) the amount of money spent by the Supplier in preparing Projects and causing them to be implemented during the financial year to which the report relates.

PART III

6. The Supplier shall give or send a copy of any report prepared in accordance with Part II to any person who requests it and make a copy available for inspection at its premises during normal working hours,

PART IV

Definitions

7. In this document, words and phrases defined in the Act or the Licence shall (unless the context otherwise requires) have the same meaning;

“Consumer” means an owner or occupier of Designated Premises within the authorised area of the Supplier;

“Energy Saving Trust” means the Energy Saving Trust Limited, a company incorporated under the Companies Act 1985 and having registration number 2622374;

“Project” means (subject to a paragraph 8) an arrangement or series of arrangements described in a specification which complies with paragraph 2(5), intended to promote the efficient use of electricity by Consumers (but not necessarily all Consumers) and caused to be implemented in its entirety after 1 April 1998 and before 31 March 2000 whereunder goods, services and financial incentives (or any of them) are provided to those Consumers; provided that where a single contract, to which the Supplier is a party, covers both a Project and a supply of electricity the goods, services or financial incentives comprised in the Project are provided on arms-length commercial terms.

“Savings of Energy” means

- (a) savings of electricity supplied to Consumers and
- (b) savings of other forms of energy consumed by Consumers.

8. If a material change is made to an arrangement or series of arrangements which constitute a Project, that arrangement or series of arrangements shall thereafter constitute a different Project.

Dated 30 March 1998

D P Hauser
Director, Consumer Affairs
duly authorised on behalf of
The Director General of Electricity Supply