

Contribution from EAGA Partnership Ltd

1. Consideration should be given for the inclusion of domestic carbon savings in future trading mechanisms.

The EU ETS places a burden on generators in the form of a cap on emissions. Reducing emissions costs the generator money, which will ultimately be passed to the consumer (it is estimated that the effect of the introduction of an EU ETS will be an 80% increase in energy prices by 2010. This will impact on the consumer (particularly hitting those in electrically heated homes) resulting in increasing the numbers of customers in fuel poverty and placing new groups at risk.

There therefore appears to be merit in some of the income derived from the sale of carbon savings being redistributed to protect the customer from the financial impact of the 'greening' of the energy supply sector. In essence, the social impacts of the EU ETS (an environmental scheme) need to be considered and action taken to offset this.

2. The issue of installing energy efficiency measures in 'hard to treat/reach' homes, for example, those in rural areas with solid walls, will need careful consideration. A possible solution being the use of funds generated through the sale of measures installed under the Warm Front programme. Reference to this mechanism can be found in Chapter 6 'The interaction of the EEC with other policies' of OFGEM's review of the first year of the Energy Efficiency Commitment, published in July 2003.
3. The issue of not being able to apply EEC or Warm Front funding to customers living in buildings of multiple occupation where only one or two occupiers are grant eligible needs careful consideration and a funding solution could be as outlined in 2. above, where this money could be used to insulate non-grant eligible households.
4. Another issue relating to buildings of multiple occupation relates to the prohibitive cost of installing energy efficiency measures where scaffolding is required to ensure their safe installation. Again, the funding mechanism suggested above could be applied.
5. As the level of funding for the installation of energy efficiency measures increases (particularly the installation of heating systems), so does the demand for qualified heating engineers. Ofgem should give consideration to providing innovative solutions to the funding of training in this critical area.