

Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance



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Target audience: Electricity Suppliers, Gas Suppliers, Electricity Distributors, Gas Transporters, government departments, environmental bodies, consumer groups, other interested stakeholders.

Overview:

This document sets out Ofgem's draft proposals for administering the Carbon Emissions Reduction Target (CERT). This follows Defra's statutory consultation on the draft Order. We are seeking comments on the issues described in this paper.

We invite comments on all aspects of the proposed administration of the CERT, particularly the following:

- Qualifying action including microgeneration
- Innovation - market transformation and demonstration action
- Priority Group flexibility option
- Monitoring

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Context

The Carbon Emissions Reduction Target (CERT), previously the Energy Efficiency Commitment (EEC2) is the government's main policy instrument for reducing carbon emissions from existing households. CERT is due to run from 2008-2011. EEC2 required certain gas and electricity suppliers to meet an energy saving target. Under the CERT 2008-2011 suppliers will instead be set a carbon emissions reduction target. For the purposes of this document, the programme itself will be known as the CERT and the target for carbon emissions reduction as the CER target. Defra is responsible for setting the CER target and the policy framework and Ofgem is responsible for administering the programme.

This document sets out Ofgem's proposals for fulfilling our duties, under the draft Electricity and Gas (Carbon Emissions Reduction) Order 2007, in administering the CERT 2008-2011. It has been published within the timeframe of the Defra consultation to ensure that stakeholders can consider the implications of the administration of the programme before they respond to the Statutory consultation. We are seeking comments on the issues described in this paper.

Associated Documents

- The Defra Statutory Consultation on the draft Order, including the Draft Electricity and Gas (Carbon Emissions Reduction) Order 2007- published May 07
<http://www.defra.gov.uk/corporate/consult/cert2008-11/consultation.pdf>
- Defra's Final energy and carbon saving scores for the EEC 2008-11 illustrative mix - published March 07
<http://www.defra.gov.uk/environment/climatechange/uk/household/eec/pdf/illustrativemix-final2007.pdf>

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Summary

The Carbon Emissions Reduction Target (CERT) 2008 – 2011 follows on from the EEC 2005 – 2008 and requires gas and electricity suppliers to achieve new targets for the promotion of reductions in carbon emissions generated by the domestic sector. For the purposes of this document, the programme itself will be known as the CERT and the target for carbon emissions reduction as the CER target.

The draft Electricity and Gas (Energy Efficiency Obligations) Order 2007 (the draft Order) provides the statutory basis for the CERT. The draft Order will set out the overall carbon emissions reduction target to be collectively achieved by suppliers between 1 April 2008 and 31 March 2011. The target proposed in the Defra's consultation is 42 million tonnes of carbon (lifetime¹).

Using less energy was highlighted within the government's Energy White Paper 2007 as being a cost effective way of achieving cuts in carbon emissions. Reducing energy consumption can also improve productivity and contribute to improved security of energy supply. The government is committed to the continuous delivery of carbon savings from the domestic sector using some form of supplier obligation until at least 2020. The CERT will contribute to the government's Climate Change Programme by cutting carbon emissions. It is proposed that under the CERT at least 40 per cent of the activity should be targeted at certain low-income domestic customers; hence the programme also contributes to the government's Fuel Poverty Strategy.

The draft Order requires licensed gas and electricity suppliers that have at least 50,000 domestic customers to meet a carbon reduction target and sets the broad framework for how this target is to be achieved. The overall CER target will be set by the government. The underlying analysis used by the government to demonstrate the feasibility of the overall target, including an illustrative mix of possible measures, is set out in the statutory consultation. This consultation is available on Defra's website, <http://www.defra.gov.uk/corporate/consult/cert2008-11/consultation.pdf>

This document sets out how Ofgem will fulfil its duties under the draft Order including:

- setting each supplier's obligation
- approving the suppliers' carbon emissions reduction actions (or 'schemes')
- determining the improvements in carbon emissions reduction resulting from those actions, and
- where necessary, enforcing compliance with the requirements of the Order.

¹ Savings achieved over the lifetime of the action, rather than over during year

In order to comply with their obligations, suppliers are required to notify Ofgem of their action or 'schemes'. We will approve a notification if we are satisfied that the scheme would:

- a) achieve improvements in energy efficiency
- b) increase the amount of electricity generated or heat produced by microgeneration
- c) increase the heat produced by any plant
 - (i) which relies wholly or mainly on biomass; and
 - (ii) the capacity of which to produce heat does not exceed 3 MWth; or
- d) reduce energy consumption

and therefore can be presumed to result in a reduction in carbon emissions. For the purposes of administration, this will be referred to in this document as 'the article 11(3) test' as this is specified in article 11(3) of the draft Order. Once a supplier has completed a scheme it must notify Ofgem. We will then determine the actual reduction in carbon emissions 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 factors we will use to determine additionality are also detailed, as are the means by which suppliers must demonstrate that the stipulated percentage of their total obligation has been made in relation to consumers in the Priority Group. This is important as it will be used to consider whether a scheme meets the article 11(3) test and to determine the carbon emissions reduction achieved by the complete scheme.

Procedures will be set up to monitor each supplier's progress against its carbon reduction obligation. We will continue to produce a quarterly update, as under EEC2, to inform all interested stakeholders. We will report to the Secretary of State for Environment, Food and Rural Affairs each year of the CERT and will make this report publicly available.

1. Introduction

There are no specific questions relating to this chapter.

Defra's consultation on CERT 2008 - 2011

1.1. The Carbon Emissions Reduction Target April 2008 to March 2011, Consultation Proposals, was published by Defra in May 2007². It sets out the draft Electricity and Gas (Carbon Emissions Reduction) Order 2007 ('the draft Order'), which provides the statutory basis for the CERT 2008 - 2011. The closing date for responses to Defra's consultation is 15 August 2007.

1.2. The draft Order sets an overall target for the promotion of reductions in carbon emissions in relation to domestic customers from 1 April 2008 – 31 March 2011. Under the draft Order suppliers will be set a carbon emissions reduction obligation, determined by Ofgem, to be achieved by 31 March 2011. For the purposes of administration this will be known as a 'carbon obligation'. It is proposed that at least 40 per cent of suppliers' carbon obligations must be achieved by measures promoted to low-income domestic customers in receipt of certain income-related benefits or tax credits. For the purpose of the administration of the draft Order, these consumers will be known as the 'Priority Group'. Hence the programme also contributes to the government's Fuel Poverty Strategy.

1.3. Using less energy was highlighted within the government's Energy White Paper 2007 as being a cost effective way of achieving cuts in carbon emissions. Reducing energy consumption can also improve productivity and contribute to improved security of energy supply. The government is committed to the continuous delivery of carbon savings from the domestic sector using some form of supplier obligation until at least 2020. The CERT will contribute to the government's Climate Change Programme by cutting carbon emissions.

Administration proposals

1.4. Ofgem is required to administer the CERT by setting each supplier's obligation, monitoring suppliers' activity and, where necessary, enforcing compliance. This document sets out our proposals for administering the CERT 2008 - 2011. It sets out how we intend to approve suppliers' proposed actions, determine the reductions in carbon emissions to be attributed to their completed actions and monitor suppliers' progress in meeting their obligation. These proposals have been developed

² This document is available at <http://www.defra.gov.uk/corporate/consult/cert2008-11/index.htm> <http://www.defra.gov.uk/corporate/consult/eec/consultation.pdf>

in response to Defra's consultation proposals on the CERT. The outcome of Ofgem's consultation will be dependant upon the conclusions reached by Defra following their consultation; in particular with regard to the final Order approved by Parliament, and on any responses we receive to our consultation.

1.5. Following the consultation process, and once the Electricity and Gas (Carbon Emissions Reduction) Order 2007 comes into force, we will finalise this supplier guidance. We will also publish a technical guidance manual to provide direction on the technical aspects of delivering carbon reduction measures. Suppliers will need to adhere to this to ensure that a reduction in carbon emissions will result from their schemes.

1.6. Ofgem is the Office of the Gas and Electricity Markets Authority. For simplicity, in this document 'Ofgem' is used to mean both Ofgem or the Authority.

The CERT

1.7. The CERT 2008 – 2011 follows on from the current EEC2 programme which runs from 1 April 2005 until 31 March 2008. Ofgem's latest Annual Review on suppliers' progress against their current EEC targets is available on our website <http://www.ofgem.gov.uk/Sustainability/Environmnt/EnergyEff/Pages/EnergyEff.asp>
[X](#)

1.8. The government is committed to a continuation of the CERT or a supplier obligation programme until 2020. These consultation proposals cover the three year period 2008 – 2011 reflecting the period covered by the draft Order.

Structure of the consultation

1.9. The chapters of this document explain the following processes and concepts from the draft Order:

- setting carbon obligations
- qualifying action
- innovation
- Priority Group flexibility
- submission of schemes
- reporting and compliance, and
- monitoring.

1.10. The consultation questions are listed in Appendix 1 at the back of this document. Other supporting documents such as dates for notification and declarations are in the separate appendices document.

1.11. We intend to keep CERT supplier guidance the same as in the EEC2 programme where possible. For clarity, where the proposed processes are the same, this is

highlighted in the main body of this document, with relevant details from the EEC2 supplier guidance provided in the appendices. Where significant changes are proposed, these are detailed in the main document. This layout is intended to make it easier for the reader to focus on the proposed changes from the EEC2 programme and administration. Comments are welcomed on any aspect of the proposed supplier guidance.

Timetable

1.12. Defra is planning to lay the draft Order before Parliament in November this year. Following this consultation, our decision document detailing how the CERT will be administered, will be published soon after the Order has come into force.

2. Setting Carbon Obligations

This chapter describes the process Ofgem proposes to follow for setting and reviewing a supplier's carbon obligation. It explains some of the definitions used in the draft Order. We intend to keep this process the same as that used under the EEC2, except that the obligation will be expressed in tonnes of carbon (lifetime³) in line with the draft Order.

There are no specific questions relating to this chapter.

Definitions under the draft Order

2.1. The CER target is expected to be expressed in the Order in tonnes of carbon (lifetime). The provisional figure provided in Defra's consultation document is 42 MtC lifetime savings. This equates to an annual saving of about 1.1 MtC by the end of the CERT period. The CER target differs from EEC2's as it relates to carbon rather than energy and is not lifetime discounted⁴.

2.2. To ensure an equitable distribution of benefits from the CERT, a supplier is required to meet its Priority Group obligation. The Priority Group is defined in the same way as under the EEC2, as someone being in receipt of certain income related benefits or credits. These are listed in the declarations in Appendices 10, 11 and 12. The income threshold for these benefits and credits has been updated and is now £15,592. The proposed Priority Group obligation, set out in the draft Order, is that at least 40 per cent of each supplier's carbon obligation is carried out in the Priority Group. This could be lowered to a minimum of 35 per cent by Ofgem where a supplier uses the Priority Group Flexibility option. This mechanism is discussed further in chapter 5 of this document.

2.3. A domestic customer is defined in the draft Order, under article 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".

2.4. A supplier is defined under article 4 (1) as:

- a supplier under part 1 of the Electricity Act 1989 or part 1 of the Gas Act 1986 (this means a licensed supplier), and

³ A 'lifetime saving' is the saving realised over its operational lifetime, rather than for just one year.

⁴ Savings under EEC were lifetime-discounted. A discount rate of 3.5 per cent (in line with the HM-Treasury Green Book) was applied to a measure's savings every year for the measure's lifetime.

- on 31 December of the years 2007, 2008 or 2009, he supplies electricity or gas to at least 50,000 customers (including those supplied by its holding company or subsidiary or by a subsidiary of any holding company).

2.5. Therefore, only licensed companies that supply at least 50,000 customers (including the number of customers supplied by the licensee's holding company or any subsidiaries of the licensee or the licensee's holding company) will be set a carbon obligation by Ofgem. This is consistent with EEC2.

2.6. Defra's CERT consultation (2.15) proposes that the CER obligation will relate to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain. The draft Order, which currently does not make this provision, will be amended to make it clear that the obligation placed upon suppliers will relate to the promotion of carbon emissions reductions in the domestic sector in Great Britain. If the change is made, the CERT will be administered on this basis.

2.7. Where a person is a supplier of both electricity and gas, they will be treated as a separate supplier in respect of each. This is set out in article 4(3).

2.8. A 'new supplier' is one whose customer numbers are less than 50,000 on 31 December 2007, but are at least 50,000 on 31 December 2008 or 2009. The draft Order will be amended to make it clear that these customer numbers are domestic customers in Great Britain.

2.9. For administrative purposes 'supplier' is used to mean both a supplier and a new supplier as defined in the draft Order, unless the context indicates otherwise and then supplier and new supplier will be treated as separate terms, as defined in the draft Order.

Carbon obligations

Determining carbon obligations in January 2008

2.10. The process for determining each supplier's carbon obligation will remain the same as under EEC2.

2.11. Suppliers must notify Ofgem in writing by 14 January 2008, 14 January 2009 and 14 January 2010 of the number of its domestic customers on the previous 31 December. As under EEC2, because of the definition of a supplier, the notification will need to include details of the group to which the supplier company belongs.

2.12. Ofgem will calculate each supplier's carbon obligation once all supplier customer numbers have been received.

2.13. Ofgem will set a carbon obligation for each supply licence held, even where they belong to the same group. Where a person is both a gas and electricity supplier

they will be set a separate, independent carbon obligation for each supply licence held.

2.14. As for EEC2, Ofgem will divide the overall CER target set by Defra between each obligated supplier on the basis of the number of domestic customers supplied by each supplier. This is illustrated as follows:

Figure 2.1 Formula for determining obligations in January 2008

Supplier's carbon obligation = $(SC / TC) \times 42 \text{ mtC}$

Where: SC is the number of the supplier's domestic customers on 31 December 2007; and TC is the total number of domestic customers supplied by obligated suppliers on 31 December 2007.

2.15. Supplier's carbon obligations will apply from 1 April 2008. If a supplier becomes a supplier after 31 December 2007 they will not be set an obligation until the following January, and this will apply from the 1 April of that year. This is described in article 5(3) of the draft Order.

2.16. Ofgem must notify a supplier of its carbon obligation by 31 January following the submission of the suppliers' customer numbers.

2.17. Under article 4(5) of the draft Order, a person who continues to hold a supply licence but ceases to supply at least 50,000 customers after 31 December 2007 will continue to be treated as a supplier. Their carbon obligation will be adjusted annually, as described below, and will remain a relevant requirement on that supply licence.

Review of carbon obligations in 2009 and 2010

2.18. The review of each supplier's carbon obligation will remain the same as under EEC2, where it was referred to as 'determining targets'.

2.19. Ofgem must review each supplier's carbon obligation, and determine new suppliers' carbon obligations, annually following receipt of supplier customer numbers by 14 January. Ofgem must notify suppliers of any change to their carbon obligation by 31 January following this review. This is provided for under article 7(1) of the draft Order and is illustrated below.

Figure 2.2 Formula for reviewing and determining obligations in January 2009

Supplier's carbon obligation = $(SC / TC) \times 42 \text{ mtC}$

Where: SC is the average number of the supplier's domestic customers on 31 December 2007 and 31 December 2008; TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007 and 31 December 2008.

Figure 2.3 Formula for reviewing and determining obligations in January 2010

Supplier's obligation = $(SC / TC) \times 42 \text{ mtC}$

Where: SC is the average number of the supplier's domestic customers on 31 December 2007, 31 December 2008 and 31 December 2009; TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007, 31 December 2008 and 31 December 2009.

2.20. For the calculation of this average, any supplier or new supplier's customer numbers will be deemed to be zero where they are less than 50,000 on 31 December 2007, 31 December 2008 and 31 December 2009.

