


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



Document type: Guidance

Date of publication: 31 January 2008

Target audience: CERT obligated electricity and gas suppliers, organisations working with CERT obligated suppliers, environmental bodies, government departments and other interested stakeholders.

Overview:

This document sets out how Ofgem will fulfill its duties under the 2008 Electricity and Gas (Carbon Emissions Reduction Obligation) Order. It explains what obligated gas and electricity suppliers need to do in order to comply with the Carbon Emissions Reduction Target and the timetable for doing so.

Contact name and details: Emily Flatt, Energy Efficiency Manager

Tel: 020 7901 7488

Email: emily.flatt@ofgem.gov.uk

Team: Energy Efficiency

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 overall target for carbon emissions reduction as the CER target. A supplier's own individual target will be known as their 'carbon obligation'. Defra is responsible for setting the CER target and the policy framework and Ofgem is responsible for administering the programme.

This document sets out how Ofgem will fulfill its duties, under the Electricity and Gas (Carbon Emissions Reduction) Order 2008, in administering the CERT 2008-2011.

Associated Documents

- The Electricity and Gas (Carbon Emissions Reduction) Order 2008
<http://www.opsi.gov.uk>
- The explanatory memorandum for the Order <http://www.opsi.gov.uk>
- The CERT Technical Guidance Manual (forthcoming)
- The CERT Market Transformation Guidance Manual <http://www.ofgem.gov.uk>
- 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>
- Summary of responses to the Ofgem Supplier Guidance consultation
<http://www.ofgem.gov.uk>

Table of Contents

Summary	1
1. Introduction	3
CERT 2008 - 2011	3
Administration of the CERT	3
The CERT	4
Structure of the document	4
2. Setting Carbon Obligations	5
Definitions under the Order	5
Carbon obligations	6
Determining carbon obligations in February 2008	6
Review of carbon obligations in 2009 and 2010	7
3. Approved qualifying action	9
Qualifying action - general	9
Domestic customers	10
Great Britain	11
Measures delivered or installed	12
The delivery mechanism	12
Establishing a scheme's reduction in carbon emissions	12
Determining carbon dioxide savings	12
Additionality	13
Additionality - existing regulations and legal requirements	14
Additionality - action with third parties	15
Market transformation uplift	18
Measures and delivery routes	18
Cold appliances	18
Consumer electronics / brown goods	19
Boiler and heating	20
Fuel switching	20
CHP	20
Lighting	21
Lighting - Delivery route specific	22
Insulation	23
Simplification of reporting for insulation	24
Microgeneration	24
4. Demonstration action	27
Demonstration action	27
Types of demonstration action	27
Demonstration action submissions	28
Additionality	30
Approval of demonstration action	30
Demonstration action reports	31
Determining the carbon emissions reduction to be accredited for demonstration action	32
5. Priority Group	33
Priority Group obligations	33
How to monitor a significant sample	34

Use of the different methods of determining Priority Group percentage.....	37
Face to face	37
Partnering with SHPs.....	38
Third party delivery (not SHP)	38
Retail schemes	39
Mail order	40
General.....	40
Priority Group flexibility mechanism.....	40
Applications to use the Priority Group flexibility option	41
6. Submission of schemes	44
Submission of proposals	44
Resubmissions	45
Assessment and approval.....	45
Cost contribution to actions.....	46
7. Reporting and compliance	47
Reporting and compliance	47
Carry-over from EEC2	47
Start date for notification of proposed actions.....	47
Notification of actions and determination of reductions in carbon emissions - banking and completion.....	47
Completion	48
Priority Group flexibility completion.....	49
Demonstration action completion.....	49
Final determination and reporting of carbon savings against CER target.....	49
Quarterly reporting	49
Auditing	50
Transfers.....	51
Enforcement	52
8. Monitoring	53
Determining a reduction in carbon emissions	53
Technical monitoring.....	54
Standard monitoring questions	55
Monitoring requirements by measure type.....	55
Insulation.....	55
Professionally installed cavity wall, loft, internal and external insulation and draught proofing.....	55
DIY loft insulation	55
Radiator panels	55
Hot water tank jackets.....	56
Lighting	56
Appliances.....	56
Cold appliances	56
Brown goods	57
Heating.....	57
Boilers, ground source heat pumps, solar water heating and fuel switching ...	57
Heating controls	57
CHP	58
Microgeneration	58
Demonstration action.....	58
Appendices	59
Appendix 1 - Dates for notification of schemes and responses.....	60

Appendix 2 - Timescales for quarterly reporting.....	62
Appendix 3 - Fridgesavers scoring protocol system.....	63
Appendix 4 - Standard technical monitoring questions.....	64
Appendix 5 - Standard consumer utilisation monitoring questions..	71
Appendix 6 - Summary of monitoring requirements	72
Appendix 7 - Summary of declarations	73
Appendix 8 - Free CFLs - declaration for distributing partners	74
Appendix 9 - Free sensor lamps - declaration for distributing partners	77
Appendix 10 - SHP declaration	80
Appendix 11 - New build declaration	85
Appendix 12 - Microgeneration additionality declaration.....	87
Appendix 13 - Demonstration action submissions	89
Appendix 14 - Scheme notification codes	91
The Authority's powers and duties	92
Glossary	94

Summary

The Carbon Emissions Reduction Target (CERT) 2008 – 2011 follows on from the EEC 2005 – 2008 and requires gas and electricity suppliers to achieve targets for the reduction 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. A supplier's own individual target will be known as its 'carbon obligation'.

The Electricity and Gas (Carbon Emissions Reduction) Order 2008¹ (the Order) provides the statutory basis for the CERT. The Order sets out the overall carbon emissions reduction target to be collectively achieved by suppliers between 1 April 2008 and 31 March 2011. The target is 154 million tonnes of carbon dioxide (lifetime).

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. Under the CERT activity equivalent to at least 40 per cent of the target must be targeted at certain low-income domestic consumers or those who are over 70 years old; hence the programme also contributes to the government's Fuel Poverty Strategy.

The Order requires licensed gas and electricity suppliers, that have at least 50,000 domestic customers, (either individually or as part of a group of companies) to meet a carbon obligation. It also sets the broad framework for how this is to be achieved. The overall CER target has been 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 explanatory text accompanying the Order. This has been published and is available from <http://www.opsi.gov.uk/>

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

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

¹ SI 2008/188

In order to comply with their obligations, suppliers are required to notify Ofgem of their intended action or 'schemes'. We need to be 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 which relies wholly or mainly on wood; 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 10 test'² as this is set out in article 10 of the Order. Ofgem must be notified before 30 April 2011 of the measures installed under any schemes completed by a supplier. We will then determine the actual reduction in carbon emissions to be attributed to that action.

For demonstration action and market transformation action, further tests are required in order for Ofgem to be satisfied that the proposed action complies with the Order.

To approve a demonstration action, Ofgem must be satisfied that the action meets the article 10 test, that the information provided to Ofgem, including the costs of the scheme, is correct and reasonable and that the supplier consents to the publication of monitoring and assessment information.

More information is provided on approval of market transformation action in the CERT Market Transformation Guidance document.

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. Consideration of additionality is important as it will be used to consider whether a scheme meets the article 10 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 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.

² In the draft Order and supplier guidance consultation this was in article 11(3) and was referred to as the 'article 11(3) test'.

1. Introduction

CERT 2008 - 2011

1.1. The Order came into force on the 31st January 2008 and provides the statutory basis for the CERT. The Order sets an overall target for the promotion of reductions in carbon dioxide emissions in relation to domestic customers in Great Britain from 1 April 2008 to 31 March 2011. Under the Order suppliers will be set a carbon dioxide 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'.

