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Iain Osborne
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Dear Mr Osborne

Consultation on Testing domestic consumer take-up of energy services: trial suspension of 28 day rule

Thank you for the opportunity to comment upon this draft trial suspension of the 28 Day Rule. Arup is an international multidisciplinary engineering consultancy firm, well acquainted with the Renewable Energy (RE) field through both practical design experience and in RE planning policy research. The company has been involved with a number of RE projects in the building sector and in the energy market itself.¹

This response is the product of a discussion held by interested parties within Arup.

GENERAL COMMENTS

Principles

The Energy White Paper (EWP) set ambitious targets for a low carbon economy. The trial suspension will determine whether energy suppliers can provide energy efficient measures, subject to the suspension of the 28 day rule, while still providing customers with an adequate measure of protection. If the trial proves that this can be achieved it will facilitate the construction of many renewable energy (RE) projects that would have otherwise suffered under the 28 day rule and thus be an important step in achieving the governments carbon reduction targets as set out in the EWP.

It should be noted that the whole scale implementation of this could lead to energy price rises therefore sufficient protection from this for those in fuel poverty should be provided. However an increase in prices, which are generally accepted to be artificially low, should not be seen as a wholly negative effect as it will increase the viability of many RE projects thus helping to achieve the governments commendable and necessarily high carbon reduction targets.

DETAILED COMMENTS

Section 4.14

The proposal for each package to be bespoke and designed for the personal energy efficiency audit of the customers home is essential to ensure that blanket measures are not simply rolled out without careful engineering consideration of all factors involved with the efficiency of an customers property.

¹ Arup involved in the design of buildings with many 1000kW of renewables. Arup acted as design engineers for the zero carbon housing project at BedZED, as well as a number of smaller building projects such as Eastlea, which has the first ever ground coupled-heat loop. The company also registered with the Crown Estate its interest in developing one of four selected off-shore wind farm sites, together with selected collaborators.

Section 5.7

“... potentially anti-competitive for a former Public Energy Supplier to focus its energy services marketing disproportionately on regions where it is a the former monopolist” In order to mitigate against this it is suggested that a limit be set on regions in the same way a total of 4 per cent/50,000 customer limit has been placed for the trial.

Section 5.9.1

“... The audit would be expected to be carried out in the home, but could exceptionally be carried out over the telephone or by post ...” These exceptions need to be more clearly defined in order to ensure that a minimum level of in-home audits are undertaken.

Section 5.9.3 – footnote 6

“...audit should identify all relevant energy efficiency measures, including those for zero cost. However, only measures with a cost should be included in assessment of whether the savings threshold is met.” This is to be commended as it enable energy efficiency measure to be implemented in a property even if an “energy package” is not supplied.

Section 5.9.4

The trial will give some indication of the reality of the 15 per cent target and should be re-assessed after the trial. Competition within the market should be allowed to the offer percentage reductions for given prices and a minimum of 15 per cent is simply there to achieve the governments EWP targets.

Section 5.9.8

The choice of measure for energy targets needs some explanation. Rather than targeting energy use through units of energy or power (kWh or kW), current thinking emphasises the relationship of energy use to the specific fossil fuels used through the ultimate CO2 emissions of each fuel. It is relevant to note that the “carbon intensity” (relationship of CO2 emissions to primary energy sources) varies between different countries but it is well defined so still workable and appropriate. The nuclear component of electricity generation will need special handling since an increase in radioactive waste would be an undesirable side effect in sustainability terms of targeting CO2 emissions alone.

Since the government targets in the EWP are in carbon units, it is suggested that this measure be used here. Using this measurement is likely to mean that those using electricity only will be cherry picked as the number of carbon units is higher, thus achieving more reductions in carbon emissions than if the property is mixed fuel.

The suspension of the 28 day rule may enable private wire networks and local energy networks to be set up however further consideration of this must be included in the document.

Section 5.12.10

A minimum guarantee on energy saving measures supplied in “energy packages” should be stipulated in this document in order to protect against the installation of poor quality goods that lose their effective efficiency over time and returning the property to its low energy efficiency (something that might be undertaken by cynical suppliers).

Section 5.20

This section is essential and must be included in any suspension of the 28 day rule.

Section 6.1

The following should be added to this list of post trial evaluations:

- The effect on uptake of local private wire RE projects
- The implementation of building integrated RE

Section 6.2

The need for before-and-after meter reads needs to be stressed, and careful evaluation of this data is required to fully assess the impact of the trial on energy efficiency

SUMMARY

To conclude, a summary of the company's key concerns:

- The suspension of the 28 day rule must ensure that small scale RE projects are encouraged and not hindered.
- Measurement of energy efficiency should use a carbon index rather than a kWh one
- The 15% reduction target is commended but must be further assessed after the completion of the trial.

Yours sincerely

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