Timescale for notification of consumer numbers and carbon obligations:

Date of domestic consumer numbers	Supplier provides domestic consumer numbers to Ofgem	Ofgem notifies suppliers of their obligations
31 December 2007	By 14 January 2008	By 31 January 2008
31 December 2008	By 14 January 2009	By 31 January 2009
31 December 2009	By 14 January 2010	By 31 January 2010

3. Qualifying action

This chapter sets out the procedures by which Ofgem proposes to determine qualifying actions, according to the draft Order. Qualifying action, market transformation qualifying action, demonstration qualifying action and microgeneration are defined here. This chapter covers the criteria by which reductions in carbon emissions will be assessed.

We intend to keep CERT processes the same as in EEC2 where possible. For clarity, where the proposed processes are the same, this is highlighted in the main body of this document, with relevant details from the EEC2 supplier guidance provided in the appendices. Where significant changes are proposed, these are detailed in the main document. This layout is intended to make it easier for the reader to focus on the proposed changes from the EEC2 programme and administration. Comments are welcomed on any aspect of the proposed supplier guidance, whether or not they constitute a change from EEC2.

We are interested in feedback on all sections of the chapter, in particular the following:

Question 1 - We propose to simplify the initial scheme notification procedure to involve the submission of the scheme notification pro forma only. This will be modified to capture the information about savings and cost contributions currently provided on the EEC scheme spreadsheet.

Question 2 - To reflect changes in the cold appliance market, consultees are asked to consider whether we should approve just the A+ and A++ appliances, or whether we should accredit A-rated appliances based on a change in the market share resulting from a supplier's scheme.

Question 3 - To reflect changes in the boiler market we propose that it is no longer appropriate to accredit sales for replacing B-rated with A-rated boilers.

Question 4 - In the absence of recent monitoring data, what would be an appropriate methodology for revising the Fridgesaver savings: a percentage reduction, an increase in the number of points to qualify, or an alternative? Suggestions are invited.

Question 5 - Are the proposals for accrediting CFLs in the light of the phase out of GLS lamps appropriate?

Question 6 - Is the use of a declaration an appropriate way to ensure that savings from microgeneration are additional to those from other policies, eg the Merton rule?

Question 7 - Is use of installers and products accredited under the BRE microgeneration certification scheme (UKMCS) the most appropriate way to ensure high quality microgeneration products are used and installations are carried out under CERT?

Question 8 - Comments are invited on the aspects of the EEC2 procedures relating to qualifying action and measures that we intend to keep the same. These are listed in appendix 3.

Qualifying action - general

3.1. Under article 9 of the draft Order, a qualifying action is an action towards a supplier's carbon obligation which has been notified to and approved by Ofgem as specified in article 11.

3.2. Under article 11(2) Ofgem must approve as qualifying action an action notified by a supplier if it is satisfied that this action is promoted by a supplier for the purpose of (as set out in article 11(3)):

- a) achieving improvements in energy efficiency
- b) increasing the amount of electricity generated or heat produced by microgeneration
- c) increasing the heat produced by any plant
 - (i) which relies wholly or mainly on biomass; and
 - (ii) the capacity of which to produce heat does not exceed 3 MWth; or
- d) reducing energy consumption.

For the purposes of administration, 'the article 11(3) test' will be used as an abbreviation of these grounds for approval.

3.3. Ofgem must notify the supplier of its decisions on the approval of all schemes and give reasons for the decision.

3.4. Under article 8 of the draft Order two subtypes of qualifying action are defined: demonstration and market transformation qualifying action. For the purposes of administering the draft Order, this document uses the collective term 'innovative action' where it is necessary to describe both of these together.

3.5. Demonstration qualifying action is defined under article 8(3) as 'an action which may reasonably be expected to promote a reduction in carbon emissions' and has been approved by Ofgem under article 11. This refers to actions where it has not been possible to determine a specific carbon saving to date.

3.6. Market transformation qualifying action is defined under article 8(4) as an action which 'the Authority did not approve as a qualifying action under the Electricity and Gas (Energy Efficiency Obligations) Order 2001 and is approved by Ofgem under article 11. More information on innovative action is provided in chapter 4.

3.7. For the purposes of administration, 'qualifying action' will be referred to in this document as 'schemes'.

3.8. Defra's CERT consultation (2.15) proposes that the CER target will relate to reductions in carbon emissions by supplier activity in the domestic sector specifically in Great Britain. The draft Order, which currently does not make this provision, will be amended to make it clear that the obligation placed upon suppliers will relate to the promotion of carbon emissions reduction in the domestic sector in Great Britain. If the change is made, the CERT will be administered on this basis.

Establishing a scheme's reduction in carbon emissions

Determining carbon savings

3.9. The CER target is expected to be set in tonnes of carbon (lifetime). This will represent the reduction in carbon emissions achieved by the measure over its lifetime.

3.10. As far as possible, Ofgem intends to use the measure lifetimes in Defra's illustrative mix to calculate lifetime savings.

3.11. A lifetime carbon saving (tC) will be determined for each measure delivered, consistent with that used by Defra in its target setting model. This is the difference between the energy used before and after the installation of the measure, multiplied by the carbon coefficient of the fuel used, multiplied by the measure's expected lifetime. The carbon coefficients are set out in schedule 3 of the draft Order. This is illustrated as follows:

(annual energy before - annual energy after) x carbon coefficient x measure lifetime
= tC lifetime

3.12. For measures 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 requirements. This methodology will be relevant in respect of any measure that may be required to be installed to comply with the Regulations, eg window glazing, to ensure that the CERT measures are additional to these requirements.

3.13. For measures which are installed into the physical fabric of a consumer's property, ie insulation and heating measures, Ofgem will accredit the reduction in carbon emissions 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.

Additionality

3.14. In order to approve suppliers' schemes under article 11 Ofgem must be satisfied that they pass the article 11(3) test and that any reductions in carbon emissions that result will be over and above that which would have happened without the CERT. This principle is known as 'additionality' and is central to Ofgem's administration of the programme and determination of carbon emissions reductions for completed schemes.

3.15. In order to be satisfied of additionality Ofgem will need to consider whether savings are in relation to:

- the measure or measures to be installed
- the way the supplier proposes to undertake the action, ie the 'delivery mechanism'
- an increase in that which is already required by law / other policies, and
- the supplier's activity.

3.16. If savings are not due to these factors then they are highly unlikely to meet article 11(3) requirements. In addition, the measures carried out under the schemes will not be determined to have any reduction in carbon emissions.

3.17. The definition of these factors remains mainly the same as in EEC2, so we intend to retain the same procedures wherever possible. The relevant extracts from the EEC2 Supplier guidance are provided in Appendix 3. In a few cases there are exceptions that no longer apply and these have not been included, eg renewables can be used under CERT, so the paragraph from the EEC2 procedures stating they are not eligible has been removed. Where we are proposing changes to this section of the procedures these are outlined over the remainder of this chapter.

3.18. Where a supplier is undertaking action in partnership with third parties, Ofgem must be satisfied that the supplier's action will result reductions in carbon emissions additional to those that would be achieved by the project partner without the supplier's funding. For example, when working with Social Housing Providers (SHPs) a supplier must obtain written confirmation from them via the declaration in Appendix 12 that the supplier's involvement has resulted in additional carbon savings. We are proposing to retain the same procedures as under EEC2 for dealing with this.

3.19. Where additionality is being determined through the change in market share, for example with cold appliances, this will be determined before and after the supplier activity through the use of electronic point of sale (EPoS) data from the retailer. A marketing plan should be submitted with the scheme notification to allow Ofgem to assess additionality when approving the scheme.

Additionality of microgeneration

3.20. There is potentially an issue of double counting / additionality of savings from microgeneration as other policies exist to encourage their use, most notably the 'Merton rule' (in order to obtain planning permission, a percentage of the energy demand of new build developments is required to be met by on site renewables). We are proposing to use a declaration for suppliers to confirm the percentage of generation from microgeneration measures which is additional to the Merton rule, or any other similar policy or grant (for example SCHRI⁵). For example if the local authority required a minimum of 15 per cent of the new development's electricity demand to come from onsite renewables and the supplier's scheme was responsible for a further 10 per cent, then the declaration would state that the supplier had promoted 10 per cent of the total electricity supply for the building.

3.21. A draft of this declaration is provided in Appendix 14.

3.22. When delivering microgeneration measures in new build domestic premises, suppliers should get a signed statement from their project partners, in the form of the declaration in Appendix 14, to confirm the percentage of onsite renewables that the supplier has funded. This will ensure that these are additional to any planning requirements regarding on site microgeneration required to obtain planning permission for the development. If these are in social housing, then the SHP declaration in Appendix 12 will be required in addition.

Appliances

Cold appliances

3.23. There has been a significant change in the efficient cold appliance market since the beginning of the EEC programmes. A-rated appliances now make up about 75 per cent of the market, up from 15 per cent in 2002. Previously, the saving accredited for these products was based on the difference in energy consumption between the efficient products being promoted and the market average. Because this difference in consumption is now very small for A-rated appliances, it is no longer appropriate to continue to use this approach. We are, therefore, considering two alternatives for the accreditation of cold appliances in CERT. The first would be a continuation of the methodology used in the EEC programmes, but to only allow the accreditation of A+ and A++ appliances. This would be consistent with proposals for IDTVs and boilers, outlined in paragraphs 3.31 and 3.32 respectively. The second would allow the suppliers to be accredited for A-rated appliances, but the saving would only apply where a supplier had increased the market share of that product. For example, if the retailer's starting sales were 3,000 appliances and 2,000 of these

⁵ The Scottish Community and Household Renewables Initiative grant programme.

were A-rated, and this increased to 2,500 of 3,000, the supplier could claim the higher saving for 500 appliances.

3.24. However, we have concerns about the second methodology particularly in relation to new entrants to the market. A small retailer could achieve larger savings by making a similar percentage change to its sales of A-rated appliances and increasing its market share than a larger retailer, as shown in Table 3.1 below. For this reason, we consider that it would be fair to apply this methodology only where the starting market size is equal to or greater than the end market size.

3.25. Where a retailer has increased its share of A-rated appliances, but its overall market share has decreased (illustrated by retailer 3 in table 3.1 below), we propose to accredit them with the percentage change in market size applied to the end market size only. In example 3 below this is the difference between 60 per cent of 600 and 65 per cent of 600, which is 30 appliances.

Table 3.1 Illustration of change in market share for different sized retailers

Retail	Starting market size (all ratings) '000	Starting per cent A-rated	Starting no. of A-rated '000	End mkt size '000	End per cent A-rated	End no. of A-rated '000	Accredited number of appliances '000 and calculation method	
1	800	60 %	480	800	65 %	520	40	520-480
2	5	60 %	3	80	65 %	52	49	52-3
3	800	60 %	480	600	65 %	390	30	65% of 600 - 60% of 600

3.26. Consultees are asked to respond to these two alternatives for the accreditation of cold appliances.

3.27. Trade-in schemes would not fit with the second methodology and we propose that if this mechanism is taken forward, this delivery mechanism would be dropped. We are proposing that suppliers can still use the Fridgesaver mechanism which will operate as it did under EEC2, with appliances assigned a different saving. As under EEC2, the larger savings will be gained from the replacement of very inefficient appliances. The EEC2 Fridgesaver saving is based on, for example, the replacement of a qualifying fridge freezer⁶ estimated to consume 983 kWh annually. However, this is based on monitoring data collected under the Standards of Performance programme which is over ten years old. We consider that it is no longer appropriate to use this saving as qualifying appliances are unlikely to be this inefficient. In the absence of any new monitoring data, we are seeking views on possible approaches to

⁶ To qualify, appliances need to score 3 or more from the table in Appendix 6.

this. One could be the application of a percentage reduction to the saving. An alternative could be to increase the qualifying score.

3.28. The saving for cold appliances will depend on the methodology adopted for accreditation. For the first it would be based on the difference in energy consumption between the A+ or A++ appliance promoted and the market average appliance. For the second it would be the difference between the average energy consumption of non A-rated appliances (<D-B) and A-rated appliances. A larger saving will be accredited for A+ and A++ appliances to reflect the greater efficiency of these products. This saving will be the difference between the A+ or A++ appliance consumption and market average of B-rated and below. Carbon savings would again only be accredited where the supplier's scheme has resulted in an increase in market share.

Consumer electronics / brown goods

3.29. The consumer electronics/brown goods market is very dynamic and to ensure that a supplier's action is additional we need to consider the market penetration of the efficient models. In order to do this, we propose to maintain the requirement for notifications of action to include details of the current market share, for example through the submission of EPOS data. Where the product is promoted via a partnership with retailers, we propose to retain the requirement for a marketing plan to be submitted to outline what the retailer and supplier plan to do to increase the market share. We are not planning to require quantitative forecast sales.

3.30. There is segmentation in the markets for different consumer electronic products which have been accredited under EEC2. For example, by March 2007 roughly 75 per cent of the 22 inch or larger LCD TV market was integrated digital. However, less than 15 per cent of the LCD market that is smaller than 22 inches was digital. There is, therefore, more potential for additionality in the smaller screen sector of the TV market. For this reason, we are proposing to consider consumer electronics for accreditation by market segment, within appliance type. Specifically for integrated digital TVs (IDTVs), we are proposing that only LCD TVs less than 22 inches in size should be accredited in the CERT programme, because IDTVs larger than this are unlikely to meet the article 11(3) test.

Boiler and heating

3.31. Under EEC2 suppliers could be accredited with an energy saving for improving the efficiency of a boiler from B to A-rated. This reflected the difference in energy consumption between the B-rated minimum under the Building Regulations and the A-rated boilers promoted. Where D-rated boilers, which were an exception under the Building Regulations, were replaced with A-rated condensing boilers, suppliers were accredited with greater savings. The domestic boiler market has changed significantly since 2005 with 75 per cent of all boilers being purchased being A-rated (see figure 2 in Appendix 6). With 10 per cent of the market being D-rated and exempt from the Building Regulations, there is very little of the B-rated market left for suppliers to target and it is no longer appropriate to accredit boilers based on the

difference in energy consumption between an A and a B-rated boiler. In addition, the difference in consumption between the market average boiler and an A-rated boiler is so small that it is within the error band on the SEDBUK efficiency measurement. We therefore consider that it is no longer appropriate to accredit suppliers with savings for replacing B-rated with A-rated boilers as this market is almost transformed and it is impossible to tell whether the promotion is additional.

3.32. We are proposing, however, that savings should continue to be accredited for D-rated exceptions to the Building Regulations which are replaced by A- or B-rated boilers. Future innovations could also be accredited, but will need to be considered on a case by case basis.

Fuel switching

3.33. Connection data shows that there is a market for consumers switching to a different heating fuel ('fuel switching'). When seeking accreditation of fuel switching schemes, suppliers will be required to show how their activity is leading to an additional increase in the uptake of fuel switching over and above that which was already happening without suppliers' intervention through the CERT.

Lighting

Energy White Paper

3.34. The Energy White Paper contained an announcement of the government's ambition to phase out GLS lamps over the next few years. The timescale and process for this are as yet not clearly defined, but it could involve activity with retailers to phase out these lamps. If the energy suppliers are involved in this activity, supplier activity to promote efficient lighting under this agreement would be eligible for approval as qualifying action. Determination of carbon emissions reductions will be dependant on the details and additionality of suppliers' actions.

Lighting schemes

3.35. Where CFLs are provided free of charge by distribution in person, for example at a charity event we are proposing to maintain the need to collect names and addresses of the consumers that receive these lamps so that recipients can be cross checked. We intend also to maintain the requirement that the consumer be asked if they wish to receive CFLs. This will give confidence that the measures are needed, will be installed and that an improvement in energy efficiency will result.

3.36. We are proposing that the maximum number of CFLs which can be supplied for free will remain at four where names and addresses are supplied, or two where they are not.

3.37. We are proposing to maintain the maximum number of low energy CFLs which may be promoted through mail order, where the consumer is being required to pay a cost contribution, to 10 per household. This, and a minimum charge are required to prevent stockpiling and the attributed improvement consequently not being achieved. The proposed level for the minimum charge is 40p per CFL, which is in line with current lowest retail prices.