1.2. At least 40 per cent of suppliers' carbon obligations must be achieved by measures promoted to domestic consumers who are in receipt of certain income-related benefits, tax credits (where the consumer's income is under £15,592) or are 70 years old or over. For the purpose of the administration of the 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.

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

Administration of the CERT

1.5. 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 how we will fulfil our duties in administering the CERT 2008 - 2011. It sets out how we will 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.

1.6. The guidelines in this document were developed in conjunction with the responses received to our supplier guidance consultation, which closed in September 2007. The summary of responses is available from the Ofgem website www.ofgem.gov.uk. The guidelines in this document reflect the final Order approved by Parliament.

1.7. We will publish a Technical Guidance Manual to provide direction on the technical aspects of delivering carbon emissions reduction measures. Suppliers will need to

adhere to this to ensure that a reduction in carbon emissions will result from their schemes. Ofgem has developed a number of tools for the administration of the CERT. These are available on Ofgem's website and have been provided to the obligated suppliers to be used for the purpose of demonstrating compliance with their carbon obligations. These tools include:

- CERT scheme spreadsheet
- CERT notification pro forma
- Quarterly progress report
- CHP (Combined Heat and Power) spreadsheet
- Carbon reduction matrix

The CERT

1.8. 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](#)

1.9. These supplier guidelines cover the three year period 2008 – 2011 reflecting the period covered by the Order.

Structure of the document

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

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

1.11. Supporting documents such as a table of dates for notification and declarations are in the appendices to this document.

2. Setting Carbon Obligations

This chapter describes the process Ofgem will follow for setting and reviewing a supplier's carbon obligation. It explains some of the definitions used in the Order.

Definitions under the Order

2.1. The CER target in the Order is 154 million tonnes of carbon dioxide (lifetime). This equates to an annual saving of roughly 4.03 Mt CO₂ by the end of the CERT period. The CER target differs from EEC2's as it relates to carbon dioxide rather than energy and is not lifetime discounted³.

2.2. The carbon obligation will relate to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain, i.e. this does not include Northern Ireland.

2.3. 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 article 2 of the Order as someone being in receipt of certain income related benefits, tax credits (where the income threshold has not been met), or who is at least 70 years old. The relevant benefits and tax credits are listed in Schedule 2 of the Order and consequently in the declarations in Appendices 10, 11 and 12. The income threshold for credits has been updated and is now £15,592. The Priority Group obligation, set out in article 13(2) of the Order, is that at least 40 per cent of each supplier's carbon obligation is met by actions carried out in the Priority Group.

2.4. A domestic customer is defined in the 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".

2.5. Any licensed gas or electricity supply companies that supply at least 50,000 domestic customers either individually or as part of a group of companies (i.e. including the number of customers supplied by the licensee's holding company and any wholly-owned subsidiaries of that holding company) will be set a carbon obligation by Ofgem.

2.6. A supplier is defined under article 4 paragraphs 1-3 as follows:

1. a supplier if that person holds a supply licence—

³ 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 each measure's annual energy saving over its lifetime.

- a. under section 6(1)(d) of the Electricity Act 1989 and that person satisfies paragraph (2) or (3) in respect of the supply of electricity; or
 - b. under section 7A of the Gas Act 1986 and that person satisfies paragraph (2) or (3) in respect of the supply of gas.
2. A person must supply at least 50,000 domestic customers on 31st December of the years 2007, 2008 or 2009.
3. A company that belongs to a group of companies must on 31st December of the year 2007, 2008 or 2009 supply domestic customers and the number of domestic customers of that company and of other companies in the group must be at least 50,000.

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(4).

2.8. A 'new supplier' is one whose domestic customer numbers (either individually or as part of a group of companies) are less than 50,000 on 31 December 2007, but are at least 50,000 on 31 December 2008 or 2009.

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

Carbon obligations

Determining carbon obligations in February 2008

2.10. The process for determining each supplier's carbon obligation will remain broadly similar to that under EEC2. This is described in article 6 of the Order and outlined below.

2.11. Suppliers must notify Ofgem in writing by 14 February 2008, 14 February 2009 and 14 February 2010 of the number of its domestic customers on the previous 31 December. The notification will need to include details of the supplier's licence. These numbers will enable Ofgem to calculate and review suppliers' carbon obligations. Where a supplier fails to notify Ofgem of its customer numbers, article 5(2) of the Order allows Ofgem to determine that number.

2.12. Ofgem will calculate each supplier's carbon obligation once all supplier customer numbers have been received. It will set a carbon obligation for each supply licence held, even where a number of supply licence holders belong to the same group of companies. Where a person is both a gas and electricity supplier they will be set a separate, independent carbon obligation for each supply licence held.

2.13. 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 February 2008

Supplier's carbon obligation = $(SC / TC) \times 154 \text{ mt CO}_2$

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.

2.14. Ofgem must notify a supplier of its carbon obligation by 28 February 2008.

2.15. Each supplier's carbon obligations will apply from 1 April 2008. New suppliers who become suppliers on 31 December 2008 or 2009 will not be set a carbon obligation until the following February, and this obligation will apply from the 1 April of that year. This is described in article 6(4) of the Order.

2.16. Under article 8(5) of the Order, a person who continues to hold a supply licence but (either individually or as part of a group of companies) 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

2.17. The process for annually reviewing each supplier's carbon obligation will remain broadly similar as under EEC2, where it was referred to as 'determining targets'. New suppliers will have their carbon obligation determined as part of the review of suppliers' obligations.

2.18. Ofgem must review each supplier's carbon obligation, and determine new suppliers' carbon obligations annually, following receipt of supplier customer numbers by 14 February. Ofgem must notify suppliers of any change to their carbon obligation, or their carbon obligation (for new suppliers) by 28 February following this review. This is provided for under article 8(1) of the Order and is illustrated below.

Figure 2.2 Formula for reviewing obligations in February 2009

Supplier's carbon obligation = $(SC / TC) \times 154 \text{ mt CO}_2$

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 obligations in February 2010

Supplier's obligation = $(SC / TC) \times 154 \text{ mt CO}_2$

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.

2.19. For the calculation of the averages referred to in figures 2.2 and 2.3 a supplier's or new supplier's customer numbers will be deemed to be zero where they are less than 50,000⁴ 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 February 2008	By 28 February 2008
31 December 2008	By 14 February 2009	By 28 February 2009
31 December 2009	By 14 February 2010	By 28 February 2010

⁴ If part of a group of companies, the group has to have less than 50,000 customers; if not part of a group the supplier has to have less than 50,000 customers to be deemed zero.

3. Approved qualifying action

This chapter sets out the procedures by which Ofgem will approve qualifying actions, according to the Order. The definitions of qualifying action, demonstration action, market transformation action, Priority Group flexibility action, standard action and microgeneration are explained here. This chapter covers the criteria by which reductions in carbon emissions will be assessed, and gives a top line overview of which types of measures will be accredited. For further information on technical standards for measures, please see the CERT Technical Guidance Manual.

Qualifying action - general

3.1. A qualifying action is an umbrella term for all subtypes of actions. Under article 2(2) of the Order, a qualifying action means:

- a demonstration action;
- a market transformation action;
- subject to article 14, a priority group flexibility action; or
- a standard action.

Article 14 states that no more than 12.5 per cent of the Priority Group obligation (that is, 5 per cent of the supplier's carbon obligation) may be achieved by promoting Priority Group flexibility actions.

