

## **Energy Efficiency Commitment 2005 – 2008**

### **Administration procedures**

December 2004      290/04a



## Summary

The Energy Efficiency Commitment (EEC) 2005 – 2008 follows on from the EEC 2002 – 2005 and requires gas and electricity suppliers to achieve new targets for the promotion of improvements in domestic energy efficiency. The Electricity and Gas (Energy Efficiency Obligations) Order 2004 provides the statutory basis for the EEC setting out the overall energy efficiency target of 130TWh to be achieved between 1 April 2005 and 31 March 2008.

Using less energy was highlighted within the Government's Energy White Paper 2003 as being the cheapest, cleanest and safest way of addressing the Government's energy policy objectives. The EEC will contribute to the Government's Climate Change Programme by cutting greenhouse gas emissions. At least 50% of the energy saving achieved under the EEC must be targeted by suppliers at certain low-income domestic consumers; hence the EEC also contributes to the Government's Fuel Poverty Strategy.

The Order imposes an obligation upon licensed gas and electricity suppliers that have at least 50,000 domestic customers, to meet an energy efficiency target and sets the broad framework for how this obligation is to be achieved. The overall EEC target was set by the Department for Environment, Food and Rural Affairs (Defra) by devising an illustrative mix of possible energy efficiency measures which suppliers could promote. This mix is available on Defra's website, [www.defra.gov.uk](http://www.defra.gov.uk).

This document sets out how Ofgem will fulfil its duties under the Order including to set suppliers' targets, approve their schemes, determine the improvements in energy efficiency resulting from those actions and where necessary, enforcing compliance with the requirements of the Order.

Ofgem is required to determine the energy efficiency targets for each gas or electricity supplier on whom obligations will be imposed by the Order. In order to comply with their obligations, suppliers are required to notify Ofgem of their energy efficiency actions or 'schemes'. Ofgem will approve a notification if it is satisfied that it would promote an improvement in energy efficiency. Once a supplier has completed a scheme it must notify Ofgem. Ofgem will then determine the actual improvement in energy efficiency to be attributed to that action.

This document sets out the timescales and format for suppliers to notify Ofgem of their proposed and completed schemes. The criteria Ofgem will use to determine whether an action will lead to an improvement in energy efficiency is also detailed, as are the

means by which suppliers must demonstrate that at least 50% of the total improvements in energy efficiency have been made in relation to domestic consumers in the Priority Group.

Procedures will be set up to monitor each supplier's progress against its energy efficiency target and Ofgem will continue to produce its quarterly EEC Update to inform all interested stakeholders. Ofgem will report to the Secretary of State for Environment, Food and Rural Affairs each year of the EEC and will make this report publicly available.

The EEC 2005 – 2008 follows on from the EEC 2002 – 2005. The EEC 2002 – 2005 finishes on 31 March 2005 and suppliers are on track to meet their targets. The latest Annual Review of the EEC 2002 – 2005 is available on Ofgem's website [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

As set out in Energy Efficiency: The Government's Plan for Action, May 2004, a review of the EEC will be conducted by Defra in 2007. The Government is committed to a continuation of the EEC until 2011 and a firm target from 2008 will be set following this review. These administration procedures only relate to the three-year period covered by the Electricity and Gas (Energy Efficiency Obligations) Order 2004.

# Table of contents

<b>1. Introduction.....</b>	<b>1</b>
Administration procedures.....	1
Structure of the document .....	4
<b>2. Target setting.....</b>	<b>5</b>
The overall energy efficiency target .....	5
Energy efficiency obligations .....	5
Determining and altering energy efficiency targets.....	7
<b>3. Suppliers' actions.....</b>	<b>9</b>
Approving actions .....	9
Transfers .....	11
Reporting .....	12
<b>4. Compliance .....</b>	<b>14</b>
Determining improvements in energy efficiency .....	14
Auditing.....	15
Compliance with the energy efficiency obligations .....	16
<b>5. Improvements in energy efficiency .....</b>	<b>18</b>
Criteria to establish whether a notified action would result in improvements in energy efficiency .....	18
Criteria to determine what improvement in energy efficiency will result .....	27
Criteria to establish the improvement in energy efficiency in relation to the Priority Group .....	31
<b>6. Monitoring action.....</b>	<b>36</b>
Determining an improvement in energy efficiency.....	36
Standard monitoring questions .....	37
Monitoring consumer utilisation .....	37
Insulation .....	37
Lighting.....	39

Appliances .....	40
Heating .....	41
<b>Appendix 1 Notification codes .....</b>	<b>44</b>
<b>Appendix 2 Scheme notification schedule .....</b>	<b>46</b>
<b>Appendix 3 Declaration for partners distributing free CFLs .....</b>	<b>49</b>
<b>Appendix 4 SHP declaration .....</b>	<b>51</b>
<b>Appendix 5 Standard technical monitoring questions .....</b>	<b>55</b>
<b>Appendix 6 Consumer utilisation monitoring.....</b>	<b>62</b>

# 1. Introduction

- 1.1. The Electricity Act 1989 and the Gas Act 1986 enable the Secretary of State to make an order which imposes an energy efficiency obligation on electricity and gas suppliers.
- 1.2. The Electricity and Gas (Energy Efficiency Obligations) Order 2004<sup>1</sup> (the Order), which provides the statutory basis for the Energy Efficiency Commitment (EEC) 2005 – 2008, came into force on 23 December 2004. The Order sets an overall target of 130 TWh<sup>2</sup> for the promotion of improvements in energy efficiency in relation to domestic consumers from 1 April 2005 – 31 March 2008. Under the Order suppliers will be set an energy efficiency target, determined by Ofgem, to be achieved by 31 March 2008.
- 1.3. At least 50% of the total improvement in energy efficiency achieved to meet the supplier's target must be taken in relation to domestic consumers in the Priority Group – those households in receipt of certain income-related benefits or tax credits.
- 1.4. The EEC forms part of the Government's Climate Change Programme as it is aimed primarily at reducing carbon emissions from households through improvements in energy efficiency. The Government's Energy White Paper<sup>3</sup> states that the cheapest, cleanest and safest way of addressing the Government's energy policy objectives is through using less energy. Improvements in energy efficiency can also contribute to the alleviation of fuel poverty and the EEC is therefore highlighted in the UK Fuel Poverty Strategy<sup>4</sup>, November 2001.

## ***Administration procedures***

- 1.5. This document sets out Ofgem's procedures for administering the Order. It sets out how Ofgem will approve actions notified by suppliers, determine the improvements in energy efficiency to be attributed to completed qualifying

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<sup>1</sup> Available on [www.hmso.gov.uk](http://www.hmso.gov.uk)

<sup>2</sup> fuel-standardised, lifetime-discounted

<sup>3</sup> Energy White Paper Our Energy Future - Creating a Low Carbon Economy, February 2003

<sup>4</sup> The UK Fuel Poverty Strategy, Defra and DTI, November 2001

actions and put procedures in place to regularly monitor suppliers' progress in meeting their targets.

- 1.6. In May 2004 Defra published a consultation "The Energy Efficiency Commitment from April 2005 Consultation Proposals". Ofgem subsequently consulted on its proposals for administering the Order, based on the draft Order annexed to Defra's consultation. Fourteen responses were received to Ofgem's consultation. A summary of those responses is available on Ofgem's website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Ofgem's procedures for administering the Order have been finalised further to consideration of these responses and discussions with suppliers.
- 1.7. Under the Order Ofgem is required to:
  - i) Determine a supplier's energy efficiency target,
  - ii) Approve action notified by a supplier where Ofgem is satisfied that the notified action would promote an improvement in energy efficiency in relation to domestic consumers,
  - iii) Estimate what improvement in energy efficiency would be attributable to action referred to in (ii),
  - iv) Determine whether a completed action has promoted an improvement in energy efficiency and, if so, determine the amount of an improvement that Ofgem is satisfied will be achieved in relation to domestic consumers in the priority group,
  - v) Attribute an improvement of 50% more than it would otherwise have done so for energy service action or an innovative action,
  - vi) Report to the Secretary of State each year, and
  - vii) Enforce compliance with the requirements of the Order where appropriate.

- 1.8. Also, the Order allows Ofgem to:
- i) Alter a supplier's energy efficiency target,
  - ii) Agree to the whole or part of a supplier's target being achieved by qualifying action taken by another supplier,
  - iii) Agree to the whole or part of a supplier's target being transferred to another supplier.
- 1.9. Ofgem will also produce a Technical Guidance Manual which sets out the relevant technical standards that need to be met when installing or delivering energy efficiency measures for there to be an improvement for the purposes of the Order. It will also detail how Ofgem will quantify the improvement in energy efficiency for the purpose of its determinations. Both the Administration Procedures and the Technical Guidance Manual are working documents and will be subject to review and updating where necessary.
- 1.10. Ofgem has developed a number of tools for administration which will be provided to the obligated suppliers for the purpose of demonstrating compliance. These are the:
- i) EEC Scheme Spreadsheet,
  - ii) Notification *pro forma*,
  - iii) Quarterly Progress Report,
  - iv) CHP Spreadsheet, and
  - v) Energy Savings Matrix.

### ***The Energy Efficiency Commitment***

- 1.11. The EEC 2005 – 2008 follows on from the EEC 2002 – 2005, under which suppliers must meet their energy efficiency targets by 31 March 2005. Ofgem's latest Annual Review on suppliers' progress against their EEC 2002 – 2005 targets is available on Ofgem's website.

- 1.12. As set out in Defra's consultation proposals and in Energy Efficiency: The Government's Plan for Action<sup>5</sup>, a review of the EEC will be conducted in 2007. The Government has stated that it is committed to a continuation of the EEC until 2011 and a firm target from 2008 will be set following the review in 2007.

### ***Structure of the document***

- 1.13. Chapter 2 details how Ofgem will determine and alter each supplier's energy efficiency target. The procedures for suppliers to notify Ofgem of their proposals for achieving their targets are set out in Chapter 3. Chapter 4 details the procedures for suppliers to demonstrate compliance with their obligations. The criteria by which Ofgem will approve a notified action is detailed in Chapter 5. Chapter 6 sets out the procedures which suppliers should put in place to monitor the actions that they propose should be counted towards their targets in order to ensure that Ofgem can attribute an improvement in energy efficiency.
- 1.14. The Order provides an incentive for suppliers to deliver actions that are innovative. Part of the definition of an 'innovative action' in the Order is that it is a qualifying action which achieves an improvement in energy efficiency which Ofgem is satisfied is significantly greater than that achieved by any similar action determined as a qualifying action under the EEC 2002- 2005. Ofgem will publish a short consultation on how it proposes to interpret the terms 'significantly greater' and 'similar action' in January 2005 and aims to publish its conclusions by 1 March 2005.

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<sup>5</sup> Energy Efficiency: The Government's Plan for Action, Defra, April 2004  
Energy Efficiency Commitment Administration Procedures  
Office of Gas and Electricity Markets

## 2. Target setting

### *The overall energy efficiency target*

- 2.1. Article 2 of the Order states that the overall target for the promotion of improvements in energy efficiency in relation to domestic consumers for the period 1 April 2005 to 31 March 2008 is 130 fuel-standardised, lifetime discounted terawatt hours (TWh).

### *Energy efficiency obligations*

- 2.2. To comply with its energy efficiency obligation a supplier must achieve the latest energy efficiency target determined for it by the Authority by 31 March 2008.
- 2.3. Article 3 states that a supplier's energy efficiency target must be met by improvements in energy efficiency attributable to qualifying actions and that at least 50% of the total improvement in energy efficiency attributed to those actions must be achieved in relation to the Priority Group.