3.38. For the same reasons we are proposing to align sensor lamp numbers with CFLs, so that those sold through the mail order with customer contribution route should be limited to 10 per household. We do not consider a minimum charge necessary as sensor lamps are more expensive measures so stockpiling is less likely. Candle bulbs, halogens and dichroics remain limited to ten per household.

3.39. We are not proposing to maintain the distinction between medium/high use and low use fittings. It is no longer necessary as savings under the CERT are not discounted over the lifetime. We are proposing to use the same saving for candle lamps as ordinary CFLs.

3.40. We consider that it is appropriate to maintain a separate methodology for accrediting halogens and dichroics.

Microgeneration

3.41. The process for notification of proposed schemes, assessment by Ofgem, evaluation of carbon saving and response to suppliers will be the same whether or not a scheme includes microgeneration measures.

3.42. As this is the first time that electricity generating microgeneration measures have been eligible under EEC2/CERT, there is no established way of ensuring the quality of the measures and the standard of their installation as there is with more established measures such as insulation. However, this is not the first government programme that has promoted microgeneration measures, they have been previously subsidised via the DTI's Low Carbon Building's Programme (LCBP), and previous to that under its Clear Skies and PV demonstration programmes. Microgeneration measures are also promoted in Scotland through SCHRI. Some of these grant programmes involved accreditation schemes run by the BRE and the Energy Saving Trust. The BRE have been funded by DTI to develop an accreditation scheme for microgeneration measures and installers, known as the UK Microgeneration Certification Scheme (UKMCS). More information on UKMCS can be found at <http://www.brecertification.co.uk/page.jsp?id=135>

3.43. UKMCS will supersede the PV and Clear Skies accreditation processes which have continued to be used for LCBP. It will accredit both installers and products. The UKMCS launched as a pilot in May 2007 and started to receive applications in June 2007 (the Clear Skies registers are being used until the UKMCS accreditation for the specific technology goes live). While they continue to be available, grants for LCBP will only be available for UKMCS accredited products installed by accredited installers.

3.44. Technical specifications are being developed for each different technology as part of the UKMCS. These will outline the specifics of a good installation and could be used as guidelines for installation and form the basis of the technical monitoring. Specifications for PV, solar thermal and microwind have been developed so far. Specifications for other technologies are currently being developed by UKMCS Technical Working Groups.

3.45. We intend to liaise closely with the BRE in the development of the UKMCS. To ensure that only good quality installations and products are promoted under CERT we propose to approve schemes only where accredited products and installers are used. Respondents are invited to comment on this proposal.

3.46. As the CERT is a carbon rather than energy reduction programme, the draft Order allows for microgeneration measures to be used in schemes. Under article 11(3) a qualifying action may increase the amount of electricity generated or heat produced by microgeneration, or heat from plant relying on biomass of not more than 3 MWth.

3.47. Defra has not yet finalised the average savings in its illustrative mix for the following microgeneration measures: ground source heat pumps, solar water heating, wood chip boilers, wood burning stoves, photovoltaics (PV), micro wind and micro hydro. We will be working with Defra to finalise these savings or 'scores' over the coming months.

3.48. Where a microgeneration measure cannot be attributed a carbon saving, a supplier could still apply to have the measure approved by Ofgem as a demonstration qualifying action through the demonstration route.

Insulation

3.49. Under EEC2 there is an administrative requirement for retail partnerships for DIY loft or radiator panels to show an improvement in energy efficiency by demonstrating a 20 per cent increase in sales from sales data. We are proposing to drop this requirement as after six years of EEC intervention in the retail market, true business as usual data does not exist for comparison. We are proposing that a marketing plan should be submitted with the scheme notification to demonstrate additionality of the sales.

3.50. Across all insulation types we plan to remove the distinction in savings between fuel types. A single weighted average saving across the domestic fuel mix for Great Britain will be applied. We don't consider there is a need to continue to incentivise activity in off gas areas through disaggregation of the fuel types, as this has been encouraged for six years under EEC and previously under the EESoP programmes. In addition, the large increase in the scale of the target compared to EEC2 is such that suppliers will need to carry out as many installations as possible and we do not consider that suppliers will discriminate between urban and rural areas. The removal of the distinction between fuel types will also simplify the accreditation process.

3.51. In line with the proposals for professionally installed loft insulation, we are proposing that the fuel type of the dwelling does not need to be recorded when promoting any type of insulation (including hot water tank jackets, DIY loft insulation or glazing). An average rather than fuel specific saving will be applied.

3.52. In the target setting methodology the carbon savings for cavity wall insulation have been reduced by 50 per cent following the analysis of field trial results (15 per cent because of comfort taking and a 35 per cent correction factor). These field trials covered a large number of properties and are likely to have included properties with conservatories and properties with tile hung areas. Ofgem therefore considers that the carbon saving that should be accredited is the average figure across all houses and that it is not appropriate to reduce further the carbon saving determined for properties with conservatories or with tile hung areas. However, it is important to guard against anomalous situations; Ofgem therefore proposes that this rule should apply to homes where the supplier would still expect to insulate two thirds of the wall area. If the share were to fall below this then a separate accreditation would be appropriate.

3.53. For cavity wall insulation we intend to remove the two age bands for savings and accredit an average saving which is not dependent on the age of the property. This would simplify the reporting and accreditation of savings. The age banding of savings was originally considered to be appropriate as it encouraged suppliers to focus on older properties where larger savings could be made. However, the government's intention is to insulate all cavity walls and therefore this separation of savings is no longer necessary.

3.54. For loft insulation we intend to reduce the variation in categories of insulation accredited. This change reflects the fact that there are very few properties remaining with no loft insulation at all. This will make reporting and accrediting savings simpler and more efficient. Savings will be accredited from two starting thicknesses, less than 60mm and 60mm and above. The savings are based on the mix of percentages of different starting thicknesses claimed under EEC2. The final level of insulation which we are accrediting savings for will remain similar to EEC2.

CHP

3.55. CHP will require CHPQA (CHP Quality Assurance) accreditation to be eligible as qualifying action. This will ensure that only appropriate quality systems which will realise savings will be promoted. CHPQA is not applicable to mini and micro CHP. If the UKMCS scheme develops accreditation for these measures we intend to require it for them to be eligible as qualifying action.

3.56. As under EEC2, notification of CHP schemes will need to include a feasibility study and the CHP spreadsheet. This will provide the data to allow Ofgem to accurately estimate carbon savings.

Market transformation uplift

3.57. Market transformation action will be credited with a 50 per cent uplift in savings under article 12(3) of the draft Order. There will be a cap on the level of this activity eligible for the uplift. Under the current draft of the Order this is set at 5 per cent for all innovation activity combined. The 5 per cent cap is inclusive of the 50 per cent uplift, meaning that the activity would account for up to 3.33% with the uplift accounting for up to 1.67%. This is a change from the way the uplift was applied under EEC2, where it was applied on top of rather than as part of the capped percentage.

4. Innovation

This chapter sets out how Ofgem will assess the suppliers' innovative activity. It focuses primarily on the demonstration qualifying action as this is new to the programme.

Question 1 - Ofgem can only approve a demonstration qualifying action if it is satisfied that suitable monitoring arrangements will be put in place to assess the effectiveness of the measure at reducing carbon emissions. Respondents are asked to consider the list in 4.3 and whether any other categories should be considered.

Question 2 - Consultees are asked to consider the format of the reports the suppliers should publish as part of their demonstration qualifying action.

Question 3 - Consultees are asked to consider the requirements for information in demonstration qualifying action submissions provided in Appendix 16, and are invited to comment on these proposals.

Question 4 - Respondents are asked to consider the broad types of demonstration qualifying action listed in paragraph 4.6 and whether there are other categories which should be included.

Demonstration qualifying action

4.1. Alongside its submissions to promote measures that can be attributed with a carbon saving, suppliers may submit demonstration qualifying actions, which are measures to which a carbon saving cannot yet be attributed. The government has proposed that no more than 5 per cent of a supplier's carbon obligation, in conjunction with the activity achieved through market transformation qualifying actions, may be achieved this way. This is provided for in article 8(2) of the draft Order.

4.2. A demonstration qualifying action is defined in article 8(3) as an action that may reasonably be expected to promote a reduction in carbon emissions and must achieve this reduction in accordance to article 11(2) which links into 11(3).

4.3. Article 10(3)(a) requires suppliers to submit notice of their demonstration schemes information which includes:

- how the action is expected to promote a reduction in carbon emissions.
- how the supplier will
 - determine whether the action has reduced carbon emissions and
 - assess the effectiveness of the action at promoting a reduction in carbon emissions, and
- the estimated cost of promoting such an action and a breakdown of that cost.

4.4. The costs will be used to determine a carbon saving to be attributed to the action, as described in paragraph 4.17. Article 11(4)(a)(ii) states that the costs must be reasonable and accurate. Where evidence for a firm carbon saving for a proposed demonstration action already exists, Ofgem is unlikely to consider the costs of evaluating the carbon saving as reasonable.

4.5. Ofgem proposes to use the information from suppliers to determine whether it can approve the scheme under the article 11(3) test⁷. This information could include a specification of a technology that the supplier is considering promoting, or the results of a trial that the supplier has carried out. As the supplier is submitting this information as part of a demonstration qualifying action, Ofgem accepts that the results will not be conclusive enough to determine a carbon saving, otherwise the product could be considered a qualifying action. However, the information provided should indicate why the measure should be reasonably expected to reduce carbon emissions.

4.6. At this stage it is not clear what the suppliers will look to have accredited as demonstration qualifying actions. It is therefore not possible to provide a detailed specification on how the suppliers could determine whether their action has reduced carbon emissions and the effectiveness of the measure at promoting a reduction in carbon emissions. However, through other trials that have been carried out by the BRE, the Energy Saving Trust and Ofgem's own work on the Energy Demand Research Project trial it is possible to suggest three broad categories of trials that might be carried out:

- trialling a technology
- trialling consumer reaction to a technology, and
- trialling consumer behaviour to better information.

This list is not exhaustive and respondents are asked to consider whether there are any other broad categories that should be considered.

4.7. Activity to trial a technology would determine whether the product actually works under normal operating conditions in the domestic environment. The results from these trials would need to be normalised to ensure that the energy saving is being assessed in relation to other measures and this would need to form part of the demonstration project. Such a measure could include a new heating technology.

4.8. Activity to trial consumer reaction to a new technology would assess how the consumer reacts to the installation of a new technology or how the consumer operates an energy saving measure. This type of activity would be similar in nature

⁷ The basis on which Ofgem will approve a supplier's scheme, as detailed under article 11(3) of the draft Order.

to the trials the Energy Saving Trust is carrying out on the way consumers use their boilers to heat hot water.

4.9. Finally, suppliers might implement trials that could influence consumer behaviour. This might include providing the consumers with better information about their specific energy consumption or more general information on energy consumption. This type of activity would be similar in nature to the monitoring being carried out under the Energy Demand Research Project⁸ (EDR) that is being managed by Ofgem.

4.10. Under article 11(4)(a)(i) Ofgem must not approve a demonstration qualifying action unless it is satisfied that suitable monitoring arrangements will be put in place to assess the effectiveness of the measure at reducing carbon emissions.

4.11. The monitoring outlined in paragraph 4.11 would be used to determine the carbon saving per annum of the measure. As all measures in the CERT programme are accredited based on the saving of lifetime carbon emissions, it is also necessary under the demonstration qualifying action to determine the lifetime of the measure. For technical measures this will be the technical lifetime of the product, for behavioural measures it will be for the length of time the consumer reacts to the suppliers interaction. This will assist in demonstrating the effectiveness of the action. Suppliers will be required to justify the lifetime of their demonstration actions as part of their actions.

4.12. Under article 11(4)(ii) Ofgem must not approve a demonstration qualifying action unless it is satisfied that the breakdown of the costs for promoting the action, provided under article 10(3), are reasonable and accurate. Ofgem emphasises that the costs that are submitted by the suppliers must be in relation to the 'promotion of the action' and cannot include any other unrelated costs.

Demonstration qualifying action reports

4.13. Article 16(2) requires the suppliers to provide Ofgem with:

- the monitoring information resulting from the trial, and
- an assessment of the effectiveness of such an action.

4.14. In order to demonstrate the effectiveness of a demonstration qualifying action, suppliers will be required to submit to Ofgem a report detailing the action that was carried out, the results of that action and the conclusion drawn. Article 16(3) allows Ofgem to publish the information on the suppliers' demonstration qualifying actions provided under the scheme in a form as it thinks fit. Ofgem considers that it is

⁸ Also known as the Energy Demand Reduction pilots

appropriate to publish the results of the suppliers' demonstration qualifying action and suppliers will be informed whether we plan to publish the results from any trial before it commences. This publication could take a number of formats, including:

- a full report on the trial design, a summary of the results with discussion, the conclusions drawn and an annex with the full data set; or
- a shorter report that provides an outline of the study with a brief summary of the results and conclusions drawn.

4.15. Consultees are asked to respond to these two approaches. In their responses consultees should be mindful that the fuller report will cost more to produce and that this cost would be eligible for inclusion in the supplier's breakdown of costs.

Determining the carbon emissions reduction to be accredited for demonstration qualifying action

4.16. Under Article 12(1)(b) Ofgem must determine the amount of carbon emissions which will be reduced by a demonstration qualifying action. This saving will be accredited against a supplier's obligation and will be calculated in the following way:

- Estimated cost of the demonstration qualifying action divided by the demonstration qualifying translation factor
- the estimated cost will be that approved by Ofgem under article 11(4)(a)(ii) as outlined above, and
- the demonstration qualifying action translation factor as indicated in Annex 3 section 2 of Defra's consultation paper is £60.20/tC lifetime.

4.17. The Priority Group and non-Priority Group distinction will apply to demonstration qualifying action in the same way as standard schemes. Where a proportion of this demonstration activity has been undertaken in the Priority Group, the same proportion of the resulting savings will be credited towards a supplier's Priority Group obligation.

Demonstration qualifying action submissions

4.18. As demonstration qualifying action is activity that will be accredited against a supplier's obligation based on the cost of the project, it is important to set out guidelines for the suppliers on what information demonstration qualifying action submissions should contain. Ofgem proposes that as part of their demonstration submissions suppliers should provide in their bids the list of information in Appendix 16, for each individual trial.

Trial design

4.19. Information from the trials needs to be robust. The statistical soundness of the trial will be an important selection criterion, in order to understand the implications for the range of customers in Great Britain.

4.20. Ofgem considers all the costs of the demonstration qualifying action should be accounted for and used in translation to a carbon saving. However, these costs need to be broken down by capital expenditure, evaluation expenditure and management/project oversight costs. The project oversight costs should include, where appropriate, the reasonable costs for attendance of meetings with Ofgem.

4.21. Ofgem acknowledges that the activity the suppliers carry out under demonstration qualifying action is experimental and that it is possible that at the end of a scheme the results will not be conclusive. This is the nature of this type of work, but if the supplier carries out its programme as described it will be accredited with the carbon reduction that was determined on submission. It is important that the results of these inconclusive trials are also published.

4.22. Given that demonstration qualifying action is a new concept it seems likely that to facilitate the approval process it will be necessary to hold a meeting with the supplier to discuss its application.

4.23. To be accredited with the carbon savings for their demonstration qualifying actions suppliers need to ensure that their activity is complete, including the relevant monitoring, and submitted by 30 April 2011. If suppliers do not comply with this date they will not be able to claim the carbon savings for their demonstration action against their carbon obligation.

Issues arising from the White Paper

4.24. In considering the suppliers' proposals for demonstration qualifying action Ofgem will apply the additionality criteria for ordinary measures. Specifically, we expect the suppliers will consider trialling a range of behavioural measures under the demonstration route, particularly how consumers will react to the provision of information about their own consumption. In respect of this we note from the White Paper that the government plans to make it mandatory for consumers to receive a visual display unit when their meter is replaced and for one to be provided to every new build property from May 2008. Additionally, from as soon as possible in 2008, all consumers will be able to request free of charge from their suppliers a real time display unit for their electricity meter. The government will set basic requirements for displays during this interim period (that they show readings for energy use and cost and are hand held). If suppliers can demonstrate that additional features can produce additional carbon savings, then they may be eligible as qualifying action.