3.2. These subtypes of action are defined under article 2(3) of the Order:

- a) a demonstration action is an action which is reasonably expected to achieve a reduction in carbon emissions;
- b) a market transformation action means an action which is—
 - i) the promotion of solid wall insulation or micro-cogeneration units where such action will achieve a reduction in carbon emissions; or
 - ii) any other action which will achieve a reduction in carbon emissions but which the Authority did not approve as a qualifying action under the Electricity and Gas (Energy Efficiency Obligations) Order 2001⁵(the 2001 Order);
- c) a priority group flexibility action means⁶—
 - i) the promotion of ground source heat pumps in respect of a property which does not have a mains gas supply; or
 - ii) the promotion of solid wall insulation which lowers the U-value of the walls to 0.5W/m²K or less,

where such action is promoted to a householder within paragraph (a) or (b) of the definition of the Priority Group (the 'flexibility Priority Group, see paragraph 5.42);

⁵ SI2001/4011 .

⁶ Subject to the 12.5 per cent limit set out in article 14

d) a standard action means an action which will achieve a reduction in carbon emissions (i.e. a qualifying action which is not demonstration, market transformation or priority group flexibility action)

3.3. We will only consider an action as a demonstration action where it has not been possible to determine a specific carbon saving to date.

3.4. Under article 12 Ofgem must determine whether or not it approves an action as a qualifying action. In making that determination it must be satisfied that the action is promoted by a supplier for the purpose of (as set out in article 10):

- 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 which relies wholly or mainly on wood; or
- d) reducing energy consumption.

For the purposes of administration, 'the article 10 test' will be used as an abbreviation of these grounds for approval. 'Improvements in energy efficiency' is used administratively to refer to all of these criteria in the article 10 test.

3.5. Additional tests apply for market transformation and demonstration actions. These are described in the CERT market transformation guidance document, and chapter 4 of this document, respectively.

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

3.7. For the purposes of administering the Order, this document uses the collective term 'innovative action' where it is necessary to describe both of these together.

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

Domestic customers

3.9. The CER target relates to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain.

3.10. For an action to be counted towards a supplier's carbon obligation Ofgem must be satisfied that the action has been promoted to domestic energy users in Great

Britain⁷. An action which is promoted to domestic premises will be promoted to a domestic energy user. Ofgem will consider domestic premises 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 Occupation⁸ (HMOs) will be considered to be domestic customers where the HMO is their permanent⁹ 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.

3.11. Suppliers are not limited to assisting their own domestic customers and can achieve reductions in carbon emissions in relation to any domestic consumer in Great Britain.

3.12. 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 Britain

3.13. Ofgem must be satisfied that the action will be carried out with respect to domestic consumers in Great Britain to count that action towards a supplier's carbon obligation. A supplier should ensure that the measure promoted will be installed or used in domestic premises in Great Britain. For the avoidance of doubt, Great Britain is England, Wales and Scotland only and does not include Northern Ireland. Suppliers are responsible for ensuring that their project partners are aware of and working within this definition. Any activity carried out in Northern Ireland will not be accredited towards suppliers' carbon obligations.

3.14. 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.

⁷ Article 9(1)

⁸ HMOs are considered to be a house which is occupied by persons who do not form a single household, for example a house or flat which is the main home of at least two unrelated persons, sharing a kitchen or bathroom.

⁹ Permanent should be read as including leased premises

Measures delivered or installed

3.15. Throughout this document, a measure refers to a single product, e.g. a low-energy light bulb or an energy efficient fridge-freezer, or to the installation of a single product, e.g. the installation of insulation within a cavity wall or loft, or the installation of an energy efficient boiler. An action or scheme refers to the scheme in its entirety, including all of the measures installed under it, rather than one individual measure.

3.16. Ofgem must be satisfied that 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.

3.17. If a supplier notifies an action involving a measure in relation to which Ofgem has not already assessed standard carbon 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

3.18. The method of achieving the reduction in carbon emissions is termed the 'delivery mechanism'. Ofgem acknowledges that a supplier may be working with different project partners, e.g. manufacturers, retailers, installers or social housing providers (SHPs), and that the measure may be delivered to the consumer in different ways, e.g. through mail-order, a retail store for self-installation or professionally installed through a third-party contractor.

Establishing a scheme's reduction in carbon emissions

Determining carbon dioxide savings

3.19. The CER target is set in tonnes of carbon dioxide (tCO₂) (lifetime). This will represent the reduction in carbon dioxide emissions achieved by the measure over its lifetime.

3.20. We will use the measure's lifetime as set out in Defra's illustrative mix to calculate lifetime savings, where they exist. For any new measures this will need to be determined on a case by case basis.

3.21. A lifetime carbon dioxide saving 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 dioxide coefficient of the fuel used and the lifetime of the measure.

3.22. This is illustrated as follows:

3.23. $(\text{annual energy before} - \text{annual energy after}) \times \text{carbon dioxide coefficient} \times \text{measure lifetime} = \text{tCO}_2 \text{ lifetime}$

3.24. The carbon dioxide coefficients are set out in schedule 3 of the Order.

3.25. For measures to which existing legal requirements apply, e.g. the Building Regulations 2000, the Building (Approved Inspectors etc) Regulations 2000 and the Building (Scotland) Regulations 2004 as amended¹⁰ (the Building Regulations), 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, e.g. window glazing, to ensure that the CERT measures are additional to these requirements.

3.26. For measures which are installed into the physical fabric of a consumer's property, i.e. 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

3.27. For the 2004 Order¹¹ we had to be satisfied that the action would promote an improvement in energy efficiency in relation to domestic consumers (article 5 (1)(a)). Under CERT article 12(2) requires Ofgem to be satisfied that the action is promoted in accordance with article 10.

3.28. In order to approve suppliers' schemes under article 12, Ofgem must be satisfied that they pass the article 10 test (improvements in energy efficiency) 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'

¹⁰ The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc) Regulations 2000 (SI 2000/2532) as amended by The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2006 (SSI 2006/534) apply in Scotland.

¹¹ SI 2004/3392

and is central to Ofgem's administration of the programme and determination of carbon emissions reductions for completed schemes. This chapter refers to improvements in energy efficiency for the purposes of the article 10 test, but applies equally to the determination of reduction in carbon emissions.

3.29. In order to be satisfied of additionality Ofgem will need to consider whether the improvements in energy efficiency will be made because of:

- the measure or measures to be installed;
- the way the supplier proposes to undertake the action, i.e. the 'delivery mechanism'; and
- the supplier's activity.

3.30. If improvements in energy efficiency are not due to these factors then Ofgem is unlikely to be satisfied that the article 10 test has been met. Further, if the improvement in energy efficiency is due to other legal requirements or policies then Ofgem is unlikely to be satisfied that the article 10 test has been met. In addition, the measures carried out under the schemes are unlikely to be determined to have any reduction in carbon emissions.

3.31. 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 additional measures are installed.

3.32. 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. Therefore, suppliers must not set up any retrospective agreements to provide funding for measures already installed.

3.33. Measures installed in a commercial property will not be approved. The supplier will need to monitor where the measures are being installed in a commercial property and remove measures from their scheme as appropriate.

3.34. Measures installed in new build homes will not meet the article 10 test 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 11).

Additionality - existing regulations and legal requirements

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

- a) The Building and Approved Inspectors (Amendment) Regulations 2006 Document L1¹² provides guidance on compliance. Ofgem will approve actions that will result in improvements in energy efficiency which exceed the legal requirements as amended. Suppliers' action must exceed requirements in the Building Regulations in respect of:
- (i) the efficiency of boilers installed in domestic premises (boilers will only be accredited where a D rated exception to the Building Regulations is replaced by an A or B rated boiler)
 - (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) Ofgem will approve actions in Scotland that will result in improvements in energy efficiency which exceed these legal requirements in respect of:
- (i) the efficiency of boilers installed in domestic premises, and
 - (ii) the efficiency of new build domestic premises, where reasonable provision must be made for the conservation of fuel and power in dwellings by limiting the heat loss through the fabric of the building, providing space and hot water systems which are energy efficient and providing efficient lighting systems.

