

March 2000

ENERGY EFFICIENCY STANDARDS OF PERFORMANCE

2000 - 2002

FINAL DECISIONS

Summary and background

1. This document sets out details of the Energy Efficiency Standards of Performance which Ofgem is setting for the period April 2000 to March 2002. Ofgem has taken this decision in the light of the Energy Saving Trust's (EST) advice and comments we have received from companies and other interested parties on that advice. EST's report, setting out its advice in full is available from Ofgem and on our website (www.ofgem.gov.uk).
2. Energy Efficiency Standards were introduced in 1994 in England and Wales as part of the Public Electricity Suppliers' (PES) Supply Price Controls, and a year later in Scotland. These Standards ran until March 1998, and gave obligations to each of the 14 PESs to achieve specified energy savings, and the ability to fund them through a special revenue allowance equivalent to £1 per franchise customer per year. The aggregate target for the 14 PESs for "SOP1" was 6,103 GWh in accredited savings, with an allowance of £101.7M. Subsequent to that, a similar programme "SOP2" was launched for a 2-year period April 1998-March 2000, with an aggregate target of 2,713 GWh and an allowance of £48.1M.
3. The National Audit Office (NAO) carried out a detailed independent value for money examination of SOP1 in 1998, and concluded that:
 - The programme achieved a net present value saving of £250M;
 - In addition, a further £80M worth of comfort improvement had been achieved, in terms of warmer homes, improved lighting etc;
 - The average cost of saving a unit of electricity was 1.8 p/KWh, comparing very favourably with the price of electricity – 7.1 p/KWh on-peak; 2.7 p/KWh off-peak.
4. Ofgem consulted extensively during 1999 on the issue of future Energy Efficiency Standards. The consultation response highlighted wide support for new Standards and Ofgem concluded that it would be appropriate to set new Standards for gas and electricity suppliers. The main factors, set out in our Initial Decision Document in October 1999, were:

- the existing Standards for Public Electricity Suppliers (PESs) which have been in operation since 1994 have proved effective in delivering energy efficiency improvements for electricity customers, confirmed by the NAO examination of the Standards;
- Standards can make a useful contribution to reducing CO₂ and other emissions in line with the Government's Climate Change objectives;
- in terms of social considerations, Standards Projects can help to tackle fuel poverty and contribute to Ofgem's Social Action Plan;
- increasing convergence in gas and electricity supply markets make it desirable to adopt a common approach for energy efficiency in gas and electricity;
- Standards set on a reasonable scale are fully consistent with the development of competition in supply;
- there would be benefit in as smooth a transition as possible towards the arrangements provided for under the Utilities Bill under which Government will be responsible for setting future energy efficiency targets.

5. In light of these considerations we are setting Standards for gas and electricity companies on the basis of an assumed annual cost of £1.20 per customer. The Standards will require companies to achieve gas savings for customers of some 6200 GWh and electricity savings of some 5050 GWh. These energy savings will be equivalent to the annual gas consumption of around 430,000 homes and the annual electricity consumption of 1,120,000 homes. The benefits to customers in terms of energy saved and improved comfort levels will amount to around £500 million. These benefits compare with costs forecast at roughly £150 million, based on funding through gas and electricity charges of £1.20p per customer during each of the two years of the Standards; and funding from other parties, including additional customer contributions and funding from social housing providers and appliance retailers, estimated at approximately £40 million.
6. Under the Standards companies will have considerable discretion regarding which particular energy savings measures to offer to customers. By way of illustration, the new Standards could cover all of the following list of measures:

- 8 million energy saving lightbulbs
- 180,000 efficient domestic appliances
- 100,000 cavity walls filled
- 60,000 lofts insulated
- 75,000 condensing boilers installed
- 35,000 heating control systems installed
- 10,000 properties served by residential CHP

Disadvantaged customers

7. An important feature of the policy is to maintain a strong focus on disadvantaged customers, particularly the fuel poor. The Government and Ofgem place great importance on social issues concerning disadvantaged customers, including those in fuel poverty. The New HEES programme in England and Wales and the Warm Deal in Scotland will provide more funding and a wider range of measures to tackle fuel poverty, while Ofgem's Social Action Plan spells out a number of initiatives, including improvements to energy efficiency advice provision by licensed energy suppliers.
8. Ofgem has discussed with EST and companies how best to access customers most in need of energy efficiency assistance. We asked EST to base its advice on the level of energy savings achievable on the assumption that approximately two-thirds of the companies' effort will be targeted on disadvantaged customers. The Trust's advice accordingly reflects its assessment of the opportunities for projects aimed at disadvantaged customers and the costs involved. The methodology for assessing energy savings from schemes proposed by the Trust reflects this focus on disadvantaged customers.
9. The new Standards will form an important component of the Social Action Plan, which we are putting in place in partnership with companies and other stakeholders. We look to companies to develop their Standards programmes in the light of their Social Action Plan goals. More broadly, the Standards will make a significant contribution to the Government's wider programme to combat fuel poverty. A key development during the period of the Standards will be the re-focussing of Government measures for