4.25. In addition, we note that a number of suppliers will be running joint funded activity with the government under the EDR pilots. This activity would not be

approved as demonstration qualifying action however extending this activity could be approved as demonstration qualifying action. Where a supplier plans to extend their EDR pilots Ofgem should be notified on submission.

4.26. The government is also planning to consult on the aspects of the White Paper relating to metering and to the implementation of policy on displays. Ofgem will monitor this consultation and consider whether it will impact on the activity eligible under the demonstration qualifying action of CERT.

Market transformation action

4.27. Under article 11, Ofgem must not approve market transformation qualifying actions unless satisfied that the particular action will achieve a significantly greater reduction in carbon emissions than other qualifying actions of that type. The policy intention was that market transformation action would be administered in the same way as innovative action under EEC2. The definition of innovative action used in the 2004 Electricity and Gas Order is 'achieves an improvement in energy efficiency which the Authority is satisfied is significantly greater than any similar action so determined.' We will therefore not be able to administer market transformation qualifying action under the CERT in the same way as innovative actions under EEC2. This is because to be considered as market transformation action, a measure must have an existing similar type of measure against which it can be judged on whether it has a significantly greater reduction in carbon emissions. The draft Order, which currently does not allow for this, is expected to be amended so that the definition of market transformation action is the same as innovative action under EEC2. If the change is made, the CERT will be administered on this basis.

5. Priority Group Flexibility

The draft Order proposes that 40 per cent of suppliers' carbon obligations must be met in the Priority Group. As the scale of CERT is set to be double the scale of EEC2, this is a challenging target for suppliers. To allow suppliers flexibility in approach while continuing to support those on low incomes and maintaining the overall carbon target, the government has developed a Priority Group flexibility option.

Action in the Priority Group is more costly to suppliers. This proposal would allow suppliers to switch up to 5 per cent of their overall obligation from the Priority Group to the non-Priority Group in exchange for using the cost savings from this to undertake specific measures expected to alleviate fuel poverty.

Question 1 - Suppliers applying to reduce their Priority Group percentage are required to provide Ofgem with the information outlined under article 15(1). We propose to adapt the scheme notification pro forma so that suppliers can provide this information. Respondents are invited to consider whether this is the most appropriate way of dealing with these applications.

Priority Group Flexibility

5.1. Suppliers may apply to Ofgem to reduce their Priority Group obligation, subject to a number of conditions being met. This is provided for under articles 14 and 15 of the draft Order.

5.2. It is suggested that these applications are made in a similar way to other scheme submissions. Ofgem will include a Priority Group Flexibility section in the scheme notification pro forma which suppliers should use when applying to Ofgem to reduce their Priority Group obligation. The pro forma will contain a framework for providing the required information.

5.3. The reduction in the Priority Group obligation is conditional on the supplier achieving both its overall carbon obligation and a further 'specified reduction' which has been approved by Ofgem.

5.4. A specified reduction is defined in article 14(3). It is a reduction in carbon emissions achieved by installing biomass boilers, ground source heat pumps or solid wall insulation to householders (not social housing) in the Priority Group whose property is not supplied with gas through pipes, ie off the gas distribution network. For the purpose of administering the draft Order, these actions will be referred to as fuel poverty measures. For the avoidance of doubt, consumers who are connected to local Liquefied Natural Gas networks are considered to be supplied with gas through pipes, those who are connected to local LPG networks are not.

5.5. The carbon savings to be used for these measures in calculating this reduction will be set out in article 14(5). The current drafting of the Order does not allow the

values for reduction in carbon emissions from the fuel poverty measures to be disaggregated further by property type.

5.6. Separate terms are used in the draft Order to differentiate between the carbon savings from the fuel poverty measures (specified reduction) and the reduction in the Priority Group obligation (relevant reduction). However, under article 15(3)(b) each supplier's specified reduction is equal to their relevant reduction in tonnes of carbon. For example, if supplier x had a relevant reduction (the reduction in carbon emissions to be achieved in the in Priority Group) of 500 tC, their specified reduction (to be achieved through fuel poverty measures) would also be 500 tC.

5.7. Under article 15, the relevant Priority Group reduction means the reduction in carbon emissions represented by the percentage reduction sought in the Priority Group obligation. This amount of carbon would effectively be switched out of a supplier's Priority Group obligation, but would still then need to be achieved in the non-Priority Group. For example, if supplier x had a carbon obligation of 10,000 tC the Priority Group obligation would be set at 40 per cent as is proposed in the draft Order; its Priority Group obligation would equate to 4,000 tC. If it applied for a 5 percentage point reduction in its Priority Group obligation, this would reduce to 3,500 tC. Their overall obligation would remain at 10,000 tC, 6,500 tC could be met through the non-Priority Group. Supplier x would also have to carry out the specified reduction of 500 tC of fuel poverty measures as described in paragraph 5.6.

Applications to use the Priority Group flexibility option

5.8. Should a supplier wish to reduce its Priority Group obligation the supplier must apply to Ofgem. Under article 15(1), such an application must include the following:

- the percentage reduction sought in the Priority Group obligation (percentage points of the Priority Group obligation)
- the supplier's calculation of the relevant Priority Group reduction (in tC)
- the specified reduction in tC and how the supplier intends to achieve it
- how the supplier will achieve its carbon obligation if the application is approved.

Following the example provided, for supplier x these would be as follows:

Percentage point reduction sought in the Priority Group obligation = 5pp

Relevant reduction = 500tC

Specified reduction = 500tC

5.9. When notifying Ofgem how it would achieve its specified reduction, a supplier must indicate which of the fuel poverty measures they will use.

5.10. The number of each type of fuel poverty measure required to achieve the specified reduction should be determined using the translation factors that will be provided under article 14(5). These have been calculated by Defra, taking account of the average carbon saving from each measure and the cost differential of installing the measure in the non-Priority Group rather than the Priority Group. The relevant reduction should be divided by the appropriate translation factor according to the fuel poverty measure used, to give the number of fuel poverty measures required to be installed to meet the supplier's specified reduction.

To continue the example, with supplier x's relevant reduction of 500tC and supplier x choosing solid wall insulation:

$$500 / \text{translation factor (solid wall)} = y$$

Where y is the number of solid wall installations to make up the specified reduction.

5.11. Where a supplier chooses to use more than one type of fuel poverty measure to achieve its specified reduction, the number of measures should be calculated as follows. The relevant reduction should be divided between the measures in the proportions required. The sum of these amounts must still equal the relevant reduction.

5.12. For example, if supplier x with its relevant reduction of 500 tC wished to use solid wall insulation and biomass boilers as their fuel poverty measures, they would do the following:

5.13. Decide what proportion of the 500 tC is to be achieved through each type of measure, eg 200 tC and 300 tC respectively. These figures must then be divided by the appropriate translation factor from article 14(5) to determine the numbers of solid wall insulation and biomass boilers to be installed to achieve the specified reduction:

$$200 / \text{translation factor (solid wall)} = z$$

$$300 / \text{translation factor (biomass)} = q$$

5.14. Supplier x must achieve z solid wall installations and q biomass boiler installations to make up its specified reduction.

5.15. There will be space on the scheme submission pro forma for a short written summary which the supplier must provide to describe how its will achieve its carbon obligation. We anticipate that the suppliers will list their other schemes that they will extend. The reduction in the Priority Group obligation is conditional on a supplier achieving its specified reduction as outlined on their form, however, the suppliers will be allowed to reapply for their Priority Group flexibility activity at any time during the CERT programme, for example should they want to apply for a different percentage

reduction or if they wish to achieve their specified reduction in a different manner. It is not mandatory to achieve the carbon obligation in the exact way outlined in their application for the reduction.

5.16. Ofgem will review the supplier's application for accuracy and to confirm that the calculated specified reduction is equivalent to the relevant Priority Group reduction. Ofgem must approve the application if these conditions are satisfied (article 15(3) of the draft Order).

5.17. Suppliers will be able to apply to reduce their Priority Group obligation by no more than 5 percentage points. This is specified in article 13(2)(b). We will not be able to approve applications to reduce a supplier's Priority Group target by more than 5 percentage points of their total obligation.

5.18. The specified reduction does not count towards the supplier's carbon obligation (article 15(6) of the draft Order). Ofgem will therefore not include this carbon in our monitoring of suppliers' progress towards their obligations. We will however monitor this activity and report on it as part of administration of the programme.

5.19. As innovative action by definition counts towards a supplier's carbon obligation, suppliers cannot use innovative action (either market transformation or demonstration action) to meet their specified reduction. Some types of measures, eg ground source heat pumps may be eligible for proposals under either the innovation or Priority Group flexibility route, but the same measure cannot be counted twice.

6. Submission of schemes

This chapter describes the process for suppliers to submit schemes under the CERT. We intend to keep this process the same as under EEC2 wherever possible. The only proposed changes to the process at scheme submission are as follows:

- 1) additions to incorporate demonstration activity and Priority Group flexibility, which are addressed in chapters 4 and 5 respectively, and
- 2) the removal of the requirement to submit a scheme spreadsheet in addition to the scheme notification pro forma.

There are no specific questions relating to this chapter.

Submission of proposals

6.1. We intend to keep the process for submission of schemes under the CERT as similar to the process under EEC2 as possible. The relevant extracts from the EEC2 supplier guidance are provided in Appendix 3. A brief summary of these are provided here.

6.2. A supplier must notify Ofgem of any scheme that it intends to promote in order to meet its carbon obligation. This must include how the intended activity will promote a reduction in carbon emissions. In addition it should include how the intended activity will meet the article 11(3) test, and if appropriate, how it would amount to a market transformation qualifying action or demonstration qualifying action.

6.3. Such notification must be made before the action or 'scheme' is started. This is a change from EEC2 where notification could be made before or within one month of commencement. Once notification has been made, suppliers may begin activity toward scheme delivery.

6.4. Notifications must be in writing, in electronic format, and consist of the CERT scheme notification pro forma. This will provide the format for a written description of the proposed scheme and how the carbon savings will be achieved in relation to the Priority Group. Modifications to the current pro forma will be made to allow suppliers to provide details of the scale of their scheme and where applicable demonstration qualifying action and Priority Group flexibility. We are proposing that notification of Priority Group flexibility and associated fuel poverty measures are treated as a scheme for administrative purposes.

6.5. As with EEC2, notification of CHP schemes will need to include a feasibility study and the CHP spreadsheet in addition to the pro forma. This will provide the data to allow Ofgem to accurately estimate carbon savings.

6.6. Notifications must be made by the first working day of the month. A schedule is provided in Appendix 2.

6.7. See chapter 4 for information on notifying Ofgem of a demonstration action.

6.8. Should an action not be taken as approved, it would not be eligible to be counted towards a supplier's obligation. In this case notification of the supplier's amended scheme should be resubmitted to Ofgem for approval in the same way as any other scheme submission.

6.9. 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.

6.10. As under EEC2, in order to approve a scheme, we will check the following:

- the proposed measures are eligible
- the proposed delivery route is eligible
- the correct monitoring at the correct level is proposed
- any requirements specific to demonstration activity, market transformation activity and Priority Group flexibility (under articles 11, 14, and 15) will be met

6.11. We will also estimate (or determine, for demonstration schemes) the expected carbon savings according to the methodology in chapter 3 (chapter 4 for demonstration schemes). The eventual determinations of carbon emissions reductions may be different from the estimates provided. This may be the case where legislation changes or government initiatives are in place which affects the additionality of a measure, for example, the Building Regulations (Appendix 3. paragraph 8.29) or CFLs (paragraph 3.34).

6.12. Ofgem is unlikely to be satisfied and able to grant approval for the scheme unless the notification is complete. In this case further information may be requested from suppliers.

6.13. Where the approved scheme is market transformation qualifying action, it will qualify for a 50 per cent uplift in carbon savings.

6.14. Once Ofgem is satisfied that the scheme will satisfy the article 11(3) test the supplier will be notified. The supplier should then send a signed letter of authorisation to confirm that the action will be taken. Suppliers must provide Ofgem with a list of authorised signatories for this purpose. Ofgem will aim to approve the scheme within one month, however this is dependent upon receipt of all required information.

Cost contribution to actions

6.15. Under EEC2, suppliers were required to provide their percentage cost contribution to any action. We are proposing to retain this requirement to aid in the determination of additionality of the action. Suppliers should outline their cost contribution and that of the consumer or third party on the pro forma when notifying Ofgem of their action. Where they are working in conjunction with another government programme, eg Low Carbon Building programme they will be credited with carbon savings proportional to the cost contribution, to ensure that the savings are additional and so meet the article 11(3) test. Where working with SHPs, as under EEC2, suppliers can claim the full savings from the action.

6.16. The percentage should relate to the cost of the actual measure (excluding indirect costs).

6.17. 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.

6.18. If a supplier's cost contribution to a measure is very low and the cost of the measure is high, for example window glazing, Ofgem may require a separate declaration signed by the supplier's project partner to confirm that the measure could not be installed without the supplier's funding.

7. Reporting and compliance

This chapter covers Ofgem's final calculations of reductions in carbon emissions and its reporting duties. Auditing of schemes, carry over from EEC2 and Ofgem's reporting to the Secretary of State are also discussed here. We intend to keep these processes the same as under the EEC2 wherever possible. The only proposed changes to the process are additions to incorporate reporting on Priority Group flexibility. Demonstration activity is covered in chapter 4.

Question 1 - Where a supplier has used the Priority Group Flexibility option, we propose that the fuel poverty measures are treated as a scheme for administrative purposes and a final report is submitted on the pro forma in the same way as a conventional scheme. Comments are invited on this.

Question 2 - Consultees are asked to consider the changes proposed to the data which suppliers should submit on a quarterly basis, outlined in 7.19. Are these changes appropriate?

Question 3 - We invite comments on the proposal to require suppliers to bank two thirds of their in-progress activity by 1 September 2010. This will enable a manageable flow of data throughout the programme.

Reporting and compliance

Carry-over from EEC2

7.1. A supplier can apply to Ofgem for the equivalent carbon savings from any excess energy savings achieved surplus to its EEC2 target to be credited towards its carbon obligation under the CERT. We will approve the application if we are satisfied that the supplier has met its EEC2 obligation and also has achieved surplus energy savings. Article 17(2) of the draft Order allows for this. The carbon saving that is accredited to these measures will be based on the CERT methodology for determining carbon savings.

7.2. The supplier must apply to Ofgem no later than 30 April 2008 to make use of this option. The application should take the form of a written request, which may be an email.

7.3. We will calculate the reduction in carbon emissions resulting from the supplier's surplus energy savings by use of the carbon coefficients set out in Schedule 3 of the draft Order.

Start date for notification of proposed actions

7.4. If the legislation is in force, we propose to accept notification of schemes under the CERT from January 2008.

Final calculations of reductions in carbon emissions

7.5. For the purposes of administration, interim reports from suppliers on their in progress activity on schemes and interim estimates/determinations of the carbon savings resulting from this reported activity will be known as 'banking'.

7.6. To maintain a manageable and orderly flow of data, we are considering requiring suppliers to 'bank' their completed activity on schemes by reporting to us on a regular basis. This is enabled under article 16. We will then determine the carbon savings resulting from this reported activity. We are considering requiring (under article 16) that suppliers indicate the type and number of two-thirds of the actions it has completed under its schemes by 1 September 2010 (i.e. 'bank' them). This will enable these actions to be banked, even if the schemes themselves have not been completed by this date. This will also be accepted as notice under article 18.

7.7. As under EEC2, banking reports should be submitted on the pro forma.

7.8. For the purposes of administration, submission of final reports to Ofgem by suppliers and determination of savings by Ofgem will be known as 'completion'.

7.9. We intend that the process for completion of schemes remains the same as under EEC2, with the added inclusion of the specified reduction for the Priority Group flexibility where appropriate.