3.36. Ofgem will monitor any potential changes to the Building Regulations and will discuss the implications of these 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 Order.

Additionality - action with third parties

3.37. 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.

Social Housing Providers

3.38. When partnering with social housing providers (SHP), 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 10 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

¹² "Approved Document L1, Conservation of fuel and power in dwellings" 2002 edition, Office of the Deputy Prime Minister

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 a reduction in the supplier's average cost contribution of more than five percentage points. In partnering with SHPs we would expect the suppliers to put into their contracts a requirement for the SHP to notify the supplier of any change to the delivery that has occurred. Only where this is not part of the arrangement with the SHP would we expect the supplier to contact the SHP for another declaration.

3.39. Where a supplier is partnering with an SHP to deliver microgeneration measures in new build, both of the completed SHP and Microgeneration declarations will be required. This is to confirm both the Priority Group percentage, additionality of funding and the additionality of the microgeneration over and above any local planning requirement. If a supplier is partnering with an SHP to deliver microgeneration measures in existing SHP properties, only the SHP declaration is required.

Manufacturers

3.40. 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 would 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.

3.41. Where suppliers wish to partner with manufacturers, procedures may need to be put in place to ensure that the measures sold will lead to improvements in energy efficiency.

3.42. 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.

3.43. Manufacturers may also have to identify if measures are installed in social housing properties. Where they have been the SHP should sign a declaration to confirm that no other supplier has funded those measures.

Retailers or manufacturers

3.44. Where additionality is being determined through the change in market share, for example some consumer electronics schemes, the market share will be determined before and after the supplier activity through the use of EPoS data from the retailer.

3.45. When retailers or manufacturers are providing sales data to suppliers, a covering email or letter should be provided to confirm which period the electronic point of sale (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.

3.46. For retail CFL (Compact Fluorescent Lamps) 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.

3.47. 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 an improvement in energy efficiency above what would have happened without suppliers' input. This should include when and how the measures will be promoted in the store(s).

- a) 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.
- b) These marketing plans do not initially have to be for the entire period of the scheme but must be detailed.

With other Government programmes

3.48. 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 an improvement in energy efficiency above what would have happened without its involvement. In this case:

- a) 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 to be accredited to the supplier could not have been installed without the supplier's input, i.e. the supplier is not claiming measures which would have been installed through the other programme anyway.
- b) There must be a clear, upfront agreement with the project partner to ensure there is no potential for double counting carbon savings between the CERT and another government programme. If the supplier is part funding measures in conjunction with another government programme, then the carbon savings accredited to the supplier will be in proportion to the funding they have provided.

3.49. 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 with a written declaration that there has been no double counting between the measures paid for and attributed to CERT and those attributed to the fuel poverty programme(s). The lead contractor will be treated as any other contractor and must adhere to the relevant administration procedures outlined in the supplier guidance, including the monitoring the measures the supplier actually funds in line with the guidelines in chapter 8.

3.50. 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.

Market transformation uplift

3.51. Market transformation action will be credited with a 50 per cent uplift in savings under article 1(3)(b) of the Order. There is a cap on the level of this activity eligible for the uplift, detailed in article 9, paragraphs 3 and 4. The cap is set at 6 per cent of a supplier's obligation for market transformation and demonstration action combined. The 50 per cent uplift is applied after this 6 per cent cap. Further information is supplied in the separate CERT document Market Transformation Guidance, available from the Ofgem website.

3.52. Where at least 2 per cent of a supplier's carbon obligation is achieved by microgeneration promoted as market transformation action, the cap will be 8 per cent, exclusive of uplift (that is, the uplift is applied on top of this cap). Chapter 4 provides more detail on demonstration action.

Measures and delivery routes

3.53. Ofgem must be satisfied that measures will be installed and used. If a measure requiring installation is provided free of charge it must be professionally installed in the consumer's home, e.g. loft insulation or microgeneration.

3.54. For measures provided free of charge which require self-installation, e.g. intelligent mains panels, the consumer must be offered the measure and must request it either in writing or by telephone. This does not apply to free CFLs.

3.55. If free CFLs are sent out to consumers, a freepost address must be provided so that they can be returned if the consumers do not want them, rather than them being stockpiled or thrown away.

Cold appliances

3.56. Cold appliances do not have to be accredited under the Energy Saving Trust's Energy Saving Recommended scheme but they must be A+ or A++ rated under the European Union labelling scheme. A rated chest freezers are also allowed.

3.57. Trade-in schemes are eligible if the appliances supplied are A+ or A++ rated, or A rated chest freezers.

3.58. For 'fridgesaver' schemes the existing appliance must be removed from the domestic premises and destroyed to ensure it is not reused. To support this, evidence is needed that the old appliance was indeed removed from the dwelling and destroyed. For example, Ofgem may request copies of the contracts with, or letters from, the relevant project partners. A declaration from the consumer does not provide sufficient guarantee that the existing appliance has been, or will be, removed and destroyed.

3.59. The carbon emissions reduction for cold appliances will be based on the difference in energy consumption between the A+ or A++ appliance promoted and the market average appliance.

Consumer electronics / brown goods

3.60. 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 require 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 require a marketing plan to be submitted to outline what the retailer and supplier plan to do to increase the market share. We will not generally require quantitative forecast sales. Actual sales data will be required as described in paragraph 3.44.

3.61. There is segmentation in the markets for different consumer electronic products which have been accredited under EEC2 - it is clear that consumer electronics cannot be considered in the aggregate. For this reason, we will consider consumer electronics for accreditation by market segment, within appliance type.

3.62. Specifically for integrated digital TVs (IDTVs), only IDLCD TVs less than 22 inches in size may be accredited in the CERT programme. This is because there is a clear distinction in market transformation between LCD TVs which are less than 22" and those 22" and over in size. In the market for larger screen TVs, integrated digital models predominate whereas less than 15 per cent of the market that is less than 22" is digital. It is possible to show that there is scope for additionality for smaller screens. However, the same cannot be said for larger screens which are unlikely to meet the article 10 test. This does not mean that we are assuming that large screen non digital LCD TVs will be traded in for smaller screen IDTVs: we expect that consumers will purchase the size of TV that they wish but where they are choosing a smaller screen model there is potential to increase the market share of integrated digital LCD models where analogue models may have been purchased in conjunction with a set top digital box.

Boiler and heating

3.63. Carbon emissions reductions will be accredited for D rated exceptions to the Building Regulations which are replaced by A or B rated boilers. These savings will be based on the difference in efficiency between a D rated boiler and a boiler of market average efficiency. Future boiler innovations could also be accredited, but will need to be considered on a case by case basis. 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. The regulations and exception protocol covers England and Wales. The Scottish Building Standards Agency has similar regulations and guidelines for exceptions which cover Scotland, and these should be used to determine exceptions in Scotland.

3.64. No credit will be given for replacing B rated boilers with A rated. Ofgem considers that there is very little of the B rated market left for suppliers to target (this accounts for less than 10 per cent of overall boiler sales) and latest research shows that it is not possible to calculate a robust difference between an A and B rated boiler which could be used for accreditation. Therefore it is no longer appropriate to accredit boilers based on the difference in energy consumption between an A and a B rated boiler.

Fuel switching

3.65. The term fuel switching is used in the CERT administration to refer to replacement of a heating system with an alternative central heating system. These will be predominantly mains gas but could also be LPG (Liquefied Petroleum Gas) or oil fired. 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.

3.66. Under EEC2, suppliers carried out fuel switching schemes with SHP partners in a number of different ways. In mixed insulation / fuel switching schemes the total savings from fuel switching were limited to 20 per cent as there were concerns over the level of deadweight. For CERT, deadweight is included in Defra's illustrative mix and so this cap can be dropped.