### *Defining a supplier*

- 2.4. The Order requires Ofgem to determine an energy efficiency target to be achieved by a "supplier". Due to the definition of supplier under article 1(2), only those licensees that supply at least 50,000 domestic customers, having taken into account the number of domestic customers supplied by the licensee's holding company (or any subsidiaries of the holding company) or subsidiary company will be subject to an obligation to meet a target.
- 2.5. Therefore, where a group of companies holds a number of supply licences, Ofgem will determine whether the total number of domestic customers supplied is at least 50,000. For the purposes of the calculation of domestic customer numbers, electricity licensees should only calculate the number of domestic customers of the group's electricity licensees and for gas licensees the number of domestic customers of the group's gas licensees.

- 2.6. In accordance with article 1(3), a person who ceases to have at least 50,000 domestic customers after 31 December 2004 but who continues to hold a supply licence will continue to be treated as a supplier so will remain subject to the obligation to meet its energy efficiency target by 31 March 2008.
- 2.7. An obligation to achieve an energy efficiency target is a “relevant requirement” under the Gas Act 1986 and the Electricity Act 1989 such that Ofgem may take enforcement action to secure compliance with it.

### ***Defining a domestic customer***

- 2.8. A domestic customer is defined in article 1(2) as:

*‘an owner or occupier of domestic premises in Great Britain who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes.’*

- 2.9. Where electricity or gas is supplied to a domestic customer at non-domestic premises, the supply to the non-domestic premises is not relevant for the purposes of the energy efficiency obligation.

### ***The criteria in the Order***

- 2.10. Article 4(1) of the Order requires Ofgem to determine an energy efficiency target to be achieved by a supplier if he is a supplier on 31 December 2004, 31 December 2005 or 31 December 2006. These targets apply from the following 1 April in each case. Ofgem may also alter a target with effect from 1 April 2006 or 1 April 2007.
- 2.11. A supplier’s energy efficiency target shall be determined or altered by reference to the following criteria in article 4(2):
- The overall target of 130 TWh;
  - The mean of the total number of domestic customers supplied by suppliers on 31 December 2004 and on any anniversary of that date;
  - The mean of the number of domestic customers supplied by him on 31 December 2004 and on any anniversary of that date; and

- The time available for its achievement.

## ***Determining and altering energy efficiency targets***

- 2.12. Article 4(3) states that a supplier shall notify Ofgem by 14 January 2005, 14 January 2006 and 14 January 2007 of the number of domestic customers supplied by it on the preceding 31 December.
- 2.13. Once Ofgem has decided which licensees are subject to a target (see paragraph 2.4) it will calculate each licensee's energy efficiency target. The overall target of 130 TWh will be apportioned to each obligated licensee using the number of domestic customers supplied by it in relation to the proportion of the total number of domestic customers supplied by the obligated licensees. It is necessary for Ofgem to perform this calculation annually for the period of the Order. Accordingly, it will make three such calculations, as shown in Figures 2.1, 2.2 and 2.3.

**Figure 2.1 Formula for determining targets in 2005**

$$\text{Licensee's target} = (\text{SC} / \text{TC}) \times 130$$

Where: SC is the number of the licensee's domestic customers on 31 December 2004

TC is the total number of domestic customers supplied by obligated licensees on 31 December 2004.

**Figure 2.2 Formula for determining targets in 2006**

$$\text{Licensee's target} = (\text{SC} / \text{TC}) \times 130$$

Where: SC is the average number of the licensee's domestic customers on 31 December 2004 and 31 December 2005

TC is the average of the total number of domestic customers supplied by obligated licensees on 31 December 2004 and 31 December 2005.

**Figure 2.3 Formula for determining targets in 2007**

Licensee's target =  $(SC / TC) \times 130$

Where: SC is the average number of the licensee's domestic customers on 31 December 2004 and 31 December 2005 and 31 December 2006

TC is the average of the total number of domestic customers supplied by obligated licensees on 31 December 2004 and 31 December 2005 and 31 December 2006.

- 2.14. Where a supplier is not considered to be a supplier under the Order on any relevant 31 December, because it does not supply at least 50,000 domestic customers, its customer numbers will be considered to be zero on that date.
- 2.15. Under article 4(1) of the Order, Ofgem will notify each supplier by 31 January 2005, 31 January 2006 and 31 January 2007 of the energy efficiency target to be achieved by it by 31 March 2008. A notification of a target will replace any previous notifications of the supplier's target.

**Figure 2.4 Timetable for determining energy efficiency targets**

Date of domestic customer numbers	Supplier provides domestic customer numbers to Ofgem	Ofgem notifies licensees of their targets
31 December 2004	By 14 January 2005	By 31 January 2005
31 December 2005	By 14 January 2006	By 31 January 2006
31 December 2006	By 14 January 2007	By 31 January 2007

- 2.16. A supplier must meet its energy efficiency target by 31 March 2008.

## 3. Suppliers' actions

- 3.1. This chapter sets out the procedures by which Ofgem will approve proposed actions notified by suppliers and monitor suppliers' activity.
- 3.2. Article 3 states that a supplier's target must be met by improvements in energy efficiency attributable to qualifying actions, where at least 50% of the total improvement in energy efficiency attributed to those actions is achieved in relation to the Priority Group.

### ***Approving actions***

- 3.3. Article 5(2)(a) requires a supplier to notify Ofgem of action which it intends is to qualify for the purpose of meeting the whole or part of its energy efficiency target. The supplier must also indicate how the action will contribute, if at all, to the Priority Group requirement. Such notification must be made either before the action or 'scheme' is started or within one month of commencement.
- 3.4. Article 5(1)(a) requires Ofgem to approve an action that a supplier has notified to it under article 5(2)(a) if it is satisfied that the action would promote an improvement in energy efficiency in relation to domestic consumers. Ofgem will estimate the improvement in energy efficiency that would be attributable to that action if carried out as notified. In order to be satisfied that a notified action would result in an improvement in energy efficiency, Ofgem will take account of the factors set out in Chapter 5 of this document.
- 3.5. Should an action not be taken as approved, the supplier must again notify Ofgem under article 5(2)(a) of the Order, within one month of the change commencing. Ofgem will then assess whether the approval must be reconsidered.
- 3.6. Ofgem will consider a change to be something that requires a change to the Scheme Notification pro forma, for example proposals to change the promotion and delivery of Compact Fluorescent Lamps (CFLs) and appliances, proposals to add another measure type or heating type, or proposals to work with another manufacturer or retailer.

### ***Format for notifications of intended actions***

- 3.7. Under article 5(2)(a), suppliers must provide notifications of actions they intend to take to meet their obligations. Notifications must be in writing, ideally in an electronic format and emailed to eec@ofgem.gov.uk.
- 3.8. Notifications under article 5(2)(a) should consist of two *pro forma* which will be made available to suppliers. The first *pro forma* is the EEC Scheme Spreadsheet which details the improvement in energy efficiency (also known as “energy savings”) attributable to the standard energy efficiency measures. Suppliers should use the EEC Scheme Spreadsheet to indicate which measures, and how many, they propose to deliver. Ofgem will use this information to estimate the improvement in energy efficiency attributable to the notified action. The second *pro forma*, is the EEC Scheme Notification *pro forma*. This provides the format for a written description of the proposed action and how the improvement in energy efficiency resulting from the action may be achieved in relation to the Priority Group.
- 3.9. Suppliers are required to give each of their actions a unique code to enable Ofgem to monitor them. The format for the scheme codes is set out in Appendix 1.
- 3.10. If all the relevant information has not been provided to Ofgem then the notification will not be considered to be complete and Ofgem will be unable to approve the notified action.
- 3.11. Once Ofgem is satisfied that a notified action would promote an improvement in energy efficiency, the supplier should send a signed letter of authorisation to confirm that the action will be taken as notified. Ofgem will then approve the proposed action. Suppliers are required to provide Ofgem with a list of authorised signatories for this purpose.

### ***Timescales for notifications of intended actions***

- 3.12. Suppliers are invited to begin providing notifications of the actions they intend to take under article 5(2)(a) from 3 January 2005. The schedule in Appendix 2 sets out the timeframes in which Ofgem aims to assess notified actions should they be provided by the dates specified and contain all the necessary detail.

## ***Carrying forward energy savings from the EEC 2002 – 2005***

- 3.13. Article 5(3) makes provision for action taken by a supplier during April 2002 – March 2005, which does not count towards its target under the Electricity and Gas (Energy Efficiency Obligations) Order 2001 ('the 2001 Order') to be counted towards its target under the Order provided such actions are notified to Ofgem before 1 May 2005.
- 3.14. The 2001 Order requires that a supplier meets its target by 31 March 2005. Ofgem's Administration Procedures for the 2001 Order require suppliers to submit their scheme completion reports by 30 April 2005. These completion reports must detail all of the measures delivered, and should indicate those actions the supplier intends to carry over. To assess whether a supplier has met its target under the 2001 Order, Ofgem will determine the improvements in energy efficiency to be attributed to the supplier's total approved activity and determine whether at least 50 per cent of these improvements have been achieved in relation to the Priority Group. Where this requirement is satisfied, Ofgem will determine that the action taken by the supplier is a qualifying action under the 2001 Order.
- 3.15. Following this process Ofgem can decide whether, and to what extent, a supplier has exceeded its target under the 2001 Order. The suppliers should identify which of the measures installed between April 2002 and March 2005 equate to the improvements in energy efficiency in excess of their target. Ofgem can then determine what improvement in energy efficiency is to be attributed to the action, under article 5(1)(b) of the Order.

## ***Transfers***

### **Transferring qualifying action**

- 3.16. Under article 7(a) of the Order, Ofgem may agree to the whole or part of a supplier's energy efficiency target being treated as having been achieved by a qualifying action that has been taken by another supplier. Suppliers wishing to transfer qualifying action must make a written request to Ofgem after the action that is the subject of the request has been completed and notified under article 5(2)(b).

- 3.17. Ofgem will consider requests on a case by case basis. However, it will consider it reasonable to withhold agreement where a transfer would result in a supplier being likely to contravene the requirement placed on it in the Order to meet its obligation.

### **Transferring targets**

- 3.18. Under article 7(b), Ofgem may agree to the whole or part of a supplier's energy efficiency target being transferred to another supplier. Suppliers wishing to make such a transfer must make a written request to Ofgem. If it agrees the transfer, Ofgem will add the whole or part of the target to the transferees existing target.
- 3.19. Ofgem will consider requests on a case by case basis. However, it will consider it reasonable to withhold agreement where a transfer would result in a supplier being likely to contravene the requirement placed on it in the Order to meet its obligation.

### **Reporting**

- 3.20. Under article 9, Ofgem is required to report to the Secretary of State annually on the progress made by each supplier towards complying with its energy efficiency obligation and the progress made towards achieving the overall target of 130 TWh.
- 3.21. In order to report to the Secretary of State annually, under the monitoring provisions in article 8, Ofgem requires suppliers to submit quarterly progress reports on its actions. Suppliers should provide information relating to the achieved and forecast improvements in energy efficiency for each of their actions which have been approved under article 5 (1)(a). Suppliers should also state the cumulative number of properties which have received cavity wall insulation and loft insulation each quarter. Ofgem will accept estimates of the number of installations.
- 3.22. The Quarterly Progress Report *pro-forma* will be circulated by Ofgem and suppliers will be required to complete it and submit it by the dates provided in Figure 3.1.