7.10. As under EEC2, suppliers must submit a final report to Ofgem to notify us of the final activity completed under each scheme. This must be on the scheme submission spreadsheet and contain the number and type of measures completed and a breakdown of this into Priority Group and non-Priority Group action.

7.11. For all schemes, Ofgem will notify the supplier of whether it has met its carbon obligation by 31 July 2011.

Priority Group flexibility completion

7.12. Where a supplier has used the Priority Group Flexibility option, the supplier must notify Ofgem in writing how it has achieved the specified reduction through the use of fuel poverty measures under article 18 of the draft Order. We propose that the fuel poverty measures delivered through the Priority Group flexibility mechanism are treated as a scheme for administrative purposes and are reported on the pro forma and scheme submission spreadsheet in a similar way as a conventional scheme.

Demonstration action completion

7.13. If a supplier has undertaken demonstration action, Ofgem must have received their detailed report for publication before the carbon saving from that action can be

accredited against their carbon obligation. Please see paragraph 4.13 of this document for details.

7.14. Suppliers must submit these reports to Ofgem no later than 30 April 2011.

7.15. Ofgem will determine the carbon saving resulting from suppliers' completed schemes following the methodology outlined in chapter 4.

Final determination and reporting of carbon savings against CER target

7.16. Ofgem will submit a final report on the CERT to the Secretary of State by 31 July 2011. This will include whether each supplier has complied with its carbon obligation and Priority Group obligation and whether the overall CER target was met.

Quarterly reporting

7.17. Suppliers will be required to report to Ofgem quarterly as they currently do under EEC2.

7.18. Timescales for quarterly reporting are provided in Appendix 2.

7.19. Ofgem will report to the Secretary of State on progress made under the CERT by 31 July 2009 and 31 July 2010. This will include progress against each supplier's carbon obligation and Priority Group obligation and progress towards the overall CER target. These reports will be based on the quarterly data submitted by suppliers covering the activity carried out to date on their schemes. The format of the reports from suppliers will be similar as those used in EEC2, but it is proposed to extend the requirements for the measures from just loft and cavity wall insulation to include fuel switching, CFLs, microgen and potentially other measures as well.

Auditing

7.20. We intend to audit of a sample of each supplier's schemes in CERT. Under article 16 of the draft Order suppliers must provide in writing any information to Ofgem which is reasonably requested in respect of their schemes.

7.21. It is our intention that the procedures for auditing will remain similar to those under EEC2. Ofgem will appoint an independent auditor to carry out the audits and proposes that two rounds of auditing are conducted during the period of the draft Order, one round in 2009 and the second round in 2010. Auditing will ascertain whether:

- the proposed schemes are being delivered as notified under article 10,

- there is evidence of the actions being performed, specifically the types and numbers of measures purchased by domestic customers or installed by the supplier, and that contracts are in place with any project partners identified,
- that accurate records management and audit trails of measures with no potential for double counting or otherwise misreporting of measures
- there is accurate monitoring of those in relation to whom actions are taken, to determine whether they are within the Priority Group, and
- procedures are in place for technical monitoring or for any other monitoring required for an action.

This will enable Ofgem to determine carbon emissions reductions under article 19.

Transfers

7.22. Suppliers may subcontract other suppliers to undertake qualifying action on their behalf, if the action has been approved by Ofgem. However, the draft order does not allow formal transfers of part of the carbon obligation between suppliers. This is a change from EEC2.

Enforcement

7.23. Under article 20 of the draft Order, any requirement placed on a supplier under the draft 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 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, where a supplier has contravened, by the imposition of a penalty.

8. Monitoring

This chapter covers scheme monitoring requirements. We intend to keep this process the same as under EEC wherever possible. The notable proposed changes to the process are additions to incorporate microgeneration measures and changes to CFL utilisation monitoring.

Question 1: Consultees are asked to consider whether the proposal to reduce the requirement on suppliers to monitor free CFL utilisation from 1 per cent to a maximum of 1,000 is appropriate.

Question 2 - We propose to use the same level of monitoring for microgeneration as used for energy efficiency measures (5 per cent technical and 1 per cent customer satisfaction). Consultees are asked to comment on whether this is a suitable level.

Question 3 - Respondents are asked to consider the technical monitoring questions for microgeneration proposed in Appendix 7, and suggest additions or amendments as appropriate.

Question 4 - Comments are invited on the aspects of the EEC2 procedures relating to monitoring that we intend to keep the same. These are listed in Appendices 4 and 5.

Monitoring

8.1. This area remains mainly the same as in EEC2, so we intend to retain the same procedures wherever possible. The relevant extracts from EEC22 supplier guidance are provided in Appendix 5.

8.2. We intend to maintain the following monitoring requirements as for EEC:

- 1 per cent customer utilisation for electrical items, DIY loft insulation and DIY radiator panels provided to householders for free
- 5 per cent technical monitoring for professionally installed insulation heating measures and microgeneration measures
- 1 per cent customer satisfaction monitoring for professionally installed insulation heating measures and microgeneration measures
- 25 per cent CFL declaration monitoring (where the declaration has been signed up front by the project partner, the supplier must monitor 25 per cent of the declarations to confirm subsequently that all measures have been distributed and details are correct. This was similarly required under EEC2).

This is summarised in Appendix 9. Fuel poverty measures installed under the Priority Group flexibility option should be monitored in the same way as standard measures.

Technical monitoring

8.3. The technical monitoring questions are divided into major and minor failures. While we expect that minor failures will be addressed and minimised, a supplier will only fail an inspection for major failures. These relate to safety, legal requirements or major impacts on savings.

8.4. We intend that the maximum failure rates for major questions remain the same as under EEC2. The major failure rates for technical monitoring must remain under 25 per cent. Any issues discovered should be raised with the contractor in question and where appropriate further monitoring could be required. We consider that it is appropriate to re-inspect all installations which fail on safety grounds. This monitoring is in addition to the standard monitoring rates. Types of failure are explained in Appendix 7.

Microgeneration

8.5. We propose to require 5 per cent technical monitoring for microgeneration installations, in line with existing EEC2 monitoring.

8.6. Ofgem considers that the customers' reaction to and satisfaction with these new technologies should be monitored. We therefore propose that customer satisfaction monitoring be carried out on 1 per cent of recipients, in line with existing EEC2 measures.

8.7. The standard technical monitoring questions provided in Appendix 7 should be used. If these questions are not all used, we will consider the monitoring inadequate and require further monitoring to be carried out using the questions. Consultees are invited to respond on the appropriateness of these questions and make further suggestions.

Consumer utilisation monitoring

8.8. We are proposing to reduce the requirement for utilisation monitoring for direct CFLs. Some suppliers are currently monitoring upwards of 10,000 recipients under EEC2 and we are keen to reduce this administrative burden. As monitoring has been carried out on all direct CFL distribution over the preceding six years of EEC, there is good data available on the utilisation of CFLs, so a reduction would not result in a lack of adequate data. We are proposing to limit the 1 per cent monitoring requirement to a maximum of 1,000. This will provide adequate data to monitor any changes in utilisation patterns. We invite comments on this proposal.

8.9. Consumer utilisation monitoring questions are provided in Appendix 8 for DIY loft insulation, DIY radiator panels and CFLs distributed direct to the customer. If these questions are not all used, we will consider the monitoring inadequate and require further monitoring to be carried out using all the questions.

8.10. For utilisation monitoring of consumer electronics provided for free, suitable questions should be agreed with Ofgem on a case by case basis.

Monitoring of Priority Group

8.11. We intend this to remain the same process and level as under EEC2, so we intend to retain the same procedures wherever possible. The relevant extracts from the EEC2 Supplier guidance are provided in Appendix 4. In order for Ofgem to determine the level of savings achieved in the Priority Group, suppliers will be expected to monitor the recipients of their actions.

8.12. As under EEC, the sample monitored by the supplier to determine the Priority Group percentage must be statistically significant at a confidence level of 95 per cent and a confidence interval of 1.

Demonstration qualifying action

8.13. Monitoring is a requirement for any demonstration qualifying action undertaken. This is discussed in detail in chapter 4.

Appendices

Index

Appendix	Name of Appendix
1	Consultation Response and Questions.
2	Dates for notification and reporting.
3	Criteria to establish reductions in carbon emissions, relevant extracts from the EEC2 procedures. Comments are welcomed on these.
4	The Priority Group, relevant extracts from the EEC2 procedures. Comments are welcomed on these.
5	Monitoring action, relevant extracts from EEC2 procedures. Comments are welcomed on these.
6	Qualifying action - additional data.
7	Standard technical monitoring questions, including new questions proposed for microgeneration. Comments are welcomed on these.
8	Standard consumer utilisation monitoring questions.
9	Summary of Monitoring requirements.
10	Declaration for partners distributing free CFLs.
11	Declaration for partners distributing free sensor lamps.
12	SHP declaration.
13	New build declaration.
14	Microgeneration additionality declaration. Comments are welcomed on this.
15	Summary of declarations. Comments are welcomed on these.
16	Demonstration qualifying action submissions.
17	The Authority's powers and duties .
18	Glossary.
19	Feedback questionnaire.

Appendix 1 - Consultation response and questions

1.1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document.

1.2. We would especially welcome responses to the specific questions which we have set out at the beginning of each chapter heading and which are replicated below.

1.3. Responses should be received by Friday 14th September 2007 and should be sent to:

Emily Flatt
Energy Efficiency Manager
Environmental Programmes
Operations Division
Ofgem
9 Millbank
London
SW1P 3GE

Email: emily.flatt@ofgem.gov.uk

Telephone: 020 7901 7488

Fax: 020 7901 7387

1.4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

1.6. Next steps: Having considered the responses to this consultation, Ofgem intends to publish a Supplier Guidance document and summary of consultation responses, once the Order comes into effect. Any questions on this document should, in the first instance, be directed to:

- Emily Flatt (contact details above).

A summary of the questions in each chapter:

CHAPTER: One

There are no specific questions relating to this chapter.

CHAPTER: Two

There are no specific questions relating to this chapter.

CHAPTER: Three

Question 1 - We propose to simplify the initial scheme notification procedure to involve the submission of the scheme notification pro forma only. This will be modified to capture the information about savings and cost contributions currently provided on the EEC scheme spreadsheet.

Question 2 - To reflect changes in the cold appliance market, consultees are asked to consider whether we should approve just the A+ and A++ appliances, or whether we should accredit A-rated appliances based on a change in the market share resulting from a supplier's scheme.

Question 3 - To reflect changes in the boiler market we propose that it is no longer appropriate to accredit sales for replacing B-rated with A-rated boilers.

Question 4 - In the absence of recent monitoring data, what would be an appropriate methodology for revising the Fridgesaver savings? A percentage reduction, an increase in the number of points to qualify, or an alternative? Suggestions are invited.

Question 5 - Are the proposals for accrediting CFLs in the light of the phase out of GLS lamps appropriate?

Question 6 - Is the use of a declaration an appropriate way to ensure that savings from microgeneration are additional to those from other policies, eg the Merton rule?

Question 7 - Is use of installers and products accredited under the BRE microgeneration certification scheme (UKMCS) the most appropriate way to ensure high quality microgeneration products are used and installations are carried out under CERT?

Question 8 - Comments are invited on the aspects of the EEC2 procedures relating to qualifying action and measures that we intend to keep the same. These are listed in Appendix 3.

CHAPTER: Four

Question 1 - Ofgem can only approve a demonstration qualifying action if it is satisfied that suitable monitoring arrangements will be put in place to assess the

effectiveness of the measure at reducing carbon emissions. Respondents are asked to consider the list in 4.3 and whether any other categories should be considered.

Question 2 - Consultees are asked to consider the format of the reports the suppliers should publish as part of their demonstration qualifying action.

Question 3 - Consultees are asked to consider the requirements for information in demonstration qualifying action submissions provided in Appendix 16, and are invited to comment on these proposals.

Question 4 - Respondents are asked to consider the broad types of demonstration qualifying action listed in paragraph 4.6 and whether there are other categories which should be included.

CHAPTER: Five

Question 1 - Suppliers applying to reduce their Priority Group percentage are required to provide Ofgem with a variety of information under article 15(1). We propose to adapt the scheme notification pro forma for suppliers to use for this purpose. Respondents are invited to consider whether this is the most appropriate way of dealing with these applications.

CHAPTER: Six

There are no specific questions relating to this chapter.

CHAPTER: Seven

Question 1 - Where a supplier has used the Priority Group Flexibility option, we propose that the fuel poverty measures are treated as a scheme for administrative purposes and a final report is submitted on the scheme notification pro forma in the same way as a conventional scheme. Comments are invited on this.

Question 2 - Consultees are asked to consider the changes proposed to the data which suppliers should submit on a quarterly basis, outlined in 7.19. Are these changes appropriate?

Question 3 - We invite comments on the proposal to require suppliers to bank two thirds of their in-progress activity by 1 September 2010. This will enable a manageable flow of data throughout the programme.

CHAPTER: Eight

Question 1: Consultees are asked to consider whether the proposal to reduce the requirement on suppliers to monitor free CFL utilisation from 1 per cent to a maximum of 1,000 is appropriate.

Question 2 - We propose to use the same level of monitoring for microgeneration as used for energy efficiency measures (5 per cent technical and 1 per cent customer satisfaction). Consultees are asked to comment on whether this is a suitable level.

Question 3 - Respondents are asked to consider the technical monitoring questions for microgeneration proposed in Appendix 7, and suggest additions or amendments as appropriate.

Question 4 - Comments are invited on the aspects of the EEC2 procedures relating to monitoring that we intend to keep the same. These are listed in Appendices 4 and 5.

Appendix 2 - Dates for notification and reporting

Dates for notification of schemes and responses

Month	If notification is received from a supplier under Article 5 (1) or 5 (5) of the Order by this date	Ofgem will respond to the supplier by this date	Supplier to respond to any further information requests	Ofgem notifies the supplier
January 2008	Wednesday 2nd	Tuesday 15th	Tuesday 22nd	Thursday 31st
February 2008	Friday 1st	Thursday 14th	Tuesday 21st	Friday 29th
March 2008	Monday 3rd	Friday 14th	Friday 21st	Monday 31st
April 2008	Tuesday 1st	Monday 14th	Monday 21st	Wednesday 30th
May 2008	Thursday 1st	Thursday 15th	Thursday 22nd	Friday 30th
June 2008	Monday 2nd	Friday 13th	Friday 20th	Monday 30th
July 2008	Tuesday 1st	Monday 14th	Monday 21st	Tuesday 31st
August 2008	Friday 1st	Thursday 14th	Thursday 21st	Friday 29th
September 2008	Monday 1st	Friday 12th	Friday 19th	Tuesday 30th
October 2008	Wednesday 1st	Tuesday 14th	Tuesday 21st	Friday 31st
November 2008	Monday 3rd	Friday 14th	Friday 21st	Friday 28th
December 2008	Monday 1st	Friday 12th	Friday 19th	Wednesday 31st
January 2009	Friday 2nd	Thursday 15th	Thursday 22nd	Friday 30th
February 2009	Monday 2nd	Friday 13th	Friday 20th	Friday 27th
March 2009	Monday 2nd	Friday 13th	Friday 20th	Tuesday 31st
April 2009	Wednesday 1st	Tuesday 14th	Tuesday 21st	Thursday 30th
May 2009	Friday 1st	Friday 15th	Friday 22nd	Friday 29th
June 2009	Monday 1st	Friday 12th	Friday 19th	Tuesday 30th
July 2009	Wednesday 1st	Tuesday 14th	Tuesday 21st	Friday 31st
August 2009	Monday 3rd	Friday 14th	Friday 21st	Monday 31st
September 2009	Tuesday 1st	Monday 14th	Monday 21st	Wednesday 30th
October 2009	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
November 2009	Monday 2nd	Friday 13th	Friday 20th	Monday 30th
December 2009	Tuesday 1st	Monday 14th	Monday 21st	Thursday 31st
January 2010	Monday 4th	Friday 15th	Friday 22nd	Friday 29th

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February 2010	Monday 1st	Friday 12th	Friday 19th	Friday 26th
March 2010	Monday 1st	Friday 12th	Friday 19th	Wednesday 31st
April 2010	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
May 2010	Tuesday 4th	Monday 17th	Monday 24th	Friday 28th
June 2010	Tuesday 1st	Monday 14th	Monday 21st	Wednesday 30th
July 2010	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
August 2010	Monday 2nd	Friday 13th	Friday 20th	Tuesday 31st
September 2010	Wednesday 1st	Tuesday 14th	Tuesday 21st	Thursday 30th
October 2010	Friday 1st	Thursday 14th	Thursday 21st	Friday 29th
November 2010	Monday 1st	Friday 12th	Friday 19th	Tuesday 30th
December 2010	Wednesday 1st	Tuesday 14th	Tuesday 21st	Friday 31st
January 2011	Monday 3rd	Friday 14th	Friday 21st	Monday 31st
February 2011	Tuesday 1st	Monday 14th	Monday 21st	Monday 28th
March 2011	Tuesday 1st	Monday 14th	Monday 21st	Thursday 31st
April 2011	Friday 1st	Thursday 14th	Thursday 21st	Friday 29th

Timescales for quarterly reporting

Quarter	Ofgem provides the pro forma to suppliers	Suppliers return the completed pro forma
1 April – 30 June 2008	28 June 2008	11 July 2008
1 July – 30 September 2008	28 September 2008	11 October 2008
1 October – 31 December 2008	29 December 2008	11 January 2009
1 January – 31 March 2009	29 March 2009	10 April 2009
1 April – 30 June 2009	28 June 2009	10 July 2009
1 July – 30 September 2009	28 September 2009	10 October 2009
1 October – 31 December 2009	27 December 2009	10 January 2010
1 January – 31 March 2010	29 March 2010	10 April 2010
1 April – 30 June 2010	28 June 2010	10 July 2010
1 July – 30 September 2010	27 September 2010	9 October 2010
1 October – 31 December 2010	27 December 2010	10 January 2011
1 January – 31 March 2011	27 March 2011	9 April 2011

Appendix 3 - Criteria to establish reductions in carbon emissions, relevant extracts from the EEC2 procedures.