CHP

3.67. CHP will require CHPQA (CHP Quality Assurance) accreditation to be eligible as qualifying action. This will ensure that only systems of the appropriate quality will be promoted. CHPQA is not applicable to mini and micro CHP. If the Microgeneration Certification Scheme (MCS) develops an accreditation for these measures we intend to require it for them to be eligible as qualifying action.

3.68. Reductions in carbon emissions from mini and micro scale CHP systems are highly dependent on the electrical output of the system, which in turn is dependent on the heat requirement of the property. To ensure that carbon savings are achieved from these units Ofgem considers they should only be installed with a suitably high heat load after the property has been fully insulated. Ofgem considers that fully insulated means fitted with 270mm loft insulation and where appropriate cavity wall insulation. Further information will be provided in the CERT Technical Guidance Manual, available from the Ofgem website, www.ofgem.gov.uk.

3.69. Micro CHP units and installers must be accredited under the MCS, once the scheme has developed to cover these technologies.

3.70. 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 emissions reductions.

Lighting

3.71. The Energy White Paper contained an announcement of the government's ambition to phase out GLS (General Lighting Service) lamps over the next few years. Defra have since announced that this will involve a voluntary agreement by some retailers to phase out these lamps, which has been and will continue to be made possible by the involvement of the energy suppliers through EEC2 and CERT. The phase out is expected to follow this timescale:

- By January 2008, cease replacing stock of all GLS lamps of energy rating higher than 100W (predominantly 150W lamps).
- By January 2009, cease selling all inefficient GLS A-shaped lamps of energy rating higher than 60W (predominantly 150W lamps, 100W lamps, plus some 75W lamps)
- By January 2010, cease selling all GLS A-shaped lamps of energy rating higher than 40W (predominantly 60W lamps)
- By 31 December 2011, cease selling all remaining inefficient GLS A-shaped lamps and 60W "candle" and "golfball" lamps. (predominantly 40W and 25W A-shaped GLS bulbs, and 60W candles and golfballs).

3.72. If the energy suppliers are involved in this activity, supplier activity to promote efficient lighting under this agreement will be eligible for approval as qualifying action, if carried out in accordance with the supplier guidance. Determination of carbon emissions reductions will be dependent on the details and additionality of suppliers' actions.

3.73. All CFLs promoted by suppliers must be accredited by the Energy Saving Trust 'Energy Saving Recommended' scheme (ESR). This is to ensure that they are of an appropriate standard to deliver the estimated savings.

3.74. In CERT we will not 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 will use the same saving for candle lamps as ordinary CFLs.

3.75. We will maintain a separate methodology for accrediting halogens and dichroics. This is detailed in the CERT Technical Guidance Manual.

Lighting - Delivery route specific

Free lighting schemes

3.76. Suppliers are no longer required to ask consumers if they wish to receive CFLs before sending them out. Instead, a freepost address should be sent with all free CFLs which are not given out in person so that consumers can return them if they do not wish to receive them. This is to provide confidence that consumers will only accept those measures they will use, when offered them free of charge.

3.77. Four free CFLs may be sent where the recipient's name and address can be cross checked with other datasets to ensure that the recipients are not receiving more than four from one supplier. Where this cross checking is not possible for data protection reasons, e.g. working with a charity, two is the maximum number that can be sent.

3.78. Where four free CFLs are distributed in person, for example at events, the names and addresses of the consumers receiving them should be collected by the supplier to enable cross checking to be carried out. 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 cross check. In such situations, no more than two CFLs can be provided per household.

3.79. The CERT supplier audits will verify that the suppliers have procedures for cross checking in place and that these checks are being carried out.

3.80. The consumer must be offered a mix of wattages or type (i.e., stick or decorative) where more than two CFLs are given out. This is to provide confidence that consumers will only accept those measures they will use, when offered them free of charge.

3.81. If suppliers are working with a project partner to deliver free CFLs, the partners must sign the CFL declaration in Appendix 8 to demonstrate compliance with this guidance.

3.82. The requirements listed above also apply where CFLs are provided free of charge with another energy efficiency measure.

3.83. 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 provide their name and address to confirm that they wish to receive sensor lamps. Up to four sensor lamps can be provided for free to ensure that the improvement in energy efficiency attributed is realised (this is in addition to any CFLs they may have received). A declaration is provided in Appendix 9, which should be signed by partners distributing free sensor lamps.

Professional installation

3.84. Where the delivery of luminaires is through professional installation within a household, the supplier is required to only install the luminaires in high use light fittings to achieve the carbon emissions reductions provided on the CERT scheme spreadsheet.

Mail Order

3.85. 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, is ten per household. This, and a minimum charge is required to prevent stockpiling and the attributed improvement consequently not being achieved. The minimum charge is 20 pence per CFL. There is no minimum cost for retail CFLs to the consumer as this is something that would form part of the agreement between the supplier and the retailer.

3.86. For the same reasons sensor lamps sold through the mail order with customer contribution route are limited to ten 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.

3.87. Suppliers should cross check their records to ensure that consumers do not purchase via mail order more than ten of each type of lamp (ICFL, candle bulbs, halogens or dichroics) during the period of the Order and that the correct carbon savings are claimed. These limits will maximise the possibility that the consumer will only purchase the lamps 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.

Insulation

3.88. For schemes involving DIY loft or radiator panels a marketing plan should be submitted with the scheme notification to demonstrate how the supplier will ensure additionality of the sales. It is not necessary to submit sales data up front.

Simplification of reporting for insulation

3.89. Across all insulation types (including hot water tank jackets, DIY loft insulation or glazing) there will no longer be a requirement for suppliers to report on the fuel type of the dwelling as there is no longer a distinction in energy savings between fuel types. A single weighted average reduction in carbon emissions across the domestic fuel mix for Great Britain will be applied.

3.90. Ofgem requests that suppliers continue to provide data including fuel type to the Energy Saving Trust's Home Energy Efficiency Database (HEED). This will enable HEED to be a more useful resource for suppliers and other stakeholders.

3.91. In Defra's target setting methodology the reduction in carbon emissions for cavity wall insulation has been reduced by 50 per cent following the analysis of field trial results (combination of comfort taking and a 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 will therefore accredit the average carbon emissions reduction figure across all houses. We do not consider it appropriate to reduce further the carbon emissions reduction determined for properties with conservatories or with tile hung areas. However, it is important to guard against anomalous situations; this rule will 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.

3.92. For cavity wall insulation we have removed the two property age bands for reductions in carbon emissions. An average reduction in carbon emissions will be accredited which is not dependent on the age of the property. This will simplify the reporting and accreditation of carbon emissions reductions.

3.93. For loft insulation we have rationalised the 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, both to be topped up to 270mm. The savings are based on the mix of percentages of different starting thicknesses claimed under EEC2.

Microgeneration

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

3.95. Microgeneration will only be considered eligible under CERT if the installer is accredited under the MCS set up by BERR, or an equivalent scheme. In addition, the product will need to be either accredited through MCS or a recognised UK, European or international standard. This is to ensure that only good quality installations and products are promoted under CERT and that estimated reductions in carbon

emissions will be realised. Further information about this is provided in the CERT Technical Guidance Manual, available from the Ofgem website. There are currently negotiations taking place between the MCS and European Commission regarding accreditation of products. Ofgem will monitor this situation and ensure that any outcome is taken into account when considering microgeneration schemes.

3.96. The Renewable Energy Association (REA) REAL Assurance scheme sets out high standards for companies selling or leasing microgeneration units to domestic consumers. It is linked to the MCS. We encourage suppliers to work with installers who are signed up to the REAL Assurance scheme. As described in paragraph 8.34, installers who are signed up to the scheme are exempt from CERT customer satisfaction monitoring.