**Figure 3.1 Schedule for quarterly progress reports**

Quarter	Ofgem provides the <i>pro forma</i> to suppliers by	Suppliers return the completed <i>pro forma</i> by
3 January – 30 June 2005	28 June 2005	11 July 2005
1 July – 30 September 2005	28 September 2005	11 October 2005
1 October – 31 December 2005	29 December 2005	11 January 2006
1 January – 31 March 2006	29 March 2006	1 April 2006
1 April – 30 June 2006	28 June 2006	10 July 2006
1 July – 30 September 2006	28 September 2006	10 October 2006
1 October – 31 December 2006	27 December 2006	10 January 2007
1 January – 31 March 2007	29 March 2007	10 April 2007
1 April – 30 June 2007	28 June 2007	10 July 2007
1 July – 30 September 2007	27 September 2007	9 October 2007
1 October – 31 December 2007	27 December 2007	10 January 2008
1 January – 31 March 2008	27 March 2008	9 April 2008

3.23. Ofgem also will use the information collected from the quarterly progress reports to produce the EEC Update newsletter. This will be published on Ofgem's website each quarter.

3.24. Ofgem considers it important that suppliers make information available to their customers on their progress in meeting their targets. Therefore, suppliers are encouraged to publish reports on their progress towards complying with their energy efficiency obligations.

## 4. Compliance

- 4.1. This chapter sets out how Ofgem will determine the improvements in energy efficiency to be attributed to completed actions. Procedures for auditing and for determining compliance with a supplier's energy efficiency obligation are also detailed.

### ***Determining improvements in energy efficiency***

- 4.2. Article 5(2)(b) requires a supplier to notify Ofgem whether an approved action has been taken. If the action has been taken as notified and as approved by Ofgem, it will be considered a qualifying action and can count towards the supplier's target. Ofgem shall then determine what improvement in energy efficiency is to be attributed to the qualifying action under article 6(1)(a) of the Order. The Technical Guidance Manual sets out the methodology, and factors taken into account, for calculating improvements in energy efficiency from standard measures.

### ***Format for notifications of actions taken***

- 4.3. Notifications under article 5(2)(b) should consist of two *pro forma* and must be in writing, ideally in an electronic format emailed to [eec@ofgem.gov.uk](mailto:eec@ofgem.gov.uk). The first *pro forma* is the EEC Scheme Spreadsheet. Suppliers should use the EEC Scheme Spreadsheet to indicate which measures, and how many, they have delivered.
- 4.4. The second *pro forma*, the EEC Scheme Notification *pro forma*, provides the format for a written description of the action taken and how it was achieved in relation to the Priority Group. Monitoring results and other relevant supporting evidence will also need to be included, as set out in Chapter 6. If all the relevant information has not been provided then the notification will not be considered to be complete and Ofgem will be unable to make a determination.
- 4.5. In order to demonstrate compliance with its energy efficiency target, as set out in article 3, a supplier must demonstrate which improvements in energy efficiency resulted from actions achieved in relation to the Priority Group. In order for Ofgem to make this assessment for the purpose of article 6(1)(b),

suppliers will be expected to be able to provide Ofgem with the types of evidence set out in Chapter 5 when making a notification that an action has been taken under article 5(2)(b).

- 4.6. Once Ofgem is able to determine what improvement in energy efficiency can be attributed to an action, the supplier should send a signed letter of authorisation to confirm that the action was taken as notified. Ofgem will then make its determination and the action will be a qualifying action for the purpose of meeting the supplier's energy efficiency target under article 3(2).

### ***Timescales for notifications of actions taken***

- 4.7. Under article 5(2)(b) of the Order, suppliers must provide notifications by 30 April 2008 that an approved action has been taken. Ofgem encourages suppliers to make such notifications as soon as possible after an action has been completed in order to aid the administration of the Order.
- 4.8. The schedule in Appendix 2 sets out the timeframes in which Ofgem aims to assess completed actions, should they be provided by the dates specified and contain all the necessary detail.

### **Completion and progress reports**

- 4.9. A supplier can make notifications under article 5(2)(b) once all of an action has been taken (known as a Completion Report). Ofgem will also accept notifications when some of the actions forming a scheme have been completed (known as a Progress Report). For example, where a supplier has an approved action which will last for three years it may wish to submit a progress report each year rather than submit one completion report at the end. This will facilitate the administration of the EEC. Ofgem can then determine the improvement in energy efficiency attributable to that action under article 5(1)(b). Progress reports will be cumulative until an action is completed in full, ie the final progress report will be the completion report.

### ***Auditing***

- 4.10. Ofgem considers it important to audit a sample of each supplier's schemes. Under article 8, each supplier shall provide information to Ofgem that it

reasonably requires relating to its proposals for complying with its energy efficiency obligation.

4.11. Ofgem has appointed an independent auditor to carry out the audits and intends that two rounds of auditing are conducted during the period of the Order. The first round will take place between October 2005 and March 2006 and the second will begin in August 2007. Auditing will ascertain whether:

- approved actions are being delivered as notified under article 5(2)(a),
- there is evidence of the actions being performed, specifically the types and numbers of measures purchased by domestic consumers or installed by the supplier, and that contracts are in place with any project partners identified,
- there is accurate monitoring of the recipients to determine whether they are in the Priority Group, and
- the relevant technical monitoring required for the approved action is being taken.

4.12. Ofgem considers that it may be appropriate for it to conduct additional monitoring, such as mystery shopping, to audit the delivery of measures for which improvements in energy efficiency are claimed. This would take place in the second year of the EEC, 2006/7.

### ***Compliance with the energy efficiency obligations***

4.13. As set out in article 3, a supplier's energy efficiency target must be met by improvements in energy efficiency attributable to qualifying actions, where at least 50% of the total improvement in energy efficiency attributed to those actions is achieved in relation to domestic consumers in the Priority Group.

4.14. Ofgem will only be in a position to determine whether a supplier has met its energy efficiency obligation after 31 March 2008, once it has determined the improvement in energy efficiency to be attributed to all actions taken by the supplier.

4.15. As set out in article 10, any requirement placed on a supplier under the Order is a relevant requirement for the purposes of Part 1 of the Gas Act 1986 and Part 1 of the Electricity Act 1989. Ofgem will take enforcement action if it is satisfied that a supplier is contravening, or is likely to contravene, a relevant requirement. Such action may be by way of an order for securing compliance and/or by the imposition of a penalty.

## 5. Improvements in energy efficiency

- 5.1. This chapter details the criteria that Ofgem will require suppliers to demonstrate in order for it to be satisfied that an action would promote an improvement in energy efficiency in relation to domestic consumers for the purpose of article 5(1)(a) of the Order.

### ***Criteria to establish whether a notified action would result in improvements in energy efficiency***

- 5.2. Under article 5(1)(a) of the Order, Ofgem will assess whether it is satisfied that a supplier's notified action will result in improvements in energy efficiency.
- 5.3. In order to make this assessment, Ofgem must be satisfied that an improvement in energy efficiency will result:
- i) in relation to domestic consumers,
  - ii) in Great Britain,
  - iii) in relation to the use of electricity, gas, coal, oil and LPG,
  - iv) from the measure or measures to be delivered or installed,
  - v) through the way in which a supplier proposes to undertake the action i.e. the 'delivery mechanism',
  - vi) beyond that which is already required to be achieved by legal requirements, and
  - vii) due to the supplier's activity.
- 5.4. Ofgem will assess whether a notified action should be approved on a case-by-case basis. The principles stated above will be taken into consideration and further information is detailed below.

## **Domestic consumers**

- 5.5. Ofgem must be satisfied that the action will lead to an improvement in energy efficiency in relation to domestic consumers. A domestic consumer is defined in article 1(2) of the Order as “a person who uses coal, electricity, gas, liquid petroleum gas or oil at domestic premises in Great Britain wholly or mainly for domestic purposes.” For the purpose of the EEC, domestic premises will be considered to be self contained, permanent dwellings, mainly for domestic purposes. For these reasons, accommodation such as university halls of residence or residential care homes will not be considered domestic premises. People living within Housing of Multiple Occupation<sup>6</sup> (HMOs) will be considered to be domestic consumers where the HMO is their permanent<sup>7</sup> residence and the property is used mainly for domestic purposes. For example, those in shared houses would be considered domestic consumers but not those staying in temporary hostels.
- 5.6. Suppliers are not limited to assisting their own domestic consumers and can achieve improvements in energy efficiency in relation to any domestic consumer in Great Britain.
- 5.7. To ensure that domestic consumers benefit from a supplier’s action, when delivering certain measures in conjunction with a retail partner, the retailer should identify which sales are made through trade accounts. The supplier should ensure that the sales data provided by the retailer does not include any sales through trade accounts.

## **Great Britain**

- 5.8. Ofgem must be satisfied that the action will lead to an improvement in energy efficiency in relation to domestic premises in Great Britain. A supplier should ensure that the measure promoted will be installed or used in domestic premises Great Britain.

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<sup>6</sup> HMOs are described as a house which is occupied by persons who do not form a single household, for example a house or flat which is the main home of at least two unrelated persons, sharing a kitchen or bathroom.

<sup>7</sup> Permanent should be read as including leased premises  
Energy Efficiency Commitment Administration Procedures  
Office of Gas and Electricity Markets

- 5.9. If a supplier promotes measures through a retail partner, Ofgem acknowledges the impracticability of identifying the location of installation of the purchased measure(s). Ofgem will consider a measure purchased in a retail store within Great Britain as resulting in an improvement in energy efficiency in relation to domestic premises in Great Britain.

## **Fuel**

- 5.10. Under article 1(2), energy efficiency includes improvements in energy efficiency in the use of gas, electricity, liquid petroleum gas (LPG), oil or coal. Therefore, improvements in energy efficiency can be made in domestic premises in Great Britain supplied by these fuels.

## **Measures delivered or installed**

- 5.11. Throughout this document, an energy efficiency measure refers to a single product eg, a low-energy light bulb or an energy efficient fridge-freezer, or to the installation of a single product eg, the installation of insulation within a cavity wall or loft, or the installation of an energy efficient boiler.
- 5.12. Ofgem must be satisfied the measures delivered through a supplier's action will result in an improvement in energy efficiency. This is dependant on the measures being appropriately and correctly installed and the measures being used properly by the consumer. Ofgem's Technical Guidance Manual provides a list of measures and the necessary standards for installation which Ofgem considers necessary for an improvement in energy efficiency to result.
- 5.13. If a supplier notifies an action involving a measure in relation to which Ofgem has not already assessed standard energy savings, it must provide independent and verifiable energy saving data as part of its notification. The Technical Guidance Manual provides guidance on the procedures for verifying the energy savings from measures not already listed within the manual.
- 5.14. Improvements in energy efficiency do not include the use of renewables such as wind power, solar photovoltaics or biomass either for the generation of heat or electricity.

## **The delivery mechanism**

- 5.15. The method of achieving the energy efficiency improvement is termed the 'delivery mechanism'. Ofgem acknowledges that a supplier may be working with different project partners eg, manufacturers, retailers, installers or social housing providers (SHPs), and that the measure may be delivered to the consumer in different ways eg, through mail-order, a retail store for self-installation or professionally installed through a third-party contractor.
- 5.16. Ofgem must be satisfied that the way in which a supplier proposes to undertake the action will result in an improvement in energy efficiency.

- (a) If a measure is provided free of charge it must be professionally installed in the consumer's home eg, loft insulation or boilers.

For delivery mechanisms involving consumer self-installation, Ofgem must be satisfied that the consumer will install the measure and use it. The following principles will be applied by Ofgem when assessing whether this is likely to be the case.