8.1. The following are extracts from the EEC2 Supplier Guidance document, chapter 5. These are requirements we are proposing to maintain. They are in addition to the requirements in chapters 1-8 of the main document.

8.2. They have been kept separate for clarity as it is expected that most consultees will already be familiar with their text. For this reason we are not proposing any significant changes to them except the following to bring them in line with CERT:

- references to 'energy' have been changed to 'carbon' to reflect the change of target from energy to carbon⁹
- direct references to the legislation now refers to the draft Order rather than the 2004 (EEC2) Order, and
- references to EEC have been changed to CERT.

8.3. If paragraphs from the EEC2 guidance do not apply to CERT or have already been highlighted in chapter 3 of the main report they have not been included here.

8.4. Defra's CERT consultation (2.15) proposes that the CER target will relate to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain. The draft Order, which currently does not make this provision, will be amended to make it clear that the obligation placed upon suppliers will relate to the promotion of carbon emissions reductions in the domestic sector in Great Britain. If the change is made, the CERT will be administered on this basis, including the procedures in the following paragraphs.

Domestic customers

8.5. Ofgem must be satisfied that the action will meet the article 11(3) test. For the purpose of the CERT, 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 Occupation¹⁰ (HMOs) will be considered to be domestic customers where the HMO is

⁹ See chapter 3 paragraph 3.2 for full explanation of approval under CERT.

¹⁰ 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

their permanent ¹¹ residence and the property is used mainly for domestic purposes. For example, those in shared houses would be considered domestic customers but not those staying in temporary hostels.

8.6. Suppliers are not limited to assisting their own domestic customers and can achieve improvements in energy efficiency in relation to any domestic consumer in Great Britain.

8.7. To ensure that domestic customers 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 for accreditation in the CERT does not include any sales through trade accounts.

Great Britain¹²

8.8. Ofgem must be satisfied that the action will be carried out with respect to domestic customers in Great Britain. A supplier should ensure that the measure promoted will be installed or used in domestic premises in Great Britain.

8.9. 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 a reduction in carbon emissions in relation to domestic premises in Great Britain.

Measures delivered or installed

8.10. Throughout this document, a 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.

8.11. Ofgem must be satisfied the measures delivered through a supplier's action will result in an improvement in energy efficiency (and therefore can be presumed to result in a reduction in carbon emissions). This is dependent on the measures being appropriately and correctly installed and the measures being used properly by the consumer. Ofgem's CERT Technical Guidance Manual will provide a list of measures and the necessary standards for installation which Ofgem considers necessary for a reduction in carbon emissions to result.

persons, sharing a kitchen or bathroom.

¹¹ Permanent should be read as including leased premises

¹² This is not in the current draft Order, but is expected to be added - see paragraph 3.2.

8.12. 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. Accreditation of any new measure will be determined on a case by case basis.

The delivery mechanism

8.13. 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.

8.14. Ofgem must be satisfied that the way in which a supplier proposes to undertake the action will result in an improvement over and above what would have occurred without CERT, that is the measures are additional.

- a. If a measure requiring installation is provided free of charge it must be professionally installed in the consumer's home, eg loft insulation or boilers.
- b. 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.
- c. 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.
- d. 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 a reduction in carbon emissions 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 10 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. If a scheme offers both CFLs and sensor lamps, the consumer must be asked if they wish to receive CFLs and separately asked if they wish to receive sensor lamps. The form they complete to demonstrate this must clearly state whether they wish to receive CFLs and / or sensor lamps.

- e. 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.
- f. When distributing sensor lamps for free, the consumer should be asked if they wish to receive a sensor lamp, with an explanation provided on how they are used. As with conventional CFL schemes, consumers should sign their name and address to confirm that they wish to receive sensor lamps. Up to two sensor lamps can be provided for free to ensure that the improvement in energy efficiency attributed is realised. A declaration is provided in Appendix 11, which should be signed by partners distributing free sensor lamps.
- g. Suppliers should cross check their records to ensure that consumers do not receive more than ten CFLs during the period of the draft 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.
- h. 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.
- i. For 'fridgesaver' schemes the existing appliance must be removed and destroyed from the domestic premises to ensure it is not re used. To support this, evidence is needed that the old appliance was indeed removed and destroyed from the dwelling. For example, Ofgem may request sight of the contracts with, or letters from, the relevant project partners. A declaration from the consumer does not provide sufficient guarantee that the measure has been, or will be, removed and destroyed.

Legal requirements

8.15. Ofgem must be satisfied that a supplier's notified action will result in a reduction in carbon emissions 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 L1¹³ provides guidance on compliance. Approved Document L1 was revised by Communities and Local Government (formerly the Office of the Deputy Prime Minister), with the changes coming into force on 6 April 2006. Ofgem will approve actions that will result in improvements in energy efficiency which exceed the legal requirements as implemented. 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, and
 - 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
- b. The Building (Scotland) Act 2003 was amended on 1 May 2005. Ofgem will approve actions that will result in improvements in 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:
- iv. the efficiency of boilers installed in domestic premises, and
 - v. 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.

8.16. Ofgem will monitor any potential changes to the Building Regulations and will discuss the implications of this on qualifying action with the suppliers. Ofgem will also have regard to any other relevant legal requirements, or changes to them, during the period of the draft Order.

The supplier's action

8.17. Ofgem must be satisfied that the supplier's action has led to a reduction in carbon emissions and that the total improvement is not due to other factors.

¹³ "Approved Document L1, Conservation of fuel and power in dwellings" 2002 edition, Office of the Deputy Prime Minister

Therefore, there can be no retrospective agreements to provide funding for measures already installed.

8.18. 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 12 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 a reduction in carbon emissions above the sales weighted average or minimum standards must be demonstrated.
- c. Where suppliers wish to partner with manufacturers, procedures may need to be put in place to ensure that the measures sold will lead to a reduction in carbon emissions.
 - i. Monitoring may be necessary to avoid double counting between different suppliers' schemes. Ofgem may ask the supplier to inform the other suppliers of their partnership to help avoid double counting of measures.
 - ii. Measures installed in a commercial property will not be approved. The supplier will need to monitor where the measures are being installed and remove measures from their scheme as appropriate.
 - iii. Measures installed in new build homes are not qualifying action unless a declaration can be provided from the housing developer to confirm that the house would have met the Building Regulations without the measure and that the supplier's funding has enabled the developer to exceed the Building Regulations (Appendix 13).
 - iv. Manufacturers may also have to identify if measures are installed in social housing properties. The SHP should sign a declaration to confirm that no other supplier has funded those measures.

- d. Cold and wet appliances do not have to be accredited under the Energy Saving Trust's Energy Saving Recommended scheme but they must be A, A+, or A++ rated under the European Union labelling scheme.
- e. When retailers or manufacturers are providing sales data to suppliers, a covering email or letter should be provided to confirm which period the EPoS data covers, that these sales all took place in Great Britain and exclude trade sales. The letter should also confirm that the measures and/or marketing was subsidised by the supplier and funding has not been received for these measures from any other supplier.
- f. 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. For retail schemes involving other measures Ofgem proposes to assess them on a case by case basis.
- g. When delivering measures through a retailer or manufacturer a marketing plan detailing the activities the retailer or manufacturer has agreed to carry out which are funded by the supplier must be provided. This will help demonstrate that the supplier's action will lead to a reduction in carbon emissions above what would have happened without suppliers input.
 - i. When a manufacturer has produced the marketing plan, Ofgem may request evidence that the relevant retailers have seen, and agreed to, the marketing plan in place.
 - ii. These marketing plans do not initially have to be for the entire period of the scheme but must be detailed.
- h. Suppliers may be able to undertake action in conjunction with other government programmes, providing that the supplier can clearly demonstrate that its action has resulted in a reduction in carbon emissions 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. There must be a clear, upfront agreement with the other government programme to ensure there is not potential for double counting energy savings or carbon savings between the CERT and the other programme.
- i. When offering certain measures, such as ground source heat pumps or solar water heating, there has in the past been potential for the householder to also apply for a government grant from programmes such as the Low Carbon Building Programme or the Scottish Community and Household Renewables Initiative (SCHRI). To avoid any potential for double counting, where suppliers have not planned to interact with another government programme, suppliers should:

- i. inform recipients up front that they are unable to apply for a government grant as well, and
 - ii. monitor whether or not the recipients have in fact benefited from a government grant. This information can be collected by contacting the programme's managing agent or by surveying the recipients through consumer satisfaction monitoring. If the consumer has received a government grant, those measures cannot be considered qualifying action under the CERT.
- j. Suppliers are able to integrate their activity with the government's and the devolved administration's fuel poverty programmes, providing their action involves funding for the full cost of the measures. To ensure that these partnerships are qualifying action, an agreement must be made prior to the measures being installed. The government's or the devolved administration's lead contractor(s) will be required to confirm that there has been no double counting between the measures paid for and attributed to CERT and those attributed to one of the fuel poverty programmes. The lead contractor will be treated as any other contractor and will have to adhere to the relevant administration procedures outlined in the supplier guidance.
- i. At least 1 per cent of the measures that the supplier actually funds must be monitored for customer satisfaction and a summary of those results must be provided.
 - ii. At least 5 per cent of the measures that the supplier actually funds must be monitored for quality of installation, using Ofgem's standard questions. A summary of the results must be provided at completion.
 - iii. The lead contractor can write to confirm that each recipient was monitored and is indeed in the Priority Group. The income thresholds for child tax credit and working tax credit differ for the CERT Priority Group and the Warm Front eligibility criteria. The lead contractor will need to monitor recipients accordingly to identify whether they are in the CERT Priority Group.
- k. A supplier may undertake an action which is not integrated with another government / devolved administration programme but does use contractors who separately manage other government programmes, for example Warm Front. In this case Ofgem considers that a signed declaration is not needed.
- l. Heating controls and draught-proofing 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.

Appendix 4 - The Priority Group, relevant extracts from the EEC2 procedures

8.1. The following are extracts from the EEC2 Supplier Guidance document, Chapter 6. These are requirements we are proposing to maintain. They are in addition to the requirements in chapters 1-8 of the main document.

8.2. They have been kept separate for clarity as it is expected that most consultees will already be familiar with their text. For this reason we are not proposing any significant changes to them except the following to bring them in line with the CERT:

- references to 'energy' have been changed to 'carbon' to reflect the change of target from energy to carbon¹⁴
- direct references to the legislation now refers to the draft Order rather than the 2004 (EEC2) Order, and
- references to EEC have been changed to CERT.

8.3. If paragraphs from the EEC2 supplier guidance do not apply to the CERT or have already been highlighted in the main document they have not been included here.

8.4. When monitoring recipients of a scheme, whether by telephone or by questionnaire, the full list of benefits and tax credits as stated in the draft Order must be cited to determine whether the recipient is in the Priority Group. Where it is not possible to list in full on the questionnaire the income related benefits and tax credits, the supplier should ask whether the consumer is on income related benefits.

8.5. In order for Ofgem to determine whether the Priority Group obligation has been met, suppliers are required to monitor the recipients of their actions. Where the action does not involve visiting the consumer's home by the supplier or the supplier's project partner, it is acceptable to monitor a random sample of recipients, rather than each one. Notifications of actions under article 10 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 10.

8.6. 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.

¹⁴ See chapter 3 paragraph 3.2 for full explanation of approval under CERT.

- a. 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 customers 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.
- b. Where a supplier partners with a SHP, Ofgem will require sight of a written declaration in the form provided in Appendix 12. 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.
- c. The declaration included in Appendix 12 is only for use by SHPs and not their contractors or other parties such as charities. When passing declarations to project partners, suppliers should leave the Priority Group percentage blank for the partner to complete.
- d. 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.
 - i. One of the options for monitoring the Priority Group in retail schemes is to include a questionnaire within the product. Due to space limitations it may be difficult to list all of the relevant benefits, tax credits and income thresholds. Where this is not possible the supplier should inform Ofgem at scheme submission and the questionnaire should ask if the consumer is in receipt of 'income-related benefits'. There should be no reference to tax credits if there is insufficient room for the income thresholds to be stated.
 - ii. Another option for monitoring the Priority Group for retail schemes is to place questionnaires in-store next to the product. In this situation it cannot be assumed that all questionnaire respondents have bought the measure, particularly if there is an incentive for returning the completed form. Therefore, these questions must survey whether the consumer has purchased the subsidised measure, and if they have not, their response is not valid.

- iii. When determining the statistically significant sample sizes required for retail CFL schemes an assumption will need to be made of the number of CFLs each consumer is likely to purchase. Suppliers should assume that consumers purchase two CFLs each. However, if the nature of a scheme or promotion may dictate how many CFLs a consumer purchases, a different assumption may be made. For example if the offering is to 'buy-two-get-a-third-free' then it can be assumed that consumers will purchase three CFLs each.
- e. 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.
- f. Suppliers should assume that consumers purchase four CFLs each when determining the statistically significant monitoring sample size required to demonstrate the number of recipients in the Priority Group for mail order schemes.
- g. 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.
- h. 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 10); the SHP declaration cannot be used for this purpose. Any organisation (other than an SHP) that signs the CFL declaration must provide a robust explanation for the Priority Group percentage that it has declared. Suitable robust evidence is that the organisation has previously surveyed its members or the recipients of the measures; or that the partner has asked each individual to show evidence of benefit entitlement before giving them the measures.
- i. 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 a reduction in carbon emissions in relation to the Priority Group.
- j. 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.

8.7. Where suppliers are monitoring 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

per cent and a confidence interval of 1. Figure 1 illustrates the minimum sample sizes required, depending on the total number of domestic customers receiving a measure and the percentage of those expected to be in the Priority Group. Suppliers will not have to monitor more than 5 per cent 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 1, the supplier may then claim for an improvement in energy in relation to the Priority Group.

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

Figure 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

8.9. The sample size will need to be calculated at the time of notification. It will be based on the scale of the supplier's notified action.

8.10. 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.