3.97. Suppliers are strongly encouraged to install all eligible insulation measures in a property before promoting microgeneration to the householder. This is in line with the REAL Assurance scheme recommendations.

3.98. Where a microgeneration measure cannot be attributed a carbon emissions reduction a supplier could apply to have the measure approved by Ofgem as a demonstration action through the demonstration route.

3.99. 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 12, 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 10 will also be required. This is to ensure additionality of carbon emissions reductions 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). 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.

3.100. For retrofit of microgeneration in conjunction with an SHP, the SHP declaration will be required in order to ensure that no double counting with other central government schemes, e.g. SCHRI (the Scottish Community and Household Renewables Initiative), has occurred.

3.101. When offering certain measures, such as micro renewables, there may be potential for the householder to also apply for a government grant from programmes such as the Low Carbon Building Programme (LCBP) or the SCHRI. To avoid any potential for double counting, where suppliers have not planned to interact with another government programme, suppliers should:

- a) inform recipients up front that they are unable to apply for a government grant for the measure as well as the supplier funding, and
- b) 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, the supplier can claim a percentage share of the measure's carbon emissions reduction proportional to their financial contribution.

4. Demonstration action

This chapter explains what demonstration action is and sets out how Ofgem will assess the suppliers' activity under this mechanism. Further detail on the other innovation route, market transformation action, is provided in the separate document 'CERT market transformation guidance'.

Demonstration action

4.1. Alongside submissions to promote measures that can be attributed with a carbon emissions reduction, suppliers may submit demonstration actions, which are measures to which a firm quantified carbon emissions reduction cannot yet be attributed. Demonstration action is defined in article 2(3)(a) as 'an action which is reasonably expected to achieve a reduction in carbon emissions'.

4.2. No more than 6 per cent (exclusive of uplift) of a supplier's carbon obligation may be achieved by demonstration and market transformation actions. This is provided for in article 9(3) of the Order. Market transformation action essentially replaces innovative action under EEC2 and will be administered in much the same way. Market transformation action is defined under article 2(3)(b) in the Order. This is explained in greater detail in the CERT Market Transformation Guidance.

4.3. As demonstration actions do not have a determined carbon emissions reduction, the carbon emissions reduction accredited to a supplier for undertaking these actions will be dependent upon the cost of the activity. Details are provided below in paragraph 4.30. A translation factor, set out in article 21 of the Order will be applied to the costs in order to determine the carbon emissions reduction to be accredited to the supplier.

Types of demonstration action

4.4. Suppliers' demonstration actions are expected to cover a wide variety of types of activity. It is expected that this activity will fall into three broad categories:

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

4.5. Activity to trial a technology would seek to determine whether the product does lead to a reduction in carbon emissions under normal operating conditions in the domestic environment. Where possible, the results from these trials should be normalised against the standard measures in the programme, taking account of such factors as external temperature variation, heating season, hours of use, property type and occupation pattern, etc. This will ensure that the energy saving can be attributed to the impact of the measure being trialled, and not to other factors. This

is in line with how standard measures in the CERT programme have been and will continue to be assessed.

4.6. Activity to trial consumer behaviour in relation 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 to the trials the Energy Saving Trust is carrying out on the way consumers use their boilers to heat hot water.

4.7. Trials could be carried out investigating consumer behavioural change in response to information. 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 Project¹³ (EDR) that is being managed by Ofgem.

4.8. The focus of any demonstration action should be on providing a robust and useful assessment of the impact of the activity carried out. As described in paragraph 4.30 carbon emissions reduction for a demonstration action will depend on the cost of the action, not on the actual carbon emissions reduction achieved by the activity.

Demonstration action submissions

4.9. Article 11 requires suppliers to submit notice of their demonstration schemes within one month of the action being commenced. Under 11(2)(d) suppliers must include sufficient information to show how they intend the action to be a demonstration action. To do this, suppliers would need to show how the action can reasonably be expected to achieve a reduction in carbon emissions.

4.10. Under article 11(3) suppliers must provide the following information with their notification:

- a)
- (i) how the action is expected to promote a reduction in carbon emissions;
 - (ii) the arrangements for monitoring whether the action reduces carbon emissions;
 - (iii) how the supplier will assess the effectiveness of the action at promoting a reduction in carbon emissions;
 - (iv) a justification for the scale of the proposed action; and
 - (v) the estimated cost of promoting and monitoring such an action and a breakdown of that cost; and
-

¹³ Previously known as the Energy Demand Reduction pilots

b) whether or not it consents to the publication of information provided to the Authority in relation to the monitoring and assessment of the action.

4.11. In order to facilitate the notification, we have developed a series of questions covering the points in article 11(3) which should be answered by a supplier wishing to notify Ofgem of a demonstration action. This should ensure that Ofgem has sufficient information to consider a notification and approve a demonstration action. These questions are listed in Appendix 13.

4.12. The standard CERT scheme pro forma should be used to notify Ofgem of demonstration action. There is a box marked 'demonstration action' on the proposal overview and the drop down menu should be set to 'Yes'. The pro forma will then be generated listing only the demonstration action questions. A blank box will also be generated where suppliers can add other relevant information. Suppliers should note that schemes involving demonstration action must be discrete, that is they may not include other forms of action as well as demonstration.

4.13. Information from the trials needs to be robust in order to assess the effectiveness of the action at promoting a reduction in carbon emissions, as stated in article 11(3)(a)(iii). The statistical soundness of the trial design and results will be an important consideration for approval. However, trials that are unnecessarily large will not be approved.

4.14. The monitoring referred to in article 11(3)(a)(ii) must be designed to enable suppliers to determine the carbon emissions reduction per annum of the measure, i.e. the effectiveness of the action at promoting carbon savings. As part of determining the carbon emissions reduction, it is necessary to determine the lifetime of any measure trialled as demonstration action. This will enable the overall carbon emissions reduction that will or may be achieved to be assessed and will assist in demonstrating the effectiveness of the action. 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. Suppliers will be required to outline how they plan to determine the lifetime as part of their notification of the demonstration action under article 11(3). When reporting on the savings and lifetime in their report on the completed action, suppliers must provide reasonable justification of the lifetime.

4.15. All the costs of the demonstration action should be accounted for in the estimated cost of promoting and monitoring the action, referred to in article 11(3)(a)(v). The cost figure will be used in the formula set out in article 21, to attribute a carbon emissions reduction to the action. However, these costs need to be broken down by capital expenditure, evaluation expenditure and management / project oversight costs in order for Ofgem to be able to be satisfied that they are reasonable. The project oversight costs should include, where appropriate, the reasonable costs for attendance at meetings with Ofgem. 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 unrelated costs.

Additionality

4.16. In considering the suppliers' proposals for demonstration action Ofgem will apply the additionality criteria as it does for standard measures. For example, 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. We note from the Energy White Paper that the Government intends 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. The government has consulted on the aspects of the Energy White Paper relating to metering, and to the implementation of policy on displays, and decisions are expected soon. Ofgem will consider the results of this consultation when they are published and whether this will impact on the activity eligible under the demonstration action of CERT.

4.17. The Government also intends that 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 intends to set basic requirements for displays during this interim period (that they show readings for energy use and cost and are hand held). Only if suppliers can demonstrate that features of their proposed demonstration action may produce additional carbon emissions reductions to those achieved by Government activity may the action be eligible as a demonstration action.

4.18. 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 action. However, an extension of this activity could be approved as demonstration action. Where a supplier plans to extend their EDR pilots Ofgem should be informed as part of the notification process.

Approval of demonstration action

4.19. It is likely to be necessary to hold a meeting with the supplier to discuss their application, given that demonstration action is a new concept and we expect there will be a wide range of applications, which cannot all be covered in the guidance.