- (b) For measures provided free of charge which require self-installation, the consumer must be offered the measure and must request it either in writing or by telephone.
- (c) Where CFLs are provided free of charge by distribution in person, for example at a charity event, the consumer should be asked if they wish to receive CFLs and, if so, they should provide their name and address to help demonstrate this wish. This will give confidence that the measures are needed, will be installed and that an improvement in energy efficiency will result. To provide further confidence that consumers will only accept those measures they will use, when offered them free of charge, the supplier must limit the offer to four CFLs per household and offer the consumer a *mix* of wattages or type (ie, stick or decorative) where more than two CFLs are given out. The project partners delivering CFLs in such schemes must sign the CFL declaration in Appendix 4 to demonstrate compliance with these requirements. These requirements also apply where CFLs are provided free of charge and with another energy efficiency measure, ie if the CFLs have not been offered or promoted to the consumer

with the other measure, the supplier should ask the consumer if they wish to receive them before distributing them.

- (d) Where CFLs are given out free of charge by project partners such as charities, it may not always be possible to collect names and addresses to demonstrate probable use. In such situations, no more than two CFLs can be provided per household. Again, where these CFLs are distributed by a third party, the third party must sign the CFL declaration.
- (e) If a supplier offers low energy CFLs through mail-order, with the consumer being required to pay a cost contribution, the supplier must limit the consumer to purchasing a maximum of six CFLs for medium/high use fittings and no more than an additional four low use CFLs. Suppliers should cross check their records to ensure that consumers do not receive more than ten CFLs during the period of the Order and that the correct energy savings are claimed. These limits will maximise the possibility that the consumer will only purchase the CFLs that they need and intend to use so that the anticipated improvement in energy efficiency will be achieved. To further ensure this, a *choice* in the wattage of the CFLs should be offered, as well as a choice in the amount, up to the maximum of ten.
- (f) The above limits relate to CFLs and not to other bulbs such as candle bulbs or sensor lights. Ofgem will assess notifications in relation to these actions on a case by case basis.
- (g) Where the delivery of luminaires is through professional installation within a household, the supplier should only install the luminaires in high use light fittings to achieve the improvement in energy efficiency assumed.
- (h) For traded in appliance or 'fridgesaver' schemes the existing appliance must be destroyed and removed from the domestic premises to ensure it is not re used.

## **Legal requirements**

5.17. Ofgem must be satisfied that a supplier's notified action will result in an improvement in energy efficiency which is additional to that required to be achieved as a result of other legal requirements. The Building Regulations, for example, require reasonable provision for the conservation of fuel and power in domestic premises. As there is already a legal requirement to meet the Building Regulations, a supplier's action must lead to improvements in energy efficiency above what would be achieved to meet its requirements.

(a) The Building Regulations 2000 apply to England and Wales. The Building (Amendment) Regulations 2001 Approved Document L1<sup>8</sup> provides guidance on compliance. Approved Document L1 is due to be revised by the Office of the Deputy Prime Minister, with the changes coming into force on 1 April 2005. Ofgem will approve actions that will result in improvements in energy efficiency which exceed the legal requirements as implemented. On the basis of the proposed draft of the new Approved Document L1, suppliers' action must exceed requirements in the Building Regulations in respect of:

- i. The efficiency of boilers installed in domestic premises,
- ii. The rating of window glazing in domestic premises,
- iii. The efficiency of new build domestic premises, where reasonable provision must be made for the conservation of fuel and power in dwellings by limiting the heat loss through the fabric of the building, providing space and hot water systems which are energy efficient and providing efficient lighting systems, and
- iv. The installation of cost effective energy efficiency measures when carrying out work in domestic premises which costs more than £8,000.

(b) The Building (Scotland) Act 2003 is due to be amended on 1 May 2005. Ofgem will approve actions that will result in improvements in

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<sup>8</sup> "Approved Document L1, Conservation of fuel and power in dwellings" 2002 edition, Office of the Deputy Prime Minister

energy efficiency which exceed legal requirements resulting from that Act such that, on the basis of currently proposed amendments, suppliers' action must exceed requirements in respect of:

- i. The efficiency of boilers installed in domestic premises, and
- ii. The efficiency of new build domestic premises, where reasonable provision must be made for the conservation of fuel and power in dwellings by limiting the heat loss through the fabric of the building, providing space and hot water systems which are energy efficient and providing efficient lighting systems.

5.18. When delivering measures in new build domestic premises, suppliers should get a signed statement from their project partners to ensure that the measures the supplier has funded exceed the relevant Building Regulations.

5.19. Ofgem will also have regard to any other relevant legal requirements, or changes to them, during the period of the Order. For example, further amendments to the Building (Scotland) Act 2003 may come into effect in 2007.

### **The supplier's action**

5.20. Ofgem must be satisfied that the supplier's action has led to an improvement in energy efficiency and that the total improvement is not due to other factors. For example, where a supplier is undertaking action in partnership with third parties, Ofgem must be satisfied that the supplier's action will result in improvements in energy efficiency additional to those that would be achieved by the project partner without the supplier's funding. The following criteria will be taken into account.

- (a) When partnering with social housing providers (SHPs), a supplier must obtain written confirmation that its involvement has resulted in additional improvements in energy efficiency. A signed hard copy of the declaration in Appendix 3 should be provided by each SHP. Only where this is not possible will Ofgem accept the text of the

declaration being emailed to the supplier. This declaration may be signed before the scheme commences or after it has been completed. If the declaration is signed beforehand, and any changes occur to the scheme, the SHP must sign another declaration once the action is completed. For this purpose a change will be considered to be a change in the measure types installed or the supplier's average cost contribution reduces by more than five percentage points.

- (b) When partnering with manufacturers to improve the energy efficiency performance of a new measure, such as consumer electronics, at the production stage, a supplier's action must result in improvements in energy efficiency additional to mandatory requirements and to those achieved as a result of voluntary industry agreements. The manufacturer should write to confirm that the improvement in energy efficiency could not result without the supplier's action. For measures already in the market an improvement in energy efficiency above the sales weighted average or minimum standards must be demonstrated.
- (c) Where a supplier is promoting DIY loft insulation or radiator panels in conjunction with a retailer, Ofgem will require sales data to demonstrate that the supplier's action has led to an improvement in energy efficiency. Suppliers will have to increase the sales of the measures by 20% of the sales during the corresponding period prior to the retailer's involvement in an EEC scheme.
- (d) An improvement in energy efficiency will be demonstrated for retail appliance schemes where the supplier's action has increased the proportion of A rated appliances (including A+ and A++ appliances) sold by the retailer compared to the proportion sold in 2004.
- (e) For retail schemes involving other measures, such as boilers, Ofgem proposes to assess them on a case by case basis. For retail CFL schemes, suppliers will be required to provide a marketing plan to demonstrate their proposed actions, but will not be required to increase sales by a specified percentage.

- (f) Suppliers may be able to undertake action in conjunction with other Government programmes, such as the Community Energy Programme, providing that the supplier can clearly demonstrate that its action has resulted in an improvement in energy efficiency above what would have happened without its involvement.
- i. A signed letter must be provided by the relevant project partner to confirm that the supplier's actions have exceeded those of the Government programme and that the measures could not have been installed without the supplier's input.
  - ii. Suppliers cannot be accredited with measures paid for by the Government. However, if a supplier wishes to provide funding for measures installed as part of a Government programme, Ofgem will determine the improvement in energy efficiency attributable to the supplier's action in relation to its cost contribution.
- (g) A supplier may undertake an action which is not in conjunction with another Government programme but does use contractors who are also managing agents of other Government programmes, for example Warm Front. In such situations, a signed letter must be provided by the relevant project partner to confirm that there has been no double counting between the Government programme and the supplier's EEC action. In Defra's summary of responses to its consultation, it said that no formal integration between the EEC and Warm Front was currently proposed<sup>9</sup>.
- (h) Heating controls, draught-proofing and set-top boxes have been identified in Defra's target-setting model as having low levels of consumer take up. Ofgem will not require suppliers to demonstrate how their action has led to an increase in the take up of such measures.

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<sup>9</sup> The EEC from April 2005, Summary of responses to the consultation of May 2004, Defra, December 2004.  
Energy Efficiency Commitment Administration Procedures  
Office of Gas and Electricity Markets

- (i) Insulation and heating measures which are promoted to and installed in private sector properties also have a low level of consumer take-up. Again, Ofgem will not require suppliers to demonstrate how their action has led to an increase in the take up of such measures.
- (j) To help demonstrate that an improvement in energy efficiency is due to a supplier's action, the supplier must indicate its cost contribution to that action. When listing measures within the EEC Scheme Spreadsheet, a supplier should also outline the cost contribution from the consumer or third party. The percentage should relate to the cost of the actual measure (excluding indirect costs). If a supplier wishes to include marketing or promotion costs, for example when partnering with a retailer to advertise rather than subsidise measures, it should confirm this on its notification.

### ***Criteria to determine what improvement in energy efficiency will result***

- 5.21. Article 6 of the Order states that Ofgem shall determine the improvement in energy efficiency attributed to a qualifying action assessed in fuel standardised, lifetime discounted kWh by reference to the improvement which it is satisfied will result from the action in relation to domestic consumers and its estimate of the lifetime of the improvement. Ofgem will follow a three step process to determine the improvement in energy efficiency to be attributed to an action.

#### **Annual energy saving**

- 5.22. An annual energy saving (kWh/a) will be determined for each measure delivered, consistent with that used by Defra in its target setting model. The annual energy saving will represent the improvement in energy efficiency achieved by the measure in a year. For the majority of insulation and lighting measures, this will be a comparison of the before and after scenarios (with all other relevant circumstances remaining the same). One example is comparing the energy required to be consumed to heat a home to the same level before and after insulation has been installed. For measures in relation to which existing legal requirements apply eg, the Building Regulations 2000, the energy consumption of the consumer's property after the installation of the measure

will be compared to the energy consumption of the property once compliant with the Regulations' requirements. This methodology will be relevant in respect of any measure that may be required to be installed to comply with the Regulations.

- 5.23. For measures which are installed into the physical fabric of a consumer's property ie, insulation and heating measures, Ofgem will accredit the energy savings based upon the type of property and the number of bedrooms the property has. Ofgem will use a disaggregation of average property sizes which is representative of the housing stock in Great Britain. The disaggregation will involve a range of property types with a varying number of bedrooms and be based upon 'average' floor areas.

### **Fuel standardisation**

- 5.24. Under article 6(1)(a) of the Order, the fuel-standardisation multipliers listed in article 1(2) will be applied to the annual energy saving of the measure. The multipliers reflect the different carbon content of the fuels. Therefore, different energy savings are applicable to measures depending on the associated fuel, for example when installing insulation the supplier must determine the fuel used to heat the property to ensure that the appropriate improvement in energy efficiency is claimed. This will calculate the annual fuel-standardised energy saving (kWh/a) of the measure.

### **Lifetime–discounting**

- 5.25. To calculate the lifetime-discounted, fuel standardised energy savings (kWh), the annual fuel-standardised energy saving is discounted at 3.5% over the estimated lifetime of the measure. The 3.5% discount factor is the standard HM Treasury discount rate and its use is in accordance with Defra's illustrative mix. Ofgem proposes to use measure lifetimes which are in accordance with Defra's illustrative mix and has set these out in its Technical Guidance Manual.
- 5.26. Ofgem will estimate the improvement in energy efficiency of a notified action under article 5(1)(a). This will be the improvement determined by Ofgem under article 5(1)(b) and article 6 if the action is taken as notified. Only in exceptional circumstances will Ofgem consider revising its estimation of the improvement in energy efficiency, for example for measures where field trials,

for instance, have not yet been completed. In such circumstances this will be agreed with the supplier following their notification under article 5(2)(a).