tackling fuel poverty through the launch of the New-HEES scheme (Warm Deal in Scotland). The guidelines for the Standards encourage companies to operate programmes which complement New-HEES.

Climate Change and Energy Efficiency

10. In addition to providing significant help to customers suffering fuel poverty, the Standards will contribute to the Government's Climate Change targets. The publication of the Government's 1998 consultation paper on the proposed UK Climate Change Programme set out the Government's thinking on how the UK might reduce man-made greenhouse gas emissions. This follows international concern about the impact of climate change on the environment, culminating in an agreement at Kyoto in 1997 to tackle this issue. The EU agreed to a legally binding emissions reduction of 8% by 2008-2012 compared to 1990 levels. A subsequent agreement between the EU member states set the UK share of the overall EU reduction as a 12.5% reduction. In addition, the Government reconfirmed its 1997 manifesto objective of reducing carbon dioxide (CO₂) emissions by 20% by 2010, compared with 1990 levels.

11. In terms of energy savings in the domestic sector, the Climate Change consultation paper considered the possibility of the Government setting new energy saving targets for energy suppliers. The Government has now concluded, following subsequent consultation with a wide range of stakeholders, that such a programme could deliver a large part of the required CO₂ reductions in the domestic sector over the next decade. The Government's revised Climate Change Programme, due to be announced shortly will provide further details on this and other policy mechanisms proposed to deliver our international commitments, including the issue of energy efficiency targets for gas and electricity companies from 2002 onwards. The Trust's own estimates, published last year, indicated that an investment rising to £5-6 per customer per fuel per year for both electricity and gas would be required to deliver this level of saving, alongside other programmes such as new HEES, Warm Deal and the Capital Receipts Initiative for local authorities.

12. The Utilities Bill is to include the necessary powers for Government in future to set energy saving targets for the energy suppliers. As any new Government programme is unlikely to be in place before 2002, the new Standards to be set by Ofgem will provide a critical bridge to maintain and expand the Standards at the present time. The Utilities Bill also provides for Government to issue guidance to the regulator (to be known as the Gas and Electricity Markets Authority) on social and environmental issues. A consultation document on the draft guidance was issued by the DTI in February 2000. EST estimates that some eight million tonnes of CO₂ could be saved through these new Standards.

13. Within the constraints of the present legislative framework, the new Standards are designed to provide a smooth transition towards the new arrangements for energy efficiency proposed by Government. Under the Utilities Bill, responsibility for imposing future energy efficiency obligations on companies will be assumed by Ministers. The Government's approach is outlined in a consultation document published today (9 March 2000). The regulator will be consulted over the setting of these obligations and will be responsible for ensuring compliance by companies. We understand that, before finalising its future targets, Government will wish to take full account of performance under the new Standards which Ofgem is setting, particularly in relation to gas where there is no previous similar scheme. We will therefore ensure that robust arrangements are in place for monitoring the new Standards, in order to inform the setting of future targets.

14. The Trust recommends that the following DETR figures for carbon emission factors from different fuels are used for SOP3:

Fuel	Carbon emission factor for delivered
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	energy saving (kg C/KWh)
Gas	0.053
Electricity	0.12

Note that this is slightly lower than the current emission factor for electricity of 0.14 p/KWh, but this conservative approach reflects future reductions and avoids the need for annual changes to the factor. SOP2 has utilised a figure of 0.123kg C/KWh, reflecting DETR's projection at the time of launch of SOP2.

