

**Ofgem Consultation - Energy Efficiency Commitment 2005-2008:**  
**Administration Procedures**

**Consultation Response by the Energy Saving Trust**

This document comprises the Energy Saving Trust's (EST) response to Ofgem's consultation on Administration Procedures for EEC 2005-2008. EST is grateful to have this opportunity to comment on the proposals.

EST is in general agreement with the proposals for target setting as set out in Chapter 3 of the consultation. The proposals continue to use a methodology for adjusting targets according to supplier size that was originally pioneered during EESoP 3 and continued to work well during the first EEC programme.

Our main comments regarding the consultation proposals relate to how we see the Homes Energy Efficiency Database (HEED), that EST has developed on behalf of Government, could be used by Ofgem to assist in resolving a number of the different issues raised in the consultation document. EST welcomes Ofgem's encouragement that energy supplier participate in the HEED project and would like to acknowledge Ofgem's support for the project that has been received to date.

**The Potential use of HEED**

The Homes Energy Efficiency Database (HEED) has been developed by the Energy Saving Trust on behalf of Government to register the uptake of energy efficiency measures throughout the UK housing stock. The database registers installations as well as survey data on a property-by-property basis with data from a wide variety of sources including energy suppliers, government scheme managing agents, local authorities as well as EST programmes.

EST believes that HEED could be a valuable resource to Ofgem in its administration of the EEC post 2005. The benefits of HEED in terms of the monitoring and auditing of the programme are summarised as follows: -

**Measure Numbers**

HEED by its definition and coverage with suitable data, can account for every measure claimed under the EEC programme and therefore provide Ofgem with a powerful tool to assist in both the monitoring and auditing of measure numbers. This would provide an independent check in addition to the measure numbers provided in Suppliers' quarterly reports.

**Auditing Sample**

Ofgem could also use HEED to identify properties that could be visited by its auditors to confirm the installation of measures. This would allow Ofgem to pick a sample completely at random instead of relying on suppliers to provide their own address lists; this would provide Ofgem with greater independence in auditing.

**Double Counting**

With a programme as large as the EEC there is always the risk that a particular measure could be claimed by more than one supplier. As HEED records measures

at individual address level and by supplier, any occurrence of this would be quickly highlighted and could be investigated by Ofgem. A number of suppliers have raised this issue and indicated that HEED could be a useful tool in identifying instances of double counting of measures.

### Regional activity

The current proposals from Defra with regard to the EEC post 2005 do not make any provision for activity levels or the monitoring the uptake of the programme across the devolved nations of Great Britain. Therefore, Ofgem could have difficulty in responding to specific requests of the devolved nations as to the impact of the Programme in the different nations. EST could provide Ofgem with analysis of this type and would therefore be in a position to assist Ofgem in responding to queries from the devolved nations.

Currently 5 of the main 6 EEC obligated energy suppliers have agreed to provide data to HEED. However, in terms of the total numbers of measures believed to have been delivered through EEC to date, only a very small amount of data related these measures has been received for entry into the database. EST will continue to develop HEED for the benefit of all organisations involved in improving the energy efficiency of the housing stock. However, for the database to be able to provide Ofgem a full service encompassing the aspects described above, some obligation on suppliers to provide data more regularly may be required.

EST would welcome further discussions with Ofgem on any of these aspects.

### Other Comments

EST would also like to comment on the following issues.

- 4.25 Quarterly Reports

EST strongly agrees with the proposal that suppliers detail the number of CWI installations in their quarterly reports. We believe that such reporting should also be expanded to include boilers, loft insulation and CFLs. The recent and on-going difficulties experienced in ascertaining the true size of the CWI market as well as the actual impact of EEC within this and other markets make such data enormously useful in evaluating the impact of such programmes and enables more accurate estimates of market growth to be made to assist in future programme and target development.