- 5.27. The EEC Scheme Spreadsheet has been designed to calculate annual energy fuel standardised lifetime-discounted energy savings. It details the improvements in energy efficiency that may be attributed to all common measures that are offered by suppliers.
- 5.28. Ofgem does not intend at this stage to change the annual energy savings for each measure during the period of the Order, but will, if necessary, review them in the light of new policy or changes to relevant legislation.

### ***Energy service action***

- 5.29. Where a supplier carries out an energy service action, Ofgem will increase the improvement in energy efficiency attributable to that action by 50% where the total improvement in energy efficiency attributed to such actions in relation to the supplier's target accounts for at least 5% and no more than 10% of that target. In order to qualify for this increase, an energy service action must be undertaken in pursuance of an agreement between a supplier and a domestic consumer which:
- i) is intended to achieve improvements in energy efficiency at the domestic premises concerned of at least 13%, and
  - ii) requires the supplier to undertake an energy efficiency audit of the premises, and
  - iii) requires the supplier to offer the consumer the option of making an arrangement with them for deferring the whole or any part of the cost incurred by the consumer under the agreement.
- 5.30. As part of the trial for the energy services pilot, Ofgem has produced a list of the percentage improvement in energy efficiency in domestic premises using the common measures. This list is available in Ofgem's Technical Guidance Manual.

5.31. For the purpose of Ofgem's trial to suspend the 28 day rule for energy services, the direction which amended the suppliers' licenses considers an appropriate energy audit to be one that;

- i) is carried out at the premises in which the measures will be installed, unless the consumer requests that the audit is carried out over the telephone or by post using a detailed questionnaire,
- ii) assesses the efficiency of the heating system, lighting, any insulation and the performance of all major gas and electricity appliances at the premises;
- iii) assesses the energy efficiency measures that may be installed at the premise (including any zero cost energy efficiency measures), and
- iv) includes a written report to the consumer setting out the assessment carried out above.

5.32. Any action that the supplier considers to be energy service action should be notified to Ofgem as set out in Chapters 3 and 4.

### ***Innovative actions***

5.33. Where a supplier carries out an innovative action, Ofgem will increase the improvement in energy efficiency attributable to that action by 50% where the total improvement in energy efficiency attributed to such actions in relation to the supplier's target would achieve no more than 10% of that target. In order to qualify for this increase, an innovative action must achieve an improvement in energy efficiency which is:

- i) not through an energy service action, and
- ii) by a means which was not determined as qualifying action under the 2001 Order and, which Ofgem is satisfied is significantly greater than that achieved by any similar action determined as qualifying action under the 2001 Order, or

- iii) through the use of a cogeneration unit<sup>10</sup> with a maximum electrical capacity below 50kWe.
- 5.34. Ofgem will be issuing a consultation on how it proposes to apply the terms ‘significantly greater’ and ‘similar action’ shortly.
- 5.35. An action which a supplier considers to be innovative action should be notified to Ofgem as set out in Chapters 3 and 4.

### ***Criteria to establish the improvement in energy efficiency in relation to the Priority Group***

- 5.36. Article 3(2) of the Order requires that a supplier’s energy efficiency target must be met by improvements in energy efficiency attributable to qualifying actions, where at least 50% of the total improvement is achieved in relation to domestic consumers in the Priority Group. The Priority Group is defined as those households in receipt of at least one of the qualifying benefits or credits detailed in the Schedule to the Order.
- 5.37. Under article 6(1)(b) Ofgem will determine the amount, if any, of an improvement in energy efficiency, which it is satisfied will be achieved in relation to the Priority Group. In order for Ofgem to be able to make this determination, suppliers are required to monitor the recipients of their actions. Where the action does not involve visiting the consumer’s home, it is acceptable to monitor a random sample of recipients, rather than each one. Notifications of actions under article 5(2)(a) should indicate how the action is expected to relate to the Priority Group and how this will be monitored. The results of the monitoring must then be submitted to Ofgem as part of a notification under article 5(2)(b).
- 5.38. Suppliers will be expected to provide Ofgem with evidence in relation to the Priority Group requirement and will generally be expected to conduct their monitoring in the following ways.

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<sup>10</sup> A micro cogeneration unit, defined in article 3(m) of the Directive 2004/8/EC of the European Parliament and of the Council on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC, is a cogeneration unit with a maximum capacity below 50kWe.  
Energy Efficiency Commitment Administration Procedures  
Office of Gas and Electricity Markets 31 December 2004

- i) Where an action involves a home visit by the supplier or its agent, for example to install insulation or heating measures, Ofgem expects the supplier, or its agent, to ascertain whether the recipient is in the Priority Group at the time of the home visit by asking the consumer to show relevant documentation such as a benefit book. In the case of domestic consumers receiving Child Tax Credit or Working Tax Credit, the supplier should ask to be shown the latest Tax Credits Awards Notice to confirm relevant income or, where this is not possible, it should present a list of income bands and ask the recipient to state which band it falls into.
  
- ii) Where a supplier partners with a SHP, Ofgem will require sight of a written declaration in the form provided in Appendix 4. The SHP should state the percentage of recipients that are in the Priority Group. If the SHP is unaware of the relevant income of those households only receiving Child Tax Credit or Working Tax Credit, then Ofgem would expect the SHP to make all reasonable efforts to obtain this information (for example, if the scheme involves a home visit, by requesting to be shown the recipient's latest Tax Credits Awards Notice to confirm relevant income). This declaration may be signed before the scheme commences or after it has been completed. If the declaration is signed, beforehand and the proportion of recipients in the Priority Group is later found to be different, for example monitoring it conducted, another declaration must be signed once the action is completed, or the results of that monitoring should be used. A signed hard copy of the declaration should be provided by each SHP. Only where this is not possible will Ofgem accept the text of the declaration emailed to the supplier.
  
- iii) Where an action involves promoting measures through a retailer, Ofgem expects the supplier to survey recipients, for example by providing a questionnaire with the measure that includes a question about whether the recipient is in receipt of any of the qualifying benefits or credits. Where it is not possible to detail each of the qualifying benefits within such a questionnaire, the supplier should inform Ofgem when it notifies actions.

- iv) For delivery routes such as mail order, where the supplier requires the recipient to fill in a response form, Ofgem expects the response form to include a question about whether the householder is in receipt of any of the relevant benefits. The full list of qualifying benefits and credits should be included on the response form.
- v) For actions where measures, such as CFLs, are given out person-to-person suppliers should show recipients of measures the list of qualifying benefits and credits and ask them to confirm whether they are in receipt of one of those benefits.
- vi) Where project partners, such as charities, are delivering measures on behalf of suppliers they may not need to survey recipients if they already have knowledge about whether they are in the Priority Group. For example they have recently monitored their members. In this situation the project partner should produce a signed letter stating the proportion of recipients who are in the Priority Group and detailing how this information has been established. Where CFLs are provided the CFL declaration must be used (Appendix 3).
- vii) Where an action is delivered in such a way that it is not appropriate to survey the recipients of the measures, a supplier should not claim an improvement in energy efficiency in relation to the Priority Group.
- viii) In the case of a supplier failing to provide a meaningful proportion of responses to any survey carried out, it may provide alternative evidence. Ofgem will decide if it is satisfactory evidence and, if so, will determine an appropriate improvement in energy efficiency to be attributed to the Priority Group.

5.39. Suppliers will generally be expected to monitor a sample of recipients to ensure that it is claiming improvements in relation to the Priority Group legitimately. The sample size monitored by the supplier must be statistically significant, at a confidence level of 95% and a confidence interval of 1. Figure 5.1 illustrates the minimum sample sizes required, depending on the total number of domestic consumers receiving a measure and the percentage of those expected to be in the Priority Group. Suppliers will not have to monitor more than 5% of the recipients from any one action. If a supplier demonstrates

the percentage of Priority Group recipients using the minimum sample size outlined in Figure 5.1, the supplier may then claim for an improvement in energy in relation to the Priority Group.

- 5.40. For example, a supplier may believe that where an action provides one measure each to 100,000 domestic consumers, 10% of those consumers are in the Priority Group. Using Figure 5.1, if a minimum sample size of 3,310 shows that at least 10% are within the Priority Group (representing a confidence level of 95% and confidence interval of 1), the supplier can then claim that 10% of the improvements in energy efficiency resulting from the action are in relation to the Priority Group.

**Figure 5.1 Calculation of Priority Group monitoring sample sizes**

Number of recipients of the action	Expected Priority Group/non Priority Group percentage (%) of recipients					
	5/95	10/90	20/80	30/70	40/60	50/50
	Sample size					
5,000	250	250	250	250	250	250
7,500	375	375	375	375	375	375
10,000	500	500	500	500	500	500
25,000	1,250	1,250	1,250	1,250	1,250	1,250
50,000	1,744	2,500	2,500	2,500	2,500	2,500
75,000	1,765	3,274	3,750	3,750	3,750	3,750
100,000	1,775	3,310	5,000	5,000	5,000	5,000
250,000	1,794	3,377	5,941	7,741	8,807	9,161
500,000	1,801	3,400	6,013	7,862	8,965	9,332
750,000	1,803	3,408	6,037	7,904	9,019	9,390
1,000,000	1,804	3,412	6,049	7,925	9,046	9,420

- 5.41. The sample size will need to be calculated at the time of notification under article 5(2)(a). It will be based on the scale of the supplier's notified action.

- 5.42. A supplier should notify Ofgem if its action deviates considerably from its initial notification, so that the absolute sample size can be adjusted. The minimum sample size is the number of consumers from which a completed questionnaire should be obtained. The scheme recipient is the consumer to whom the measure was delivered, or in whose house the measure was installed, or who purchased the measure.

5.43. Certain actions may provide for consumers to receive a combination of measures. The results of the monitoring should be applied to the improvements in energy efficiency in a transparent and auditable manner. For example an action may involve working with a SHP, who declares that 50% of recipients are in the Priority Group. If each consumer has received insulation and a lighting measure, 50% of the improvement in energy efficiency relating to the insulation and to the lighting can be claimed to be in relation to the Priority Group.

## 6. Monitoring action

- 6.1. This chapter sets out the monitoring which must be conducted by a supplier after a measure has been sold or installed. The results of this monitoring will be used by Ofgem to determine whether the estimate of the improvement in energy efficiency attributable can be accredited to the supplier.

### ***Determining an improvement in energy efficiency***

- 6.2. Article 5(2)(b) of the Order states that when an action has been taken, the supplier must notify Ofgem. In order to ensure that the improvement in energy efficiency estimated in relation to a notified action has actually been achieved, Ofgem needs to be satisfied that the measures have been installed and conform to the relevant quality standards. The following monitoring will be required for certain actions.

- i) Technical monitoring of a sample of households of recipients is necessary for certain measures to ensure that the relevant quality standards have been met. Suppliers should adopt appropriate quality standards with their project partners and contractors before commencing projects. Further guidance on the relevant quality standards for common energy efficiency measures is provided in Ofgem's Technical Guidance Manual.
- ii) Monitoring consumer satisfaction is appropriate when installing measures such as heating and insulation in homes. Although it is not necessary to monitor satisfaction in relation to other actions, suppliers are encouraged to monitor consumer satisfaction over the course of the EEC so that they can offer the best possible service to consumers.