TERMINOLOGY

Following discussion with DETR, Ofgem and the energy suppliers, the programme for delivering energy saving targets by the energy suppliers will become known as the **Energy Efficiency Commitment**, or simply the "Commitment". This will replace the name "Energy Efficiency Standards of Performance" (often referred to as the "Standards" or "SOP"). The following summarises the terminology utilised:

- **"SOP1"** - launched in April 1994 involving the 12 Public Electricity Suppliers (PESs) in England and Wales, and , from April 1995, the two PESs in Scotland. In both cases, SOP1 ended in March 1998;
- **"SOP2"** – launched as a two-year programme in April 1998 involving all 14 PESs. SOP2 will end in March 2000;
- **"SOP3"** – to be launched in April 2000 for a two-year period , involving all gas and electricity suppliers with a minimum of 50,000 customers;
- **"the Standards"** – a generic term which could apply to any phase of the Standards, unless the text indicates otherwise.

Companies covered by the new Standards

15. All gas and electricity suppliers will come within the scope of the Standards. For public electricity suppliers (PESs), Standards are set under section 41 of the Electricity Act, and for gas suppliers, under Section 33BB of the Gas Act. For second tier electricity suppliers, Standards will be based on a proposed new licence condition on which

Ofgem has recently issued a formal notice as required under Section 11 of the Electricity Act. The proposed new licence condition will be triggered when a second tier supplier has submitted a Designated Supply Notice to Ofgem, thereby indicating its intention to supply electricity to Designated Customers, ie domestic electricity customers and business customers with electricity consumption below 12,0000 GWh per annum.

16. We have concluded that the smallest suppliers need to be treated differently from other suppliers. Suppliers with less than 50,000 customers will have an energy savings target of zero unless they are a second tier electricity supplier which is affiliated to a PES. (Second tier suppliers affiliated to PESs should be able to draw on their PES's expertise in delivering energy efficiency). However, we recognise that smaller suppliers will face significantly higher average costs in delivering energy efficiency schemes than will other suppliers. Smaller suppliers are expected to face higher fixed costs per customer served and higher average costs when procuring energy efficiency goods and services. Against this there are significant opportunities for economies of scale right up the supplier size range and that there is considerable scope for larger suppliers to achieve substantial efficiency gains in delivering the Standards.

17. Ofgem has decided that the targets should be progressively tighter for companies of increasing size. For example, an electricity supplier with 250,000 customers will be required to achieve energy savings equivalent to 174 KWh for every customer supplied, whereas a supplier with 2 million customers will be required to achieve 199 KWh. The linking of the targets to customer numbers is to be incorporated in the Standards determination by the following formulae:

$$\text{Electricity Target (GWh)} = C \times [12.054 \text{ Ln}(C) + 107.82] / 1000$$

$$\text{Gas Target} = C \times [17.05 \text{ Ln}(C) + 162.5] / 1000$$

Where C = a supplier's customer numbers expressed in thousands;

and Ln is the natural logarithm

These formulae will provide for steeper targets for companies of increasing size. In order to inform future policy, the relationship between size of supplier and the cost of delivering energy efficiency will be monitored during the time that Standards are in force.

18. For target setting purposes, gas customer numbers are the number of Domestic Customers (ie households or businesses with annual gas consumption below 73,250 kWh), and electricity customer numbers are the number of Designated Customers, in both cases counted at the end of September 1999 (the most recent common date for which figures are available). Targets will be reviewed during the course of the Standards in the light of changes in customer numbers, and adjustments made as necessary. This review will be based on customer numbers as at the end of September 2000, and any adjustments to targets will be made before April 2001. Over the two years that the Standards are in force, the target for a company will be based on the average of the company's customer numbers counted in September 1999 and September 2000.

Customer Groups

19. The new Standards will focus on household users of gas and electricity. However, the targets assume that suppliers may raise some of the funds to cover the cost of projects through energy charges to smaller business customers. In these circumstances it would be reasonable for suppliers to be allowed to provide some energy efficiency assistance to small businesses through their projects, though without designing projects specifically for small businesses.
20. As indicated earlier, the Standards will have a strong focus on disadvantaged customers. This will be reinforced by including a requirement similar to that in the previous generation of Standards, that, in meeting their targets, companies should pay particular regard to the interests of elderly and disabled customers, customers in rural areas and customers who may have bill payment difficulties.

21. Ofgem expects that in most cases companies will concentrate assistance on their existing supply customers. However, it will be open to companies to assist gas and electricity users whom they do not supply. In the case of dominant suppliers, this will be subject to the licence conditions covering non-discrimination, and to Competition Act criteria. Ofgem expects that each PES's target will be met through electricity savings within the PES's area, and the second tier targets be met outside the PES's area. But this will not be an absolute requirement, practical considerations suggesting that a reasonable amount of flexibility may be necessary.