8.11. Certain actions may provide for consumers to receive a combination of measures. The results of the monitoring for these schemes need 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 per cent of recipients are in the Priority Group. If each consumer has received insulation and a lighting measure, 50 per cent of the reduction in carbon emissions relating to the insulation and to the lighting can be claimed to be in relation to the Priority Group.

Appendix 5 - Monitoring action, relevant extracts from EEC2 procedures

8.1. The following are extracts from the EEC2 Supplier Guidance document, chapter 7. These are requirements we are proposing to maintain. They are in addition to the requirements in chapters 1-8 of the main document.

8.2. They have been kept separate for clarity as it is expected that most consultees will already be familiar with their text. For this reason we are not proposing any significant changes to them except the following to bring them in line with CERT:

- references to 'energy' have been changed to 'carbon' to reflect the change of target from energy to carbon¹⁵
- direct references to the legislation now refers to the draft Order rather than the 2004 (EEC2) Order, and
- references to EEC have been changed to CERT.

8.3. If paragraphs from the EEC2 guidance do not apply to CERT or have already been highlighted in the main document they have not been included here.

Determining a reduction in carbon emissions

8.4. In order to ensure that the reduction in carbon emissions 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:

- a. 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, and
- b. 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

¹⁵ See chapter 3 paragraph 3.2 for full explanation of approval under CERT.

consumer satisfaction over the course of the CERT so that they can offer the best possible service to consumers.

8.5. Once Ofgem has received a notification under article 10 it shall determine what reduction in carbon emissions will result from the completed action as set out in chapter 3. If monitoring results are not included with the supplier's notification, Ofgem will not be satisfied that the reduction in carbon emissions will result from the notified action so will not be able to make a determination. 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

8.6. 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 7. Suppliers can add additional questions as they see appropriate.

Monitoring consumer utilisation

8.7. 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).

8.8. The monitoring requirements for the standard energy efficiency measures are set out below.

Insulation

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

8.9. 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 per cent 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.

DIY loft insulation

8.10. 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 per cent of the recipients of DIY loft insulation using the monitoring questions in Appendix 8. 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 a reduction in carbon emissions. Therefore, the results of this monitoring will not be taken into account by Ofgem when determining carbon reduction under article 18(2).

8.11. *Radiator panels*

8.12. Radiator panels do not need to be monitored where they have been professionally installed.

8.13. 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 per cent of the recipients of DIY radiator panels using the monitoring questions in Appendix 8. 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 a reduction in carbon emissions. Therefore, the results of this monitoring will not be taken into account by Ofgem when determining the carbon reduction under article 18(2).

Hot water tank jackets

8.14. Ofgem proposes that monitoring installations of hot water tank jackets is not necessary for determining the reduction in carbon emissions attributable.

Lighting

8.15. Suppliers can only deliver CFLs which are accredited under the EST's Energy Saving Recommended programme. The EST monitors samples of these bulbs and therefore separate technical monitoring will not be required for the purposes of the draft Order. Ofgem considers that it is not necessary to monitor consumer satisfaction of recipients of CFLs post 2008 as this information does not influence the reduction in carbon emissions that will result.

8.16. The reduction in carbon emissions 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 8. Suppliers should undertake distinct monitoring for CFLs provided free of charge and those provided with a cost contribution from the consumer.

8.17. 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.

8.18. The standard questions in Appendix 8 should also be used where the consumer has purchased halogen lights, dichroic lamps, sensor lights or candle bulbs.

Appliances

Wet and cold appliances

8.19. Suppliers are able to deliver appliances which are rated A, A + and A++ under the European Union Energy Labelling Scheme (the option of removal of A rated cold appliances is discussed in chapter 3). This scheme involves self-certification by the manufacturers of the appliances. Ofgem therefore considers that additional technical monitoring of these appliances is not necessary.

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

Brown goods

8.21. 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

8.22. Technical monitoring is necessary for boilers, ground source heat pumps, solar water heating and fuel switching (and all other types of microgeneration). A suitably qualified person should monitor a minimum of 5 per cent 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. The requirement to conduct technical monitoring includes boilers sold through retailers.

8.23. 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 a reduction in carbon emissions.

8.24. Communities and Local Government (previously the Office of the Deputy Prime Minister) has produced a boiler exception protocol which must be used to demonstrate that an installation is an exception to the Building Regulations 2000.

8.25. Consumer satisfaction monitoring should also be conducted on at least 1 per cent of recipients of each action to enable Ofgem to determine the reduction in carbon emissions attributable.

8.26. When monitoring consumer satisfaction for private household fuel switching, suppliers are asked to survey recipients to determine whether they have only been able to do this work because it was subsidised by the supplier.

Heating controls

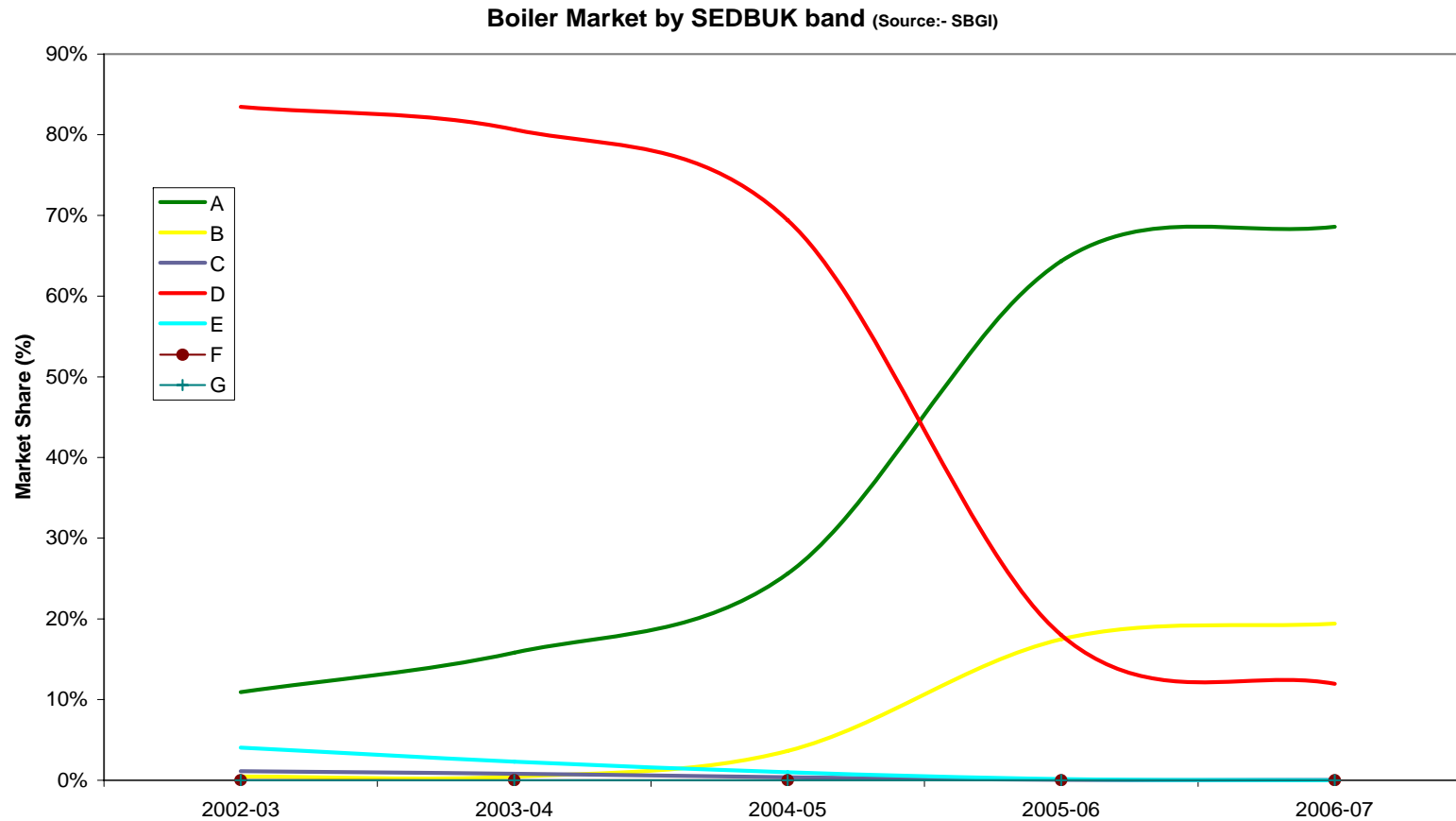
8.27. Where heating controls such as TRVs are installed with a boiler the controls should be included as part of the technical monitoring requirements for boilers as detailed above. Where heating controls are installed without a new boiler, monitoring is not required.

CHP

8.28. 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 reduction in carbon emissions that will result.

Appendix 6 - Qualifying Action - additional data

Figure 1: Development of the UK boiler market



Fridgesavers scoring protocol system, from EEC2

<i>Fridge Freezers</i>	<i>Score</i>
Fridge compartment	
Door	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Internal damage	1
External damage	1
Body (walls excluding door)	
External damage	1
Internal damage	1
Thermostat not working/missing/damaged	1
Fittings damaged/missing (e.g. shelves/vegetable box)	1
Icing up	1
Freezer compartment	
Door	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Internal damage	1
External damage	1
Body	
External damage	1
Internal damage	1
<i>Refrigerators</i>	<i>Score</i>
Door	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Internal damage	1
External damage	1
Body (walls excluding door)	
External damage	1
Internal damage	1
Thermostat not working/missing/damaged	1
Fittings damaged/missing (e.g. shelves / vegetable box)	1
Icing up	1
Icebox	
Icebox door missing	3
Icebox door does not close	2
Icebox door has crack / hole	2

Appendix 7 - Standard technical monitoring questions

The energy efficiency, solar water heating and heat pumps questions are the same as for EEC2. The other microgeneration questions are new.

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? (Not required for insulation measures)	Gas		Oil
	Electric		LPG
	Solid		Specify other

Cavity Wall Insulation

	Type	Classification
Is the work guaranteed by a CIGA warranty?	Customer sat/safety	Major
If not, has another form of guarantee for 25 years been provided?	Customer sat/safety	Major
What insulation was used? [This question is for the installer to complete or can be checked by the inspector from the CIGA guarantee]	Savings/Customer sat. (damp)	Minor
Is the use of this insulation material appropriate to the exposure zone of the dwelling?	Customer sat. (damp)	Minor
Does the drilling pattern used ensure that the insulation material is distributed as evenly as possible throughout the cavity?	Savings	Major
Have the injection holes been made good?	Customer sat/savings	Major
Do the materials match the existing wall finish?	Customer sat. (appearance)	Minor
Are all the air bricks and eaves vents clear of insulation material?	Safety	Major
Have the air bricks been sleeved to prevent material moving in the cavity and blocking the vent at a later date?	Safety	Major
Are all air vents particularly those for combustion appliances clear of insulation material?	Safety	Major

External wall insulation

Nature of original wall	Cavity or Solid?	Savings	Major
	Thickness (mm)		
	Description		
What insulation was used? (Choose one)	Expanded polystyrene (and render)	Info	Minor
	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	Savings	Major
Are all the air bricks and eaves vents clear of insulation material?		Safety	Major
Are all air vents particularly those for combustion appliances clear of insulation material?		Safety	Major

Internal wall insulation

Nature of original wall	Cavity or Solid?	Savings	Major
	Thickness (mm)		
	Description		
What insulation was used? (Choose one)	Phenolic foam (and plasterboard)	Info	Minor
	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)?		Savings	Major
Is the insulated dry lining continued at least 300mm along any party walls?		Savings	Major
If ground floor is suspended timber, is the insulated dry lining bedded on a strip of pre-compressed expanding foam nailed to the floor?		Savings	Major
If ground floor is suspended timber are air bricks clear?		Safety/ Cust sat (damp)	Major

Loft Insulation

	Type	Class'n
What insulation was used?	Info.	Minor
Does the material comply with BS 5803 Part 1: 1985?	Savings	Major
Thickness of original insulation (mm)	Info.	Major
Total thickness of insulation (mm)	Info.	Major
Has insulation been applied to all appropriate areas including (i) beneath boarded areas and (ii) if the water storage tank is on the joists, around but not beneath the tanks; or if the tank is elevated, around and beneath the tank.	Savings	Major
Has the loft hatch been fitted with effective draught seals?	Savings	Major
Has the loft hatch been insulated?	Savings	Major
Is the roof space adequately ventilated?	Safety / Customer sat. (damp)	Minor
Have additional vents been fitted?	Safety / Customer sat. (damp)	Minor
Have the pipes and tanks been insulated to an adequate standard?	Safety	Major

Draught-proofing**Type****Class'n**

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 the draught strip materials comply with British Standard 7386: 1997?	Savings	Major
Have all locations been draught-proofed correctly, leaving all door and windows fully operational?	Savings	Major
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)?	Customer Sat. (damp)	Minor
Is there adequate ventilation for all open flued appliances?	Safety	Major

Replacement windows	Type	Class'n
What is the form of the glazing units? Eg secondary, double, triple	Savings	Major
Are the glazing units kite-marked to British Standard 5713?	Savings	Major
Do the replacement windows display a British Fenestration Rating Council (BFRC) window energy rating label?	Savings	Minor
What is the area of replacement windows installed within the property?		m2
What energy rating (A–G) does the BFRC label show?	Savings	Major

Fuel switching, Boilers and Controls

	Type	Class'n
What was the replacement boiler?	Info.	Major
What is the fuel type of the boiler?	Info.	Major
What is the SEDBUK efficiency of the boiler?	Info.	Major
If the SEDBUK rating is unknown, the following details must be collected from the label on the boiler or the instruction manual.		
Make/Manufacturer	Info.	Major
Model		
Model qualifier		
Model Identity		
Other Please specify		
Does the installation meet the ODPM's boiler exception protocol relating to the Building Regulations in England and Wales?	Savings / legal requirement	Major
Was the installer a member of an industry body (e.g. CORGI, OFTEC)?	Legal requirement / Customer sat.	Major
Did the installer measure the property?	Savings / Customer sat. (appropriate installation)	Minor
Did the installer inspect or enquire about the levels of insulation in the property?	Savings	Minor
Has the pipe work between the boiler and the hot water taps been insulated where practical? [Only necessary where central heating has been installed, not just boiler upgrades]	Savings	Minor

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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?	Savings	Minor
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)	Savings	Minor
If required what new controls were installed?		
Time switch or programmer	Legal – building regs	Major
Cylinder thermostat For a regular boiler	Legal – building regs	Minor
Thermostatic radiator valves (TRVs) throughout the dwelling	Info.	Minor
Room thermostat	Legal – building regs	Major
Load or weather compensator	Info.	Minor
Delayed start thermostat	Info.	Minor
Time and temperature controls	Info.	Minor
Boiler interlock	Legal – building regs	Major
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?	Savings	Major
Was a new hot water tank installed? [Only necessary where central heating has been installed, not just boiler upgrades]	Info.	Minor
If 'yes' was the tank a high performance one as specified in General Information Leaflet 59?	Info./Savings	Major

CHP (Community scale)

	Type	Class'n
Is the scheme certified by CHPQA ?	Savings	Major
If yes, has a copy of the certificate been obtained?	Savings	Major
Is the equipment installed as set out in the notification / feasibility study?	Savings	Major
Has the equipment been appropriately commissioned and is it fully operational?	Savings	Major

Do the contractors reports and other information confirm the system's performance and that the forecast energy savings should be achieved?	Savings	Major
If you have answered 'no' or 'not known' to any question, please provide a full explanation.		

Microgeneration

All technologies	Type	Class'n
What technology and model was installed?	Savings	Major
Does this comply with appropriate existing standards? Specify which:	Savings / safety	Major
Has the dwelling been fitted with CWI, loft insulation to 270mm and draught excluders where appropriate? If not, please detail why these were not appropriate:	Info.	Info.