- 6.3. Once Ofgem has received a notification under article 5(2)(b) of the Order it shall determine what improvement in energy efficiency will result from the completed action. If monitoring results are not included with the supplier's notification under article 5(2)(b), Ofgem will not be satisfied that the improvement in energy efficiency will result from the notified action so will not be able to make a determination under article 6(1)(a). Suppliers should provide a summary of the monitoring results and sample consumer satisfaction

and quality monitoring questionnaires. If the form includes personal details such as a consumer's name and address, these details should be blanked out before being submitted to Ofgem.

### ***Standard monitoring questions***

- 6.4. To ensure consistency between suppliers and clarity of administration, suppliers or their project partners and contractors are required to use the standard technical monitoring questions provided in Appendix 5. Suppliers can add additional questions as they see appropriate.

### ***Monitoring consumer utilisation***

- 6.5. Monitoring consumer utilisation is relevant for certain measures such as DIY insulation and CFLs where there is limited knowledge on how these measures are actually used by consumers. Under the 2001 Order suppliers were required to monitor whether, and to what standard, these measures were installed. It is necessary that this monitoring continues in order to satisfy Ofgem that the action has resulted in improvements in energy efficiency for DIY insulation and CFLs, although results will not form part of Ofgem's determination under article 6(1)(a). The results will also be used to inform Defra's review of the EEC in 2007.
- 6.6. Suppliers are encouraged to provide data to the Energy Saving Trust on the measures that they deliver for the purpose of meeting their obligations under the Order for the Home Energy Efficiency Database (HEED).
- 6.7. The monitoring requirements for the standard energy efficiency measures are set out below and a checklist is provided in Figure 6.1.

### ***Insulation***

#### ***Professionally installed cavity wall, loft, internal and external insulation and draught proofing***

- 6.8. Technical monitoring is necessary for cavity wall, loft, internal and external insulation and draught proofing which is professionally installed. A suitably

qualified person should monitor a minimum of 5% of the dwellings of recipients in an independent manner to ensure that the installation meets the correct standards. Ideally, the monitoring should be conducted within two months of installation and should cover each of the delivery mechanisms and contractors involved in an action. Draught proofing need only be monitored where another major insulation measure has been installed, such as loft insulation.

- 6.9. If technical monitoring identifies that an installation is not to the correct standard, the contractor must rectify this before Ofgem can determine the improvement in energy efficiency. If 25 % or more of the technical monitoring finds substandard installations, Ofgem may require the supplier to conduct additional monitoring.
- 6.10. Consumer satisfaction monitoring should also be conducted on at least 1% of recipients of each action to help inform Ofgem in determining the improvement in energy efficiency attributable.

### ***DIY loft insulation***

- 6.11. A statistically significant sample of the recipients of DIY loft insulation measures must be monitored in order to complete the EEC Scheme Spreadsheet, for example to determine the fuel used to heat the dwelling. The statistically significant sample size will be agreed when the action is notified and will be the same as that for the Priority Group.
- 6.12. Suppliers should monitor the consumer utilisation of DIY loft insulation to determine whether, and to what standard, the measures have been installed. Suppliers should monitor 1% of the recipients of DIY loft insulation using the monitoring questions in Appendix 6. Defra has applied an adjustment factor to sales of DIY loft insulation to take account of the fact that not all sales will necessarily lead to an improvement in energy efficiency. Therefore, the results of this monitoring will not be taken into account by Ofgem when determining the improvement in energy efficiency under article 6(1)(a).

### ***Radiator panels***

- 6.13. Radiator panels do not need to be monitored where they have been professionally installed.
- 6.14. A statistically significant sample of the recipients of DIY radiator panels must be monitored in order to complete the EEC Scheme Spreadsheet, for example to determine the fuel used to heat the dwelling. The statistically significant sample size will be agreed when the action is notified and will be the same as that for the Priority Group.
- 6.15. Suppliers should monitor the consumer utilisation of DIY radiator panels to determine whether the measures have been installed and within which property types. Suppliers should monitor 1% of the recipients of DIY radiator panels using the monitoring questions in Appendix 6. Ofgem will apply an adjustment factor to sales of DIY radiator panels to take account of the fact that not all sales will necessarily lead to an improvement in energy efficiency. Therefore, the results of this monitoring will not be taken into account by Ofgem when determining the improvement in energy efficiency under article 6(1)(a).

### ***Hot water tank jackets***

- 6.16. Ofgem proposes that monitoring installations of hot water tank jackets is not necessary for determining the improvement in energy efficiency attributable.

### ***Lighting***

- 6.17. Suppliers can only deliver CFLs which are accredited under the EST's Energy Efficiency Recommended programme. The EST monitors samples of these bulbs and therefore separate technical monitoring will not be required for the purposes of the Order. Ofgem considers that it is not necessary to monitor consumer satisfaction of recipients of CFLs post 2005 as this information does not influence the improvement in energy efficiency that will result.
- 6.18. The improvement in energy efficiency that will result from the delivery of CFLs is dependent on them being utilised by the consumer. Therefore suppliers should monitor a sample of recipients of 'direct' CFLs using the monitoring

questions set out in Appendix 6. Suppliers should undertake monitoring distinctly in respect of CFLs provided free of charge and those provided with a cost contribution from the consumer. Suppliers can select which sample size they wish to meet when directly delivering CFLs;

- i) a statistically significant sample size, across all its notified actions,
- ii) a statistically significant sample size for each of its actions,
- iii) 1% of recipients across all its notified actions,
- iv) 1% of recipients across for each of its actions.

6.19. Monitoring will not be required for retail CFL schemes as it is assumed that the consumer making the decision to purchase the CFLs will install and use them.

## ***Appliances***

### ***Wet and cold appliances***

6.20. Suppliers are able to deliver appliances which are rated A, A + and A + + under the EU Energy Labelling Scheme. This scheme involves self-certification by the manufacturers of the appliances. Ofgem therefore considers that additional technical monitoring of these appliances is not necessary.

6.21. Ofgem also considers that it is not necessary to monitor the satisfaction of recipients of wet and cold appliances for the purposes of the Order.

### ***Brown goods***

6.22. The monitoring requirements for brown goods, such as set top boxes, will be determined on a case-by-case basis when a supplier notifies action to Ofgem. Suitable monitoring requirements will be required depending on the actual measure and how it is marketed and delivered.

## ***Heating***

### ***Boilers, ground source heat pumps, solar water heating and fuel switching***

- 6.23. Technical monitoring is necessary for boilers, ground source heat pumps, solar water heating and fuel switching. A suitably qualified person should monitor a minimum of 5% of the dwellings of the recipients of an action in an independent manner to ensure that the installation meets the correct standards. Ideally, the technical monitoring should be conducted within two months of installation and should cover each of the delivery mechanisms and contractors involved in an action.
- 6.24. If technical monitoring identifies that a measure has not been installed to the correct standards, the contractor must rectify this otherwise Ofgem will not be able to determine an improvement in energy efficiency. If 25 % or more of the technical monitoring finds substandard installations Ofgem may require the supplier to conduct additional monitoring.
- 6.25. The Office of the Deputy Prime Minister (ODPM) has produced a boiler exception protocol which must be used to demonstrate that an installation is an exception to the Building Regulations 2000.
- 6.26. Consumer satisfaction monitoring should also be conducted on at least 1% of recipients of each action to enable Ofgem to determine the improvement in energy efficiency attributable.

### ***Heating controls***

- 6.27. Where heating controls such as TRVs are installed with a boiler the controls should be included as part of the technical monitoring requirements for boilers as detailed above. Where heating controls are installed without a boiler, monitoring is not required.

## ***CHP***

- 6.28. Technical monitoring of CHP installations will be demonstrated by the provision of a CHP Quality Assurance (CHPQA) certificate. Ofgem considers

that it may not be necessary to monitor consumer satisfaction of the recipients of a CHP installation in every case as this information may not influence the improvement in energy efficiency that will result.

6.29. Figure 6.1 below provides a checklist of the types of monitoring required for standard energy efficiency measures to enable Ofgem to determine what improvement in energy efficiency will result from an action.

**Figure 6.1 Monitoring requirements for energy efficiency measures**

Measure	Technical monitoring	Satisfaction monitoring	Consumer utilisation monitoring
Cavity wall insulation	✓	✓	
Loft insulation	✓	✓	
DIY loft insulation			✓
Internal & external insulation	✓	✓	
Hot water tank jackets			
Radiator panels			
Draught proofing	✓	✓	
DIY radiator panels			✓
Boiler upgrades (and controls)	✓	✓	
Heating controls only			
Ground source heat pumps	✓	✓	
Solar water heating	✓	✓	
Fuel switching	✓	✓	
CHP	✓	✓	

CFLs – direct			✓
CFLs – retail			
Appliances			
Electrical goods eg set top boxes			

# Appendix 1 Notification codes

- 1.1 When making a notification to Ofgem regarding a proposed or completed action, a unique code must be provided on the Notification pro forma. This code will identify the supplier involved, the year of notification, the measures employed and the sequential scheme number. The format of the code shall be as follows:

**AAAA BB C DD E**

Where:

**AAAA** is the supply licensee code

**BB** is the year of notification. For example, 2005 is 05

**C** is the measure type

**DD** is the sequential scheme number. For example the first scheme submitted will be 01, the second 02 etc.

**E** is the spreadsheet type

- 1.2 The supplier codes will be provided to each licensee individually when Ofgem writes to inform it of its energy efficiency target.

- 1.3 The scheme measure types are as follows.

**A** Appliances

**L** Lighting

**H** Heating

**M** Mix of measure types

**I** Insulation

**O** Other

**T** Transfer of energy savings

**E** EEC 2002 – 2008 carry-over

- 1.6. Each EEC Scheme Spreadsheet must have a unique code. The spreadsheet code essentially follows the notification code format, with one extra character at the end. The unique EEC Scheme Spreadsheet characters are as follows.

<b>C</b>	A conventional delivery route
<b>E</b>	An energy services delivery route that qualifies for the 50% uplift in energy savings
<b>N</b>	An energy services action which has not been awarded the uplift in energy savings
<b>T</b>	A trade of qualifying action between suppliers
<b>S</b>	Action taken during the period of the 2001 Order which is being carried over to meet the supplier's target under the Order

- 1.7. Actions requiring multiple spreadsheets must only involve spreadsheet types C, E and N. Actions involving a trade or carry-over of energy savings cannot involve multiple spreadsheets.

## Appendix 2 Scheme notification schedule

2.1 Schedule detailing deadline dates for notification in order for Ofgem to guarantee assessment of notified actions by the date specified in the final column.