Separation of targets

22. In line with the present statutory framework, there will be separate targets for gas and electricity. However, flexibility will be available by allowing up to 25 per cent of a company's gas or electricity savings target to be met through fuel substitution and savings of other fuels incidental to the main fuel savings (the latter subject to a specific 10 per cent limit).
23. Although there may be potential economies of scale in carrying out energy efficiency projects across gas and electricity for those companies who are set gas and electricity targets, at present there is no evidence on which to base an assessment of this. The targets for dual fuel suppliers therefore assume no synergy in the achievement of energy savings across gas and electricity. However, this issue will be subject to monitoring. Any evidence of such economies of scale, which emerges, may well be relevant for setting future targets.
24. Similarly there is not the evidence on which to base a firm assessment of the potential for economies across supply groups, i.e. corporate groups comprising more than one electricity supply company (e.g. Scottish Power plc) or more than one gas supply company. The targets therefore assume no such economies of scale. However this is another issue which requires monitoring during the Standards.

Timetable

25. The start date for the new Standards will be 1 April 2000. To qualify, projects should be additional to those already being carried out, though it will be open to PESs to submit extensions to existing Standard schemes. In order to count towards the targets, projects should be in the public domain (ie able to be taken up by customers) by 31 March 2002. As under the present Standards, companies will be required to publish Annual Reports. The first such report will be due on 30 June 2001. Ofgem will give further guidance to companies on these reports.

Monitoring and compliance

26. Companies will be responsible for deciding how to meet their targets, within the criteria of the determination set out in Annex 1, and the wider regulatory regime. Ofgem will monitor overall compliance: we will be particularly concerned to ensure that in delivering the Standards, dominant suppliers do not act in ways which weaken competition in supply. More broadly Ofgem is keen to see schemes promoted and offered to customers in ways which widen customer choice and strengthen competition.
27. We will also pay particular attention to monitoring the contribution, which companies' Standards programme, make to the Social Action Plan. In terms of monitoring costs, Ofgem is discussing with EST and companies the best ways of collecting information on project costs, in order to inform the setting of future targets.
28. EST will continue to play a key role in the administration of the Standards. EST's role will include:
- evaluating the energy savings forecast from schemes which are brought forward for accreditation by companies, particularly to ensure that the forecasts are in line with the model on which the targets are based;
 - providing advice and support, as requested by companies, in developing and arranging schemes.

The Energy Saving Trust has been closely involved in Standards compliance and evaluation
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activities. In 1994, the Trust's recommendations regarding the methodology for setting targets formed the basis of the Standards as they are to this day. EST assesses all projects against the SOP criteria and monitors company progress towards meeting targets. It also co-ordinates energy monitoring activities, to compare actual savings achieved against predicted savings.

The Trust has had a project development and management function throughout the Standards. This has focused largely on lighting and appliances. During SOP2 EST were requested by the PESs to achieve 10% of the overall target from national appliance projects. EST's project management role is switching towards a more facilitative role.

The energy suppliers have the responsibility of delivering the energy saving targets. Between the 14 PESs, a total of nearly 650 projects have been run over the 6 years, spanning lighting, insulation, appliances and the non-domestic sector. They have worked

With a very wide range of organisations such as local authorities and charities. PES annual energy efficiency reports give full details of their activities.

In SOP3, all suppliers of electricity and/or gas (except those with less than 50,000 customers) will be required to deliver energy efficiency to domestic customers.

EST's advice on the targets

29. Following the October 1999 decision document, Ofgem invited EST to assess the level of energy savings achievable by companies within assumed costs of £1.20 per annum for each gas and electricity customer; and to advise on the appropriate methodology for counting energy savings from schemes brought forward by companies. EST was asked to take particular account of Ofgem's policy that two-thirds of companies' Standards expenditure should be for disadvantaged customers; and to consider the scope for energy efficiency appliances. We also indicated to EST that the targets should take full account of the wide size range of suppliers covered by the Standards in terms of the number of customers, which they serve.

30. EST's initial recommendations to Ofgem were circulated to interested parties in December. Ofgem has had extensive consultations with companies and with EST over these initial recommendations, in the light of which EST has made a number of significant adjustments to its recommendations. Ofgem's decisions on the targets are based on EST's final recommendations.

