

Sustainable Energy Policy Division

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Chris Chapman
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Date: 25/02/2004

Response by email only

Dear Chris Chapman,

**DEFRA COMMENTS ON CHAPTER 6 OF OFGEM'S DRAFT CORPORATE STRATEGY
2004 – 2007 - "HELPING TO PROTECT THE ENVIRONMENT"**

At the fourth meeting of Ofgem's Environmental Advisory Group on 17th February it was agreed, in light of a discussion on the environmental chapter of Ofgem's draft corporate Strategy, that any detailed points would be put to Ofgem in writing. This letter follows up on that commitment.

We welcome the overall aims of the Environmental Chapter, which reference, and are in keeping with the Government's overarching carbon reduction commitments detailed in the Energy White Paper. We also welcome the Strategy's reference to Ofgem's commitment to work with Government on a number of workstreams central to delivering our energy policy goals. I have provided below comments on several of these:

- "to explore with suppliers ways of making customers better informed about their energy use, for example, on bills, meters, websites or by other means, and evaluate whether, and if so how, such information influences customers' decisions."

With the Energy Efficiency Implementation Plan now due to be published after the Easter recess, this workstream is of great importance to the Government's energy efficiency goals. All business, irrespective of whether or not it is in a Climate Change Agreement needs accurate information if it is to successfully manage its energy use and make a contribution to tackling climate change. Carbon Trust consultants are undertaking work for Defra on this issue and we will be exploring their recommendations fully with you in early March.

- "to pay particular attention to the results of the second survey on the quality of energy efficiency advice provided by energy suppliers to customers".

We welcome steps Ofgem are taking to encourage suppliers to use the Energy Efficiency Advice Accreditation system developed by the Energy Efficiency Partnership for Homes.

- “to continue its important work to administer Government environment programmes as efficiently and effectively as possible”.

Ofgem's work on getting the Energy Efficiency Commitment (EEC) off to a promising start is appreciated. We look forward to your continued role in EEC post 2005, including through the EEC High Level Advisory Committee, so that EEC maintains a key carbon abatement role in the domestic sector. Defra will be issuing the public consultation on EEC post 2005 in June this year.

- “to evaluate the recently announced pilot projects in which suppliers are permitted to offer domestic consumers energy services packages linked to longer term supply contracts than are possible under the normal 28 day rule arrangements”

The pilot to disapply the 28-day rule will be a particularly important means of encouraging the development of an Energy Services market. We are also currently considering the policy implications of the Energy Services Directive, published late last year.

In summary, we believe that the proposed Strategy is comprehensive and will contribute to the achievement of our overarching energy policy goals. We look forward to working with Ofgem on taking forward and making good progress on the various workstreams detailed.

Yours sincerely,

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