Month	Notification by supplier under article 5(2)(a) of the Order	Ofgem requests any further information it requires from the supplier	Supplier to respond to any further information requests	Ofgem notifies the supplier whether it can approve the action.
January 2005	Tuesday 4 <sup>th</sup>	Friday 14 <sup>th</sup>	Friday 21 <sup>st</sup>	Monday 31 <sup>st</sup>
February 2005	Tuesday 1 <sup>st</sup>	Monday 14 <sup>th</sup>	Monday 21 <sup>st</sup>	Monday 28 <sup>th</sup>
March 2005	Tuesday 1 <sup>st</sup>	Monday 14 <sup>th</sup>	Monday 21 <sup>st</sup>	Thursday 31 <sup>st</sup>
April 2005	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
May 2005	Tuesday 3 <sup>rd</sup>	Monday 16 <sup>th</sup>	Monday 23 <sup>rd</sup>	Tuesday 31 <sup>st</sup>
June 2005	Wednesday 1 <sup>st</sup>	Tuesday 14 <sup>th</sup>	Tuesday 21 <sup>st</sup>	Thursday 30 <sup>th</sup>
July 2005	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
August 2005	Monday 1 <sup>st</sup>	Friday 12 <sup>th</sup>	Friday 19 <sup>th</sup>	Wednesday 31 <sup>st</sup>
September 2005	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Friday 30 <sup>th</sup>
October 2005	Monday 3 <sup>rd</sup>	Friday 14 <sup>th</sup>	Friday 21 <sup>st</sup>	Monday 31 <sup>st</sup>
November 2005	Tuesday 1 <sup>st</sup>	Monday 14 <sup>th</sup>	Monday 21 <sup>st</sup>	Wednesday 30 <sup>th</sup>
December	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Friday 30 <sup>th</sup>

2005				
January 2006	Tuesday 3 <sup>rd</sup>	Monday 16 <sup>th</sup>	Monday 23 <sup>rd</sup>	Tuesday 31 <sup>st</sup>
February 2006	Wednesday 1 <sup>st</sup>	Tuesday 14 <sup>th</sup>	Tuesday 21 <sup>st</sup>	Tuesday 28 <sup>th</sup>
March 2006	Wednesday 1 <sup>st</sup>	Tuesday 14 <sup>th</sup>	Tuesday 21 <sup>st</sup>	Friday 31 <sup>st</sup>
April 2006	Monday 3 <sup>rd</sup>	Tuesday 18 <sup>th</sup>	Tuesday 25 <sup>th</sup>	Friday 28 <sup>th</sup>
May 2006	Tuesday 2 <sup>nd</sup>	Monday 15 <sup>th</sup>	Monday 22 <sup>nd</sup>	Wednesday 31 <sup>st</sup>
June 2006	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Friday 30 <sup>th</sup>
July 2006	Monday 3 <sup>rd</sup>	Friday 14 <sup>th</sup>	Friday 21 <sup>st</sup>	Monday 31 <sup>st</sup>
August 2006	Tuesday 1 <sup>st</sup>	Monday 14 <sup>th</sup>	Monday 21 <sup>st</sup>	Thursday 31 <sup>st</sup>
September 2006	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
October 2006	Monday 2 <sup>nd</sup>	Friday 13 <sup>th</sup>	Friday 20 <sup>th</sup>	Tuesday 31 <sup>st</sup>
November 2006	Wednesday 1 <sup>st</sup>	Tuesday 14 <sup>th</sup>	Tuesday 21 <sup>st</sup>	Thursday 30 <sup>th</sup>
December 2006	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
January 2007	Tuesday 2 <sup>nd</sup>	Monday 15 <sup>th</sup>	Monday 22 <sup>nd</sup>	Wednesday 31 <sup>st</sup>
February 2007	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Wednesday 28 <sup>th</sup>
March 2007	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Friday 30 <sup>th</sup>
April 2007	Monday 2 <sup>nd</sup>	Tuesday 17 <sup>th</sup>	Tuesday 24 <sup>th</sup>	Monday 30 <sup>th</sup>
May 2007	Tuesday 1 <sup>st</sup>	Tuesday 15 <sup>th</sup>	Tuesday 22 <sup>nd</sup>	Thursday 31 <sup>st</sup>

June 2007	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
July 2007	Monday 2 <sup>nd</sup>	Friday 13 <sup>th</sup>	Friday 20 <sup>th</sup>	Tuesday 31 <sup>st</sup>
August 2007	Wednesday 1 <sup>st</sup>	Tuesday 14 <sup>th</sup>	Tuesday 21 <sup>st</sup>	Friday 31 <sup>st</sup>
September 2007	Monday 3 <sup>rd</sup>	Friday 14 <sup>th</sup>	Friday 21 <sup>st</sup>	Friday 28 <sup>th</sup>
October 2007	Monday 1 <sup>st</sup>	Friday 12 <sup>th</sup>	Friday 19 <sup>th</sup>	Wednesday 31 <sup>st</sup>
November 2007	Thursday 1 <sup>st</sup>	Wednesday 14 <sup>th</sup>	Wednesday 21 <sup>st</sup>	Friday 30 <sup>th</sup>
December 2007	Monday 3 <sup>rd</sup>	Friday 14 <sup>th</sup>	Friday 21 <sup>st</sup>	Monday 31 <sup>st</sup>
January 2008	Wednesday 2 <sup>nd</sup>	Tuesday 15 <sup>th</sup>	Tuesday 22 <sup>nd</sup>	Thursday 31 <sup>st</sup>
February 2008	Friday 1 <sup>st</sup>	Thursday 14 <sup>th</sup>	Thursday 21 <sup>st</sup>	Friday 29 <sup>th</sup>
March 2008	Monday 3 <sup>rd</sup>	Friday 14 <sup>th</sup>	Friday 25 <sup>th</sup>	Monday 31 <sup>st</sup>
April 2008	Tuesday 1 <sup>st</sup>	Monday 14 <sup>th</sup>	Wednesday 23 <sup>rd</sup>	Wednesday 30 <sup>th</sup>
April/June 2008	Wednesday 30 <sup>th</sup>	Tuesday 13 <sup>th</sup>	Thursday 22 <sup>nd</sup>	Friday 30 <sup>th</sup>

## Appendix 3 Declaration for partners distributing free CFLs

I declare that I am duly authorised to sign this declaration for and on behalf of the Organisation, and on behalf of the Organisation I confirm that:

Organisation: .....

Supplier:.....

Energy Saving Project: [enter the name of the project, a brief description, or list the main measures involved]  
.....

Energy Saving Project timescales from: ...../...../..... to ...../...../.....

Specified Priority Group Percentage:.....

Number of Compact Fluorescent Lamps (CFLs) delivered to, and distributed by, the Organisation.....

1. The Supplier has provided the Organisation with CFLs which have all been distributed to domestic consumers for the purpose of the Energy Saving Project.
2. a) Each recipient was asked if he wished to receive CFLs and has signed his name/provided his name and address to confirm this [delete as appropriate]. No more than four CFLs were provided to each person.

Or

b) The CFLs were given to consumers without asking whether they would like to receive them and without asking them to sign for the CFLs or asking them to provide their names and addresses. No more than two CFLs were provided to each person.

[delete delivery route (a) or (b) above as appropriate]

3. Steps have been taken to ensure that each person has received no more than four/two [delete as appropriate] CFLs.
4. The Specified Priority Group Percentage of recipients of measures delivered under the Energy Saving Project are in receipt of at least one of the following:

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Attendance allowance

Disability living allowance

War disablement pension which includes either a mobility supplement or constant attendance allowance

Disablement pension which includes constant attendance allowance

State pension credit

Child tax credit where the relevant income is £14,600 or less

Working tax credit where the relevant income is £14,600 or less

5. The Specified Priority Group Percentage has been determined in the following way(s):

6. The Organisation agrees that this declaration can be passed to Ofgem for the purposes of its assessment of whether 50% of the total improvements in energy efficiency resulting from the supplier's actions are in relation to the priority group as required by the Electricity and Gas (Energy Efficiency Obligations) Order 2004.

Address, telephone number, fax number and email address of Organisation:

Name of authorised signatory:

Position in organisation:

Signed .....

Date.....

Print Name.....

## Appendix 4 SHP declaration

- 4.1 The SHP declaration can be signed before or after an action is taken. The following declaration is for SHPs to sign before an action commences.

I declare that I am duly authorised to sign this declaration for and on behalf of the Social Housing Provider, and on behalf of the Social Housing Provider I confirm that:

Supplier: .....

Social Housing Provider: .....

Energy Saving Project: .....

.....

Energy Saving Project timescales from: ...../...../..... to ...../...../.....

Specified Priority Group Percentage:.....

1. The Supplier has agreed to provide the Social Housing Provider with funding for the purpose of the Energy Saving Project.
2. This funding will not count towards energy efficiency measures which were installed prior to this agreement being made.
3. The Energy Saving Project will not be able to proceed without the funding provided by the Supplier for the purpose of the Energy Saving Project, and such funding is not available from the Social Housing Provider itself or from any other third party.
4. To the best of the Social Housing Provider's knowledge, information and belief the Specified Priority Group Percentage of the intended recipients of measures delivered under the Energy Saving Project are in receipt of at least one of the following:

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Attendance allowance

Disability living allowance

War disablement pension which includes either a mobility supplement or constant attendance allowance

Disablement pension which includes constant attendance allowance

State pension credit

Child tax credit where the relevant income is £14,600 or less

Working tax credit where the relevant income is £14,600 or less

5. Where consumers are known to be in receipt of working tax credit or child tax credit only, they will be monitored to determine their relevant income.
6. The Social Housing Provider will provide the Supplier with the information necessary for the Supplier to complete the EEC Spreadsheet as soon as practicable after completion of the Energy Saving Project, and by no later than 31 March 2008.
7. The Social Housing Provider agrees that this information can be passed to Ofgem for the purposes of demonstrating the Supplier's compliance with their energy efficiency obligations under the Electricity and Gas (Energy Efficiency Obligations) Order 2004.
8. If there is a material change to the Energy Saving Project agreed with the Supplier, a new declaration will be signed by the SHP once the scheme has been completed. A material change is considered to be where the Specified Priority Group Percentage changes, if a different measure type is added or if the supplier's average cost contribution decreases by 5 percentage points.

Address, telephone number, fax number and email address of Social Housing Provider:

Name of authorised signatory:

Position in organisation:

Signed .....

Date.....

Print Name.....

4.2 The following declaration is for SHPs to sign once an action has been completed.

I declare that I am duly authorised to sign this declaration for and on behalf of the Social Housing Provider, and on behalf of the Social Housing Provider I confirm that:

Supplier: .....

Social Housing Provider: .....

Energy Saving Project: .....

.....

Energy Saving Project timescales from: ...../...../..... to ...../...../.....

Specified Priority Group Percentage:.....

1. The Supplier has provided the Social Housing Provider with funding which has all been used for the purpose of the Energy Saving Project.
2. This funding was not counted towards energy efficiency measures which were installed prior to the agreement being made with the supplier, ie there has been no retrospective funding of measures.
2. The Energy Saving Project could not have proceeded without the funding provided by the Supplier for the purpose of the Energy Saving Project, with such funding not being available from the Social Housing Provider itself or from any other third party.
3. To the best of the Social Housing Provider's knowledge, information and belief the Specified Priority Group Percentage of recipients of measures delivered under the Energy Saving Project are in receipt of at least one of the following:

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Attendance allowance

Disability living allowance

War disablement pension which includes either a mobility supplement or constant attendance allowance

Disablement pension which includes constant attendance allowance

State pension credit

Child tax credit where the relevant income is £14,600 or less

Working tax credit where the relevant income is £14,600 or less

4. Where consumers are known to be in receipt of working tax credit or child tax credit only, they were monitored to determine their relevant income.
5. The Social Housing Provider has provided the Supplier with the information necessary for the Supplier to complete the EEC Scheme Spreadsheet after completion of the Energy Saving Project.
6. The Social Housing Provider agrees that this information can be passed to Ofgem for the purposes of demonstrating the Supplier's compliance with their energy efficiency obligations under the Electricity and Gas (Energy Efficiency Obligations) Order 2004.

Address, telephone number, fax number and email address of Social Housing Provider:

Name of authorised signatory:

Position in organisation:

Signed .....

Date.....

Print Name.....

# Appendix 5 Standard technical monitoring questions

5.1 The standard monitoring questions consist of a series of post-installation checks that a surveyor could reasonably undertake in half an hour to ensure that the energy efficiency work meets good practice requirements and therefore leads to an improvement in energy efficiency. Further information on the necessary requirements, such as British Standards is detailed within Ofgem's Technical Guidance Manual.