4.20. Under article 12(7) Ofgem must not approve a demonstration action unless the information provided in the notification, including costs, is reasonable, and the supplier consents to the publication of information relating to the monitoring and assessment of the action. In addition, Ofgem has to be satisfied that the article 10 test is met.

4.21. The costs will be used to determine the carbon emissions reduction to be attributed to the action, as described in paragraph 4.30.

4.22. Where evidence for a firm carbon emissions reduction for a proposed demonstration action already exists, Ofgem will approve the action as a standard action and will not consider it to be a demonstration action.

4.23. As specified in article 12(7)(b), Ofgem must not approve an action unless the supplier consents to the publication of information in relation to the monitoring and assessment of the action. Accordingly, Ofgem requires a written statement confirming that this consent has been given.

4.24. A demonstration action must meet the 'article 10 test' to be considered to reasonably be expected to promote a reduction in carbon emissions. Ofgem will use the information from suppliers' notification to determine whether the proposed action meets the article 10 test.

Demonstration action reports

4.25. Article 16(1)(b) requires the suppliers to provide Ofgem with:

- the information obtained by the supplier on whether the action is reducing carbon emissions; and
- the supplier's assessment of the effectiveness of the action at promoting a reduction in carbon emissions.

4.26. Accordingly, suppliers will be required to submit to Ofgem a comprehensive report assessing the impact of their action. This must contain the following:

- outline of the methodology of the action that was taken (including details of and significance level of sampling);
- brief summary of the results;
- interpretation of the results including potential for their repeatability on a larger scale; and
- conclusions drawn.
- the monitoring must be carried out in accordance with the information provided to Ofgem when Ofgem was notified of the action. Whether this was the case should be apparent from the report
- full results data should be provided as an annexe. This will not be published.

4.27. Providing this report is an integral part of the demonstration action. Where a report is incomplete or insufficient, Ofgem will require further information to be provided or may consider that the supplier has not complied with its obligations under article 16(3).

4.28. The trial reports must include a standardised summary report to allow comparison of data across trials. This will be a pro forma issued by Ofgem when successful bidders are notified and should be completed by the supplier with details from the trial.

4.29. Article 16(3) requires Ofgem to publish this report in a format it sees fit. In order for a demonstration action to be approved, suppliers will have consented to this publication as part of their notification (Appendix 13). All reports, including those reporting on activity which proves to have inconclusive results must be published by Ofgem. The reports will be published on our website www.ofgem.gov.uk once they have been completed.

Determining the carbon emissions reduction to be accredited for demonstration action

4.30. Under article 19 Ofgem must determine the amount of carbon emissions reduction to be attributed to a demonstration action. This reduction will be accredited against a supplier's carbon obligation and will be calculated in the following way (as set out in article 21):

carbon emissions reduction = $(x/18)$ lifetime tonnes of carbon dioxide

Where x is the estimated cost of promoting and monitoring the action.

- the estimated cost of the demonstration action will be divided by 18, to give the reduction in CO₂ to be attributed to the action; this will be accredited against the supplier's carbon obligation.
- the estimated cost will be that provided to Ofgem under article 12(7)(a) as outlined above (paragraph 4.15).

4.31. The Priority Group and non-Priority Group distinction will apply to demonstration 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 carbon emissions reduction will be credited towards a supplier's Priority Group obligation. The supplier will need to monitor the Priority Group in the same way as a standard scheme to claim any Priority Group savings, i.e. 5 per cent or a statistically significant sample.

4.32. To be accredited with the carbon emissions reduction for their demonstration actions suppliers need to ensure that their activity is complete, including the relevant monitoring, by 31 March 2011 and that Ofgem has been notified that the action is complete under article 19(1) by 30 April 2011. If suppliers do not comply with these dates they will not be able to claim the carbon emissions reduction for their demonstration action against their carbon obligation.

4.33. Ofgem acknowledges that the activity the suppliers carry out under demonstration 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 action, but if the supplier carries out its programme as described it will be accredited with the carbon emissions reduction in accordance with the formula in article 21.

5. Priority Group

This chapter sets out how suppliers should meet and monitor their Priority Group obligations. As set out in chapter 2, the Priority Group obligation is set at 40 per cent of a supplier's carbon obligation. It also outlines the Priority Group flexibility mechanism and sets out the process which suppliers should follow if they wish to utilise this.

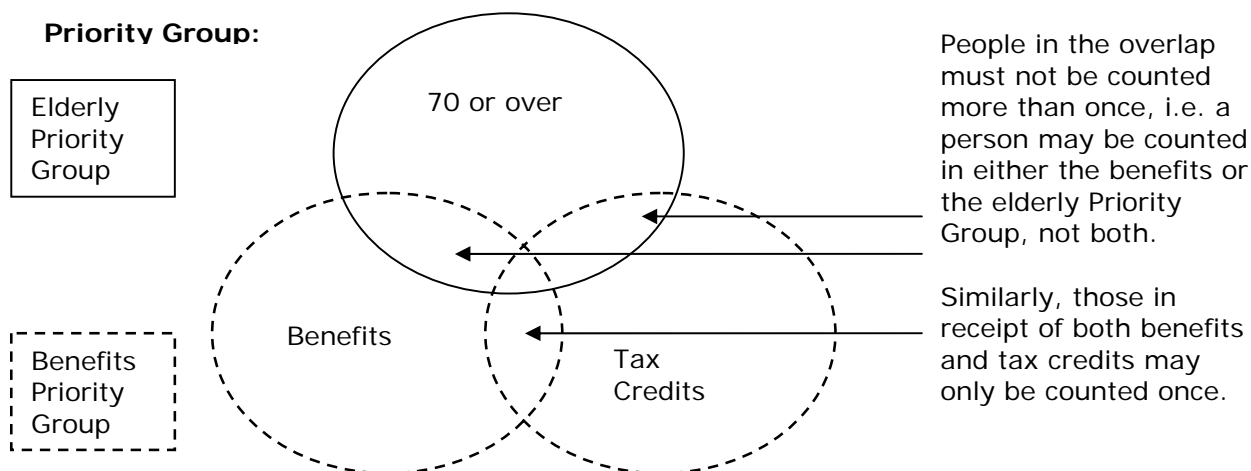
Priority Group obligations

5.1. Article 13(2) of the Order sets out that the Priority Group obligation is that at least 40 per cent of the supplier's carbon obligation is achieved by actions carried out in the Priority Group. The Priority Group definition is explained in chapter 2, paragraph 2.3.

5.2. In the explanatory memorandum which accompanies the Order, Defra refers to those who are in the Priority Group through receipt of the relevant benefits or credits as the 'benefits Priority Group'. This definition will be used in this document. For the purposes of administration, those in the Priority Group because they are aged 70 or over will be referred to as the 'elderly Priority Group'. There is no need to separate out those in receipt of benefits and those on tax credits, as information relating to these can generally be checked in the same way. Different proof needs to be provided for the elderly Priority Group. This is set out below.

5.3. In order for Ofgem to determine whether the Priority Group obligation has been met, suppliers are required to provide evidence on the percentage of Priority Group recipients within each scheme. Notifications of actions under article 11 should indicate how the action will be carried out in 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 of banking or completion under article 19.