Overall targets

31. The following table sets out EST's recommendations for SOP3 targets for suppliers in different size bands.

TABLE 1: Targets for different size suppliers

No. of Customers (million)	Target Factor (kWh/customer)	Target (GWh)	Target Factor (kWh/customer)	Target (GWh)
	ELECTRICITY		GAS	
0.05	155	7.7	229	11.5
0.10	163	16.3	241	24.1
0.25	174	43.6	257	64.2
0.50	183	91.4	268	134
1	191	191	280	280
2	199	399	292	584
3	204	613	299	897
5	210	1052	308	1539
10	219	2188	320	3195
15	223	3356	326	4897

The targets which Ofgem will now set for individual suppliers will be based on these recommended targets. The total energy savings requirements across suppliers as a whole amounts to around 5100 GWh in electricity and 6200 GWh in gas.

32. In considering the level of the targets, EST took into account the various categories of energy efficiency measures available to gas and electricity companies. The following tables indicate the mix of measures assumed for modelling purposes when setting the targets. Companies will in practice have discretion over the mix of measures which they carry out, though the major electricity suppliers have agreed to aim to achieve at least 12 per cent of their targets through appliance schemes.

TABLE 2: Electricity energy saving mix (% of total saving)

Measure	Loft ins.	Wall ins.	Draught Proofing	Cylinder lagging	Lighting CFLs	Heating Controls	Appliances	Misc
Target %	6.2%	18%	0.3%	0.5%	57%	2%	14%	2%

TABLE 3: Gas energy saving mix (% of total saving)

Measure	Loft ins.	Wall ins.	Draught Proofing	Cylinder lagging	Heating Controls	Condensing Boilers	CHP	Misc
Target %	15%	38%	1%	2%	9%	29%	4%	2%

33. In addition to changes in the funding level for the new Standards compared with the previous Standards for PESs, there are changes in the methodology used for setting the targets, as explained in EST's report. However, EST has calculated that the new electricity targets represent a tightening of more than 10 per cent on the companies' performance under the current Standards.

ANNEX

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STANDARD OF PERFORMANCE FOR THE PROMOTION OF THE EFFICIENT USE OF ELECTRICITY¹

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 each licensee which holds an electricity supply licence granted under section 6(1)(c) of the Act ("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 (or as the case may be condition 50) 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 ("the Standard") is that between 1 April 2000 and 31 March 2002 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 2002) GWh Savings of Energy calculated in

accordance with paragraph 4, of an aggregate amount produced by the application of the following formula ("the Formula")

$$C \times [12.054 \ln(C) + 107.82] / 1000$$

Where:

C represents the number of Consumers who are customers of the Licensee calculated in accordance with the rules set out below; and

Ln represents the natural logarithm

- (2) The date for the initial calculation of C (in paragraph 1 above) is 30 September 1999, and the Formula shall be applied (subject to paragraph 3 below) by reference to C as so calculated with effect from 1 April 2000.
- (3) If a supplier has a figure for C calculated in accordance with paragraph 1 of more than 50,000, a further calculation shall be made of the number of Consumers who are customers of that Licensee at 30 September 2000, and the figure for C by reference to which the Formula is to be applied for that supplier shall be the average number of such Consumers at 30 September 1999 and 30 September 2000 respectively.
- (4) In order to qualify for the Standard
 - (a) all Savings of Energy must be achieved by the efficient use of electricity by Consumers; and
 - (b) at least three quarters of the Savings of Energy must be savings of electricity supplied to Consumers.
- (5) The Standard is in addition, and not in substitution for the Standard of Performance fixed by the determinations dated 24 March 1994, and 30 March 1998.

Selecting Projects

2(1) The Supplier shall not select a Project unless

- (i) the aggregate benefits of that Project to Consumers generally are expected to exceed the aggregate costs of the Project and

(2) Subject to sub-paragraph (1), 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.

(3) 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.

(4) 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-paragraph (1) to (3) shall not select a Project until either the Energy Saving Trust has expressed its views on that Project or three months has elapsed since the Project was submitted to the Energy Saving Trust.

Implementing Projects

- 3(1) The Supplier shall cause each Project to be designed and implemented in a way that maximises its contribution to the efficient use of electricity.
- (2) 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 the 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 2001, and on or before 30 June in each subsequent year sent to the Director a report setting out:

- (a) the level of performance of the Supplier against the Standard;
- (b) a description of each Project that it is proposing, has been 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) 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;

“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(4), intended to promote the efficient use of electricity by Consumers (but not necessarily all Consumers) and caused to be implemented after 1 April 2000 and before 31 March 2002 whereunder goods, services and financial incentives (or any of them) are provided to those Consumers.

“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.

¹ This draft standard has been included to give an indication of the Standards which will be set. Separate, but similar Standards will cover gas suppliers and second tier electricity suppliers.