## General questions

Survey company			
Name of surveyor completing form			
Name of householder			
Address of householder			
Date of installation			
Date of inspection			
Was the energy efficiency work on a new dwelling?	Yes		
	No		
	Not known		
What is the dwelling type?			
End Terrace		Detached Bungalow	
Mid Terrace		Semi Bungalow	
Semi Detached		Flat	
Detached			
How many bedrooms does the property have?	1		4
	2		5
	3		Specify other
Which fuel is used for heating?	Gas		Oil
	Electric		LPG
	Solid		Specify other

## Cavity wall insulation

When was the dwelling built?	Pre 1976	
	Post 1976	
Is the work guaranteed by a CIGA warranty?	Yes	
	No	

If not, has another form of guarantee for 25 years been provided?	Yes	
	No	
What insulation was used?	Mineral wool	
	Polystyrene bead	
	Urea formaldehyde	
	Other Please specify	
	Not known	
Is the use of this insulation material appropriate to the exposure zone of the dwelling?	Yes	
	No	
	Not known	
Does the drilling pattern used ensure that the insulation material is distributed as evenly as possible throughout the cavity?	Yes	
	No	
	Not known	
Have the injection holes been made good with materials that match the existing wall finish as closely as possible?	Yes	
	No	
	Not known	
Are all the air bricks and eaves vents clear of insulation material?	Yes	
	No	
	Not known	
Have the air bricks been sleeved to prevent material moving in the cavity and blocking the vent at a later date?	Yes	
	No	
	Not known	
Are all air vents particularly those for combustion appliances clear of insulation material?	Yes	
	No	
	Not known	

### External wall insulation

Nature of original wall	Cavity or Solid?	
	Thickness (mm)	
	Description	
What insulation was used?	Expanded polystyrene (and render)	
	Extruded polystyrene (and render)	
	Mineral wool slab (and render)	
	Urethane foam (and render)	
	Other Please specify	
	Not known	
What is the thickness of the insulation?		mm
Are all the air bricks and eaves vents clear of insulation material?	Yes	
	No	
	Not known	
Are all air vents particularly those for combustion appliances clear of insulation material?	Yes	
	No	
	Not known	

### Internal wall insulation

Nature of original wall	Cavity or Solid?	
	Thickness (mm)	
	Description	
What	Phenolic foam (and plasterboard)	

insulation was used?	Urethane foam (and plasterboard)	
	Mineral wool quilt (timber battens and plasterboard)	
	Extruded polystyrene (and plasterboard)	
	Other Please specify	
	Not known	
What is the thickness of the insulation (mm)?		
Is the insulated dry lining continued at least 300mm along any party walls?	Yes	
	No	
	Not known	
If ground floor is suspended timber, is the insulated dry lining bedded on a strip of pre-compressed expanding foam nailed to the floor?	Yes	
	No	
	Not known	
If ground floor is suspended timber are air bricks clear?	Yes	
	No	
	Not known	

### Loft insulation

What insulation was used?	Mineral wool quilt	
	Cellulose fibre	
	Blown mineral wool	
	Loose mineral wool	
	Other Please specify	
	Not known	
Does the material comply with BS 5803 Part 1: 1985?	Yes	
	No	
	Not known	
Thickness of original insulation (mm)	0	100
	25	150
	50	Not known
	70	
Total thickness of insulation (mm)	200	270
	250	Not known
Has insulation be applied to all appropriate areas including beneath boarded areas and around but not beneath the water storage tanks?	Yes	
	No	
	Not known	
Has the loft hatch fitted with effective draught seals?	Yes	
	No	
	Not known	
Has the loft hatch been insulated?	Yes	
	No	
	Not known	
Is there adequate ventilation for the loft space?	Yes	
	No	
	Not known	
Have the pipes (including the overflow) and tanks been insulated to an adequate standard?	Yes	
	No	
	Not known	

## Draught-proofing

Draught-proofing external doors, thresholds (including letter box) and windows in all rooms. The sealing of loft hatches is covered in the 'Loft insulation' section)		
Do draught strip materials comply with British Standard 7386: 1997?	Yes	
	No	
	Not known	
Have all locations been draught-proofed correctly, leaving all door and windows fully operational?	Yes	
	No	
	Not known	
If trickle ventilators are not present Has a gap been left around one window to provide background ventilation in 'wet' areas (e.g. kitchens and bathrooms)?	Yes	
	No	
	Not known	
Is there adequate ventilation for all open flued appliances?	Yes	
	No	
	Not known	

## Replacement windows

What is the form of the glazing units?	Secondary	
	Double	
	Triple	
	Not known	
Are the glazing units kite-marked to British Standard 5713?	Yes	
	No	
	Not known	
Do the replacement windows display a British Fenestration Rating Council (BFRC) window energy rating label?	Yes	
	No	
	Not known	
What is the area of replacement windows installed within the property?		m <sup>2</sup>
What energy rating (A–G) does the BFRC label show?		
What thermal transmittance (U-value) does the BFRC label show?		

## Boiler and controls

What was the replacement boiler?	Regular	
	Combi	
	Not known	
What is the fuel type of the boiler?	Gas	
	Oil	
	LPG	
What is the SEDBUK efficiency of the boiler?		
If the SEDBUK rating is unknown, the following details must be collected from the label on the boiler or the instruction manual.		
Make/Manufacturer		
Model		
Model qualifier		
Model Identity		
Other Please specify		

Does the installation meet the ODPM's boiler exception protocol?	Yes		
	No		
	Not applicable		
Was the installer a member of an industry body (e.g. CORGI, OFTEC)?	Yes		
	No		
	Not applicable		
	Not known		
Did the consumer measure the property?	Yes		
	No		
	Not known		
Did the installer inspect or enquire about the levels of insulation in the property?	Yes		
	No		
	Not known		
Has the pipe work between the boiler and the hot water taps been insulated where practical?	Yes		
	No		
	Not known		
If boiler is a regular one (i.e. not a combi) Has primary pipe work between boiler and hot water cylinder been insulated with a minimum of 20mm insulation?	Yes		
	No		
	Not applicable		
If boiler is a regular one, has any other pipe work directly connected to cylinder (e.g. vent pipe) been insulated for at least one metre? (NB The feed pipe need not be insulated)	Yes		
	No		
	Not known		
	Not applicable		
What new controls were installed?			
Time switch or programmer	Yes		Not known
	No		Not applicable
Cylinder thermostat For a regular boiler	Yes		Not known
	No		Not applicable
Thermostatic radiator valves (TRVs) throughout the dwelling	Yes		Not known
	No		Not applicable
Room thermostat	Yes		Not known
	No		Not applicable
Load or weather compensator	Yes		Not known
	No		Not applicable
Delayed start thermostat	Yes		Not known
	No		Not applicable
Time and temperature controls	Yes		Not known
	No		Not applicable
Boiler interlock	Yes		Not known
	No		Not applicable
Where there is a boiler interlock, are all the controls wired up so that the pump and boiler are switched off when there is no demand for heat?	Yes		Not known
	No		Not applicable
Was a new hot water tank installed?	Yes		Not known
	No		Not applicable
If 'yes' was the tank a high performance one as specified in General Information Leaflet 59?	Yes		Not known

## Fuel switching

What was the heating system before fuel switch?	Electric storage heating	
	Solid fuel central heating	
	Oil central heating	
	Electric room heaters	
	Solid fuel room heater (fires)	
	Gas room heaters	

## Solar water heating

Did the installer provide written information on system specification and operating instructions?	Yes	
	No	
	Not known	
Did the installer explain the key system functions to the user?	Yes	
	No	
	Not known	
Do the instructions for the system confirm the collector make, collector model, fluid content and stagnation temperature?	Yes	
	No	
	Not known	
Is collector(s) orientated within 45° of due South? Or, if East/West split configuration no collector is facing towards the North of East or West?	Yes	
	No	
	Not known	
Is the cylinder labelled in accordance with Part L?	Yes	
	No	
	Not known	
Is the 'commissioning certificate' on cylinder completed and signed?	Yes	
	No	
	Not known	
Is the following system information available?		
Surface area Maximum working pressure for solar and boiler heated coils Fluid content for solar and boiler heated coils	Yes	
	No	
	Not known	
Dedicated solar heated volume and boiler heated volume	Yes	
	No	
	Not known	
Is entire solar loop fully lagged with high temperature insulation (at least 105°C, and preferably > 150°C)?	Yes	
	No	
	Not known	
Does system expansion vessel (if fitted) have CE Mark?	Yes	
	No	
	Not known	
Does the pressure relief valve for the system expansion vessel discharge into a safe location?	Yes	
	No	
	Not known	
Is the central heating system cylinder thermostat mounted no lower than the base of boiler heated coil?	Yes	
	No	
	Not known	

## Ground source heat pumps

Did the installer provide information on system specification and operating instructions?	Yes	
	No	
	Not known	
Did information include maintenance instructions (content and frequency)?	Yes	
	No	
	Not known	
Did the installer provide equipment information (ideally also a data sheet attached to the unit)?	Yes	
	No	
	Not known	
Did the information include: Heat pump make and model Thermal output rating (ideally according to EN 255-2) Recommended anti-freeze Refrigerant type and charge	Yes	
	No	
	Not known	

## Combined heat and power (CHP)

Is the scheme certified by CHP Quality Assurance (CHPQA)?	Yes	
	No	
If yes has a copy of the certificate been obtained?	Yes	
	No	
Is the equipment installed as set out in the approved action / as detailed in the feasibility study?	Yes	
	No	
	Not known	
Has the equipment been appropriately commissioned and is it fully operational?	Yes	
	No	
	Not known	
Do the contractor's reports and other information confirm the system's performance and that the forecast energy savings should be achieved?	Yes	
	No	
	Not known	

If you have answered 'no' or 'not known' to any question please explain.	
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## Appendix 6 Consumer utilisation monitoring

- 6.1 The table below sets out the consumer utilisation monitoring questions for DIY loft insulation, DIY radiator panels and direct CFLs.

### ***DIY Loft insulation***

1. How many rolls of insulation did you purchase?
2. Which product was it?
3. What thickness(es) of insulation did you purchase?
4. If none of the insulation has been installed yet, do you intend to install it?
5. Did you use the insulation to insulate domestic or business premises?
6. If domestic premises, did you use the insulation to insulate: the whole loft space, part of the loft space, walls, floors, garages, out building or conversions or elsewhere?
7. Was the insulation installed in a new extension to your house?
8. If the insulation has been used in a loft space, was there any insulation in the loft before you put the purchased insulation in? If yes, how thick?
9. Did you single lay or double lay the insulation?
10. Did you have any insulation left over?
11. If so, was any remainder part of a roll or a whole roll?
12. Has any of the remaining insulation been returned to the retailer? If not, what do you intend to do with it?

### ***DIY Radiator panels***

1. How many radiator panels have been purchased?
2. How many radiator panels have been installed?
3. Have the radiator panels been fixed to the wall behind the radiators?
4. How many of the panels have been installed behind radiators on external walls on the house?

5. How many of the panels have been installed behind radiators on internal walls on the house?
6. Does the property have solid walls or cavity walls?
7. If it has cavity walls, are they filled with insulation or unfilled?

### ***CFLs direct***

1. How many CFLs have been received?
2. How many CFLs have been installed?
3. How many CFLs will be installed and used at a later date?
4. How many CFLs will never be used?
5. How many CFLs do you already have fitted within your house?