- 5.14 Compliance

EST strongly agree that options for additional monitoring should be explored and implemented, as this will provide additional reassurance that measures are being installed appropriately and resulting energy savings achieved. Mystery shopping has been suggested by EST before and this could take two forms. On one hand, where the Data Protection Act allows, customer data could be obtained by Ofgem (or its auditors) and these customers subsequently contacted to check that the measures claimed by the supplier were installed. With the customer's approval, physical inspections of the quality of installation could also be carried out. Another form of mystery shopping could be for Ofgem and Defra to encourage

their own staff to apply for EEC measures, who could report back on whether or not the measures were installed as per the schemes statement of method.

- 6.9 ii)(b) Qualifying Action

EST strongly agrees that where CFLs are provided free, 'person to person' customer details should be obtained. This data should also be retained for auditing purposes.

6.9 ii) (d)

A mixture of lamp types and wattages should be offered wherever possible. This will enable the customer to ensure that they are able to install the right lamps in the right fittings, rather than discarding or storing lamps that might not be suitable. EST believe that suppliers should be encouraged to offer a range of lamps under all delivery scenarios.

6.9 vii) (a)

EST agrees that a 20% increase in sales over 2001 levels is suitable as an indicator of additionality for both CFL and DIY loft insulation schemes.

6.9 viii

EST believe that retailers sales data should be used to demonstrate additionality for A, A+ and A++ rated appliances for all types of white and wet appliances. However, this is principally for fridges and fridge freezers where there is currently a high market share of A rated appliances. We would consider all A+ rated appliances to be additional.

- 7.12 & 7.17 CWI and Loft Insulation

Ofgem propose to accredit the same savings for CWI, be it mineral wool, UF foam or polystyrene beads. EST agrees that the performance of all three materials is very similar, however we would like to point out that we have recently recognised slightly increased savings for a polystyrene bead product (Polypearl) and informed energy suppliers that these increased savings would be able to be claimed in their EEC schemes.

EST agrees that one set of energy savings is suitable for the different types of loft insulation.

7.29 & 7.43 - Correction factors

Despite not having seen the monitoring results, EST agree that correction factors should be used in these circumstances.

7.45 CFLs in Low Use Fittings

EST recognises that low use fittings will lead to reduced energy saving potential for CFLs, although we think that it will be difficult for suppliers to obtain accurate data from customers as to exactly where the lamps have been installed. Consideration could be given to suppliers collecting data via a survey form with the mail-order delivery route.

7.52 Limits on numbers of lamps

EST agrees with the proposals in this section.

#### 7.57 A+ savings

EST thinks it sensible to calculate different savings for A, A+ or A++ appliances. The recent work we carried out on Ofgem's behalf shows significant differences in savings between the energy label bands. The greater savings available for A+ and A++ will also encourage suppliers to fund them, which will help further transform the appliance market. We recommend that an uplift similar to that used in EEC 2002-05 be applied to A+ and A++ rated products to acknowledge the market transformation impact the Programme will have in shifting sales to these higher rated appliances.

#### 7.70 Boiler savings

EST agrees with maintaining a distinction for boiler savings between boiler upgrades and exemptions. EST recommends that Ofgem use a figure of 90% efficiency representing a minimum for an A rated boiler in both scenarios, and that only A rated boilers can be supplied in "Exception" installations. It is our understanding that this is not the case in Defra's target model for EEC2, as Defra have assumed that an upgrade goes to 91% whereas an exemption gets 90%.

#### 7.76 Fuel Switching

A distinction should be maintained between full and partial systems, given the difference in energy savings that exists.

#### 8.4 Monitoring

EST strongly agree that monitoring of these delivery routes must be maintained during EEC2. We have been concerned by anecdotal evidence concerning non-installation of measure delivered under a DIY scenario. Monitoring should also be carried out to ensure DIY loft insulation does not end up being purchased by Trade customers and hence double counted. Ofgem's auditors could perhaps visit the DIY stores to discuss the procedures that have been put in place to deter this.

#### 8.6 Standard questions for monitoring

This was an approach introduced under EESoP 3 and EST welcome proposals to reintroduce it. It will provide consistent data from all suppliers, and also will be useful for suppliers new to delivering EEC schemes.

Suppliers should continue to monitor customer satisfaction for schemes involving professional insulation and heating measures.