All electricity generating technologies

	Type	Class'n
Is an appropriate meter correctly installed?	Legal	Major
Is the installation grid connected, if appropriate?	Customer satisfaction	Minor
Have all appropriate safety requirements met in respect of electrical installation, eg no live wires exposed?	Safety	Major
Is the equipment safely secured ie to the roof ?	Safety	Major

PV

Specify panel size in m2	Savings	Major
Is this an appropriate size for the dwelling?	Savings / Customer sat.	Major
Is the siting appropriate eg south facing if possible and unobstructed?	Savings	Major
Is the installation fully operational?	Savings / Customer sat.	Major

Micro wind/hydro

	Type	Class'n
Did the installer provide written information on system specification and operating instructions?	Savings / Customer sat.	Major
Did the installer explain the key system functions to the user?	Savings / Customer sat.	Major
Is the installation fully operational?	Savings / Customer sat.	Major
What is the downtime, if known?	Savings	Minor
What is the turbine rating in kWh?	Savings	Major
Is this an appropriate size for the dwelling?	Savings / Customer sat.	Major
What is the load factor?	Savings	Major
Is siting appropriate eg is flow of wind/water obstructed?	Savings	Major
Is this the most appropriate microgeneration technology for the site?	Savings	Major

Biomass

	Type	Class' n
Did the installer provide written information on system specification and operating instructions?	Savings / Customer sat	Major
Did the installer explain the key system functions to the user?	Savings	Major
Is the installation fully operational?	Savings	Major
Is this appropriate technology for the site?	Savings	Major
Is there a local supply of fuel?	Savings	Major
What is the output in kW?	Savings	Major
Is this an appropriate size for the dwelling?	Savings / Customer sat.	Major
Have the ventilation requirements of the dwelling been adequately increased where necessary?	Safety	Major

Solar water heating

	Type	Class'n
Did the installer provide written information on system specification and operating instructions?	Savings	Major
Did the installer explain the key system functions to the user?	Savings / Customer Sat.	Major
Do the instructions for the system confirm the collector make, collector model, fluid content and stagnation temperature?	Info	Minor
Is the installation fully operational?	Savings	Major
Is the collector(s) orientated within 45° of due South? Or, if it is an East/West split configuration no collector is facing towards the North of East or West?	Savings	Major
Is the cylinder labelled in accordance with Part L?	Info.	Minor
Is the 'commissioning certificate' on cylinder completed and signed?	Safety / savings	Major
Is the following system information available?	Info.	Minor
What is the surface area?	Savings	Minor
Maximum working pressure for solar and boiler heated coils	Info.	Minor
Fluid content for solar and boiler heated coils	Info.	Minor
Dedicated solar heated volume and boiler heated volume	Savings	Minor
Is the entire solar loop fully lagged with high temperature insulation (at least 105°C, and preferably >150°C)?	Savings	Minor
Does the system expansion vessel (if fitted) have CE Mark?	Safety	Minor
Does the pressure relief valve for the system expansion vessel discharge into a safe location?	Safety	Minor
Is the central heating system cylinder thermostat mounted no lower than the base of boiler heated coil?	Savings / Customer Sat.	Minor

Heat pumps

	Type	Class'n
Did the installer provide information on system specification and operating instructions?	Savings / Customer Sat.	Major
Did information include maintenance instructions (content and frequency)?	Savings / Customer Sat.	Minor
Did the installer provide equipment information (ideally also a data sheet attached to the unit)?	Savings / Customer Sat.	Major
Did the information include:		
Heat pump make and model	Info.	Minor
Thermal output rating (ideally according to EN 255-2)	Info.	Minor

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Recommended anti-freeze	Info.	Minor
Refrigerant type and charge	Info.	Minor

Appendix 8 - Standard consumer utilisation monitoring questions

The list 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?
13. 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?

Appendix 9 - Summary of monitoring requirements

Measure	Technical monitoring 5 per cent	Customer Satisfaction monitoring per cent	Utilisation monitoring 1 per cent
Cavity wall insulation	✓	✓	
Loft insulation	✓	✓	
Internal and external insulation	✓	✓	
Hot water tank jackets			
Prof installed radiator panels			
Draught proofing	✓	✓	
DIY loft insulation			✓
DIY radiator panels			✓
Boiler upgrades	✓	✓	
Boiler upgrades - exceptions or exemptions	✓	✓	
Heating controls only			
Ground source heat pumps	✓	✓	
Solar water heating	✓	✓	
Fuel switching	✓	✓	
CHP	✓	✓	
CFLs – direct			✓
CFLs – retail			
Appliances			
Electrical goods eg IDTVs			
Consumer electronics provided for free			✓
Wood burning stoves (sec)	✓	✓	
Wood chip boilers (prim)	✓	✓	
PV (2.5 kWp)	✓	✓	
SWH (4m ²)	✓	✓	
mWind (1kWp, 14.5% LF)	✓	✓	
mHydro (0.7kWp, 50% LF)	✓	✓	
Heat pumps	✓	✓	
mCHP	✓	✓	

Appendix 10 - Free CFLs - declaration for distributing partners

Appendix 10 of the Administration Procedures provides a declaration that must be signed by all project partners distributing CFLs for free.

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 customers 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 [delete as appropriate] and address to confirm this. 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 £15,592 or less
 - Working tax credit where the relevant income is £15,592 or less
5. The Specified Priority Group Percentage has been determined in the following way(s):
- a) Existing database
 - b) New monitoring
 - c) Asked recipient directly showing list of above benefits
 - d) Other (please specify)
6. The Organisation agrees that this declaration can be passed to Ofgem for the purposes of its assessment of whether 40 per cent of the total reduction in carbon emissions resulting from the supplier's actions are in relation to the Priority Group as required by the Electricity and Gas (Carbon Emissions Reduction) Order 2007.

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

.....

.....

Name of authorised signatory:

Position in organisation:

Signed Date.....

Print Name.....

Appendix 11 - Free sensor lamps - declaration for distributing partners

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:

Energy Saving Project timescales

from:/...../..... to/...../.....

Specified Priority Group Percentage:%

Number of Sensor lamps delivered to, and distributed by, the

Organisation

1. The Supplier has provided the Organisation with Sensor lamps which have all been distributed to domestic customers for the purpose of the Energy Saving Project.
2. Each recipient was asked if he wished to receive Sensor lamps and an explanation was provided to each consumer on how to use Sensor lamps in their home.
3. Where a consumer confirmed that they wished to received Sensor lamps he signed his name/provided his name [delete as appropriate] and provided his address to confirm this.
4. Steps have been taken to ensure that each person has received no more than two Sensor lamps.
5. 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 £15,592 or less
 Working tax credit where the relevant income is £15,592 or less

6. The Specified Priority Group Percentage has been determined in the following way(s):
 a) Partner's Database
 b) Monitoring
 c) Asked recipient directly
 d) Other (please specify)

7. The Organisation agrees that this declaration can be passed to Ofgem for the purposes of its assessment of whether 40 per cent of the total reduction in carbon emissions resulting from the supplier's actions are in relation to the Priority Group as required by the Electricity and Gas (Carbon Emissions Reduction) Order 2007.

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

Name of authorised signatory:

Position in organisation:

Signed Date.....

Print Name.....

Appendix 12 - SHP declaration

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 £15,592 or less
 Working tax credit where the relevant income is £15,592 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 carbon emissions reduction obligations under the Electricity and Gas (Carbon Emissions Reduction) Order 2007.
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.....

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 £15,592 or less
 Working tax credit where the relevant income is £15,592 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 carbon emissions reduction obligations under the Electricity and Gas (Carbon Emissions Reduction) Order 2007.

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

.....

.....

Name of authorised signatory:

Position in organisation:

Signed Date.....

Print Name.....

Appendix 13 - New build declaration

This declaration must be signed by all SHPs or housing developer partners of suppliers promoting measures in new build developments.

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:

Local authority granting planning permission for the development:

Project name:

Project code:

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

The measures promoted by the scheme are additional to any other government programme.

The installation exceeds the Building Regulations requirements.

The measures will not be used to demonstrate compliance with the building regulations, ie each dwelling would have met building regulation if the supplier funding / measure had not been provided.

Details of authorised signatory

Name of authorised signatory:

Position in organisation:

Address:

.....

..... Post Code

Telephone number:

Fax number (?):

Email address:

Signed Date.....

Print Name.....

Appendix 14 - Microgeneration additionality declaration

This declaration must be signed by all local authority partners of suppliers promoting microgeneration in new build developments.

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:

Local authority granting planning permission for the development:
.....

Project name:

Project code:

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

Percentage of onsite micro generation provided though this project:
.....

Percentage required / supported by other local or central government initiatives:
.....

Percentage	Name of policy
Eg: 10 per cent	'Merton rule' required for planning permission from London Borough of Merton

<p>The energy supplier has only funded onsite generation over and above that required by the local authority to obtain planning permission for this development.</p> <p>Details of authorised signatory</p> <p>Name of authorised signatory:</p> <p>Position in organisation:</p> <p>Address:</p> <p>.....</p> <p>..... Post Code</p> <p>Telephone number:</p> <p>Fax number :</p> <p>Email address:</p> <p>Signed Date.....</p> <p>Print Name.....</p>	

Appendix 15 - Summary of declarations

The table below provides a summary of when each declaration should be used.

Form	Signatory	Purpose	Delivery route
CFL	The partner organisation distributing the measures	To confirm that all the requirements for distributing free CFLs/sensors by a third party have been/will be met (2 or 4 per household, names and addresses) and to confirm the Priority Group percentage.	When provided free of charge via a 3rd party.
Sensor Lamps	The partner organisation distributing the measures	To confirm that all the requirements for distributing free CFLs/sensors by a third party have been/will be met (2 or 4 per household, names and addresses) and to confirm the Priority Group percentage.	When provided free of charge via a 3rd party.
SHP	SHP	To confirm the additionality, exclusivity, that there has been/will be no retrospective installations and to determine the Priority Group percentage	When working with a SHP and claiming a Priority Group share.
New build	SHP or housing developer	To determine measures are additional to Building Regulations and any other requirements or policies	When working in new build.
Micro-generation	Local authority providing planning permission	To determine the proportion of savings which are additional to any other planning requirements	When working with microgeneration in new build.

Appendix 16 - Demonstration qualifying action submissions

Ofgem proposes that as part of their demonstration submissions suppliers should provide in their bids:

- details of the energy efficiency measures to be trialled and why it needs to be trialled
- details of the proposed intervention in households (as this will be an important influence on consumers' subsequent behaviour) and, therefore, the interpretation of the results, including their repeatability on a larger scale
- a full project plan indicating key activities and key dates (both external and internal), determination of risks and appropriate controls and contingencies, etc
- a clear demonstration of the statistical soundness of the trials, preferably providing an independent validation of the proposal
- details of the finance/resources to be committed by the supplier
- a breakdown of the expected expenditure, including estimated costs between capital costs, evaluation costs and management/project oversight costs and when these expenditures are likely to occur
- a statement confirming that the supplier confirms is willing to share the results of the trial, including publication by an agreed date, or if not why not
- agreement to produce progress reports in the months specified by Ofgem. The trial reports will include a standardised summary report, to be issued when successful bidders are notified, to allow comparison across trials
- the name and contact details of the proposed bid/project manager
- details of any experience in undertaking similar trials, if applicable, along with examples of previous activity undertaken, and
- details of any overlap with other trials the supplier is involved with or any other similar work that it has undertaken

Each of the individual trials will need to provide, as a minimum, the following list of requirements:

- where trials are designed to investigate a combination of energy saving measures, the samples will need to be split to distinguish the effects of providing the different types measures and if appropriate separate impacts on gas and electricity consumption. For example, if innovative billing is provided alongside advice, different groups of customers will need to receive different combinations of information
- where appropriate a control group must be part of the design in order to compare the consumption of trial participants to the current situation. This will help to eliminate the effect of factors such as weather and energy costs on consumption
- a breakdown of observed reductions in energy consumption between those that are a result of the way in which energy consumers use heating, lighting and appliances etc, those that are a result of specific energy efficiency measures (such as installing insulation, etc) and those that are a result of other factors (such as changes in the size of households)
- information on behavioural change in the short and longer term in order to understand the durability of any behavioural changes, and

- an assessment of the impacts on different households (number of inhabitants and property size) and different customer groups (such as working couples, pensioners or family with a parent and children at home all day). It is particularly important for this assessment to consider whether the effect of the energy efficiency measure varies between Priority Group and other households.

The Authority's powers and duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority ("the Authority"), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Act 2004, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.¹⁶

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly¹⁷.

1.4. The Authority's principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of consumers, present and future, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- The need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met
- The need to secure that all reasonable demands for electricity are met
- The need to secure that licence holders are able to finance the activities which are the subject of obligations on them¹⁸, and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.¹⁹

1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

¹⁶ entitled "Gas Supply" and "Electricity Supply" respectively.

¹⁷ However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

¹⁸ under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

¹⁹ The Authority may have regard to other descriptions of consumers.

- Promote efficiency and economy on the part of those licensed²⁰ under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems
- Protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity
- Contribute to the achievement of sustainable development, and
- Secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- The effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity
- The principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice, and
- Certain statutory guidance on social and environmental matters issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation²¹ and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

²⁰ or persons authorised by exemptions to carry on any activity.

²¹ Council Regulation (EC) 1/2003

Glossary

Article 11(3) test	The basis on which Ofgem will approve a supplier's scheme. This is detailed under article 11(3) of the draft Order.
Banking	The process of suppliers submitting interim activity ports and Ofgem estimating their savings before the end of the programme.
BRE	Building Research Establishment.
Carbon obligation	Each supplier's carbon emissions reduction obligation.
CERT	Carbon Emissions Reduction Target, the name of the programme.
CER target	The overall target for carbon emissions reduction set by Defra under the draft Order
CFLs	Compact Fluorescent Lamps (energy efficient light bulbs).
CHP	Combined Heat and Power.
Completion	Submission of final scheme reports to Ofgem by suppliers and determination of savings by Ofgem.
Defra	Department for Environment, Food and Rural Affairs.
Draft Order	The draft Electricity and Gas (Carbon Emissions Reduction) Order 2007.
DTI	Department for Trade and Industry, previous name for the Department for Business, Enterprise and Regulatory Reform.
EEC	Energy Efficiency Commitment.
EEC2	EEC 2005-2008.
EPoS	Electronic Point of Sale data. Sales data from a retailer's computer system.
EESoP	Energy Efficiency Standards of Performance, the forerunner to EEC.
Fuel poverty measures	See paragraph 5.4
GLS	General Lighting Service Bulb ('normal' lightbulb)
IDTV	Integrated digital television
Illustrative mix	Defra's illustrative mix of measures is presented within its consultation document and indicates how suppliers might meet their carbon obligation. Suppliers are free to choose their own mix of measures or include other measures, subject to approval by Ofgem.
Innovative action	A collective term for demonstration and market transformation qualifying action.
LCD TV	Liquid crystal display television, a type of flat screen TV.
Lifetime	The estimated lifetime for measures (as set out in Defra's illustrative mix).
LPG	Liquefied Petroleum Gas
MWth	Mega Watts thermal ie of heat
New supplier	Defined in the draft Order in article 4(2).
Priority Group	Defined in the draft Order in article 2
PV	Photovoltaic cells, which produce electricity from sunlight

Schemes	Suppliers' schemes for delivering their qualifying action
SEDBUK	Seasonal Efficiency Database of Boilers in the United Kingdom.
SHP	Social Housing Provider – a Local Authority or a Registered Social Landlord.
Supplier	Defined in the draft Order in article 4(1).
Target setting model	Defra's assumptions and the calculations used in setting the overall EEC target, as set out their consultation document.
tC	Tonnes of carbon.
TRVs	Thermostatic radiator valves.

Feedback questionnaire

Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

- 1) Do you have any comments about the overall process, which was adopted for this consultation?
- 2) Do you have any comments about the overall tone and content of the report?
- 3) Was the report easy to read and understand, could it have been better written?
- 4) To what extent did the report's conclusions provide a balanced view?
- 5) To what extent did the report make reasoned recommendations for improvement?
- 6) Please add any further comments?

Please send your comments to:

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