5.4. If the supplier is claiming for those in both the benefits Priority Group and the elderly Priority Group, they should ensure that the data sets have been cross checked to remove any duplicates. Suppliers cannot claim more than once for the same recipient who is 70 or over, and also in receipt of benefits / tax credits, (or who is in receipt of both benefits and tax credits). This can be illustrated as follows:



5.5. Suitable ways of determining the Priority Group percentage are:

- a) Checking details (benefits, credits and income, or date of birth) of all recipients in receipt of measures.
- b) Monitoring recipients (only where the action does not involve a visit to 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).
- c) Partner declaration - this is signed by a representative of a partner organisation which has determined the Priority Group percentage through one of the following types of evidence:
 - (i) Database, e.g. membership database for a charity where benefit information is collated
 - (ii) Checking details of all recipients on receipt of measures
 - (iii) Monitoring a statistically significant sample of recipients
 - (iv) Other, which can be suggested by suppliers

5.6. For administration purposes Ofgem can only accept one method of determining the number of Priority Group recipients per delivery route. For example, if a scheme involved distributing free CFLs at events and installing insulation it would be appropriate to check details on receipt of the insulation but to monitor the recipients of the free CFLs. A supplier may not submit, for example, an SHP declaration to cover the benefits Priority Group supplemented with monitoring for the elderly Priority Group.

How to monitor a significant sample

5.7. When monitoring recipients of a scheme, whether by telephone or by questionnaire, the full list of benefits and tax credits as stated in the Order must be cited to determine whether the recipient is in the Priority Group. If they are in

receipt of tax credits then relevant income should also be requested using a list of income bands. 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, or is over 70 years old. Recipients should be asked for their date of birth, or to choose which from a list of age bands they were in when the work was carried out.

5.8. Where suppliers are monitoring a sample of recipients to determine the Priority Group percentage, 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. This is widely accepted as a reasonable level of statistical significance. 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.

5.9. 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 a reduction in carbon emissions in relation to the Priority Group.

5.10. 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 reductions in carbon emissions 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
	Minimum 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
20,000	1,000	1,000	1,000	1,000	1,000	1,000
25,000	1,250	1,250	1,250	1,250	1,250	1,250
50,000	1,761	2,500	2,500	2,500	2,500	2,500
75,000	1,781	3,305	3,750	3,750	3,750	3,750
100,000	1,792	3,342	5,000	5,000	5,000	5,000
250,000	1,812	3,410	5,999	7,815	8,892	9,249
500,000	1,818	3,434	6,072	7,939	9,053	9,423
750,000	1,820	3,442	6,097	7,983	9,108	9,483
1,000,000	1,821	3,446	6,109	8,003	9,136	9,513

NB: The sample sizes in this table have not been calculated by Ofgem, they are taken from standard statistical calculations or are 5 per cent of recipients, whichever is lowest.

5.11. 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.

Further information on Partner declarations

5.12. As described above, declarations can be used by delivery partners as proof of the Priority Group percentage. However, the declaration has to be underpinned by one of the types of evidence described in paragraph 5.5 c) above, to ensure that the organisation making the declaration has robustly determined the Priority Group percentage.

Types of permissible evidence underpinning partner declarations:

a) Database:

5.13. This needs to contain the relevant information to determine whether a recipient is in the Priority Group, that is, what benefits or credits and income they are in receipt of and / or their date of birth. If the database does not hold this information then it is not suitable for use as evidence of the Priority Group percentage. The signatory will need to state on the declaration how the benefit status / income (if relevant) / date of birth has been captured by their database (e.g. housing management database, tenants information from the Department for Work and Pensions, information received direct from the benefits service, average of the housing stock, captured at the point of application, every tenant must be a receipt of x benefit etc). If they are using more than one criterion, they should also indicate that the data sets have been cross checked to remove any duplicates (e.g. suppliers should not be able to count the same recipient more than once if they meet more than one criterion).

5.14. A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information, or where the relevant information has not been checked, will not be considered evidence.

5.15. This information may come from the organisation having previously surveyed its members or the recipients of the measures; or it may be that the partner has asked each individual to show evidence of benefit entitlement before giving them the measures.

b) Checking details

5.16. A supplier may choose to use this as evidence for use on a declaration. Where measures are being installed, all recipients should have their Priority Group credentials checked at the point of installation.

c) Monitoring of a statistically significant sample of recipients:

5.17. For measures such as free CFLs where a visit is not made to the consumer's property, a statistically significant sample may be used.

d) Other:

5.18. A supplier may suggest other methods of ascertaining the Priority Group percentage for the declaration, which will be considered by Ofgem.

Use of the different methods of determining Priority Group percentage

5.19. This section describes how the general guidance on the methods of monitoring set out above (paragraph 5.13-5.18) should be used specifically for each different delivery route:

Face to face

5.20. 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 they fall into.

5.21. If the supplier is claiming for those in the elderly Priority Group, recipients should be asked to provide suitable evidence of date of birth, consisting of an official document such as a passport, driving licence or benefit documents. Proof of address should also be sought, if this is not on the document used for proof of age. Utility bills are acceptable for this purpose.

5.22. For actions where measures, such as CFLs, are given out person-to-person at events, suppliers should show recipients of measures the list of qualifying benefits, credits and relevant income threshold, and age bands and ask them to confirm whether they are in receipt of one of those benefits and which age band they fall into.

Partnering with SHPs

5.23. Where a supplier partners with an SHP, Ofgem will require the written declaration in the form provided in Appendix 10 to be submitted. 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 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).

5.24. 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 they may decide to carry out monitoring if they are targeting a specific geographic area, 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.

5.25. The declaration included in Appendix 10 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.

Third party delivery (not SHP)

5.26. 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 if 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 8); 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. This explanation must set out which of the methods to establish that percentage have or will be used. The methods are described in paragraphs 5.13-5.18, and are summarised below:

- A database
- Checking details directly
- Monitoring
- Other

Retail schemes

5.27. 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 and relevant income under the threshold. Where it will not be possible to detail each of the qualifying benefits within such a questionnaire, this should be made clear to Ofgem in the supplier's notice of the action.

5.28. The exception to this would be where a supplier is working with the same retailer that they worked with under EEC2 and have already collected suitable monitoring data to confirm the percentage of those in receipt of the relevant benefits and credits. In this case the supplier may choose not to carry out further monitoring and claim the Priority Group percentage claimed under EEC2. It should be noted that this percentage will not include the elderly Priority Group, or those who have come into receipt of tax credits since the relevant income threshold has increased. If suppliers intend to claim for those in the elderly Priority Group, they will need to carry out monitoring to confirm the percentage made up of this group, and the percentage of this group who are in the benefits Priority Group. These will need to be cross checked against each other so that any one in the benefits Priority Group who is also aged 70 or over is not being counted twice.

5.29. 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' and relevant income under the threshold. There should be no reference to tax credits if there is insufficient room for the income thresholds to be stated.

5.30. 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.

5.31. 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.

Mail order

5.32. For delivery routes such as mail-order, a questionnaire should be included in the product and this should include questions to determine whether the householder is in receipt of any of the relevant benefits or credits (and their relevant income for credits) and their date of birth. The full list of qualifying benefits and credits and income bands should be included on the questionnaire.

5.33. 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.

General

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

5.35. Certain actions may provide for consumers to receive a combination of measures. The results of the monitoring for these schemes need to be applied to the reduction in carbon emissions in a transparent and auditable manner. For example an action may involve working with an 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.

5.36. Where an action is delivered in such a way that it is not appropriate to survey the recipients of the measures, a supplier will not be entitled to claim a reduction in carbon emissions in relation to the Priority Group.

5.37. 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 reduction in carbon emissions to be attributed to the Priority Group.

Priority Group flexibility mechanism

5.38. This mechanism has been introduced by Defra to provide suppliers flexibility in reaching their Priority Group target.

5.39. According to article 14(1) a supplier may use the Priority Group flexibility mechanism to meet up to 12.5 per cent of their Priority Group obligation (this is equivalent to 5 per cent of their overall carbon obligation).

5.40. Under article 2(3)(b), a priority group flexibility action means the promotion to a householder within paragraph (a) or (b) of the priority group —

- of ground source heat pumps in respect of a property which does not have a mains gas supply; or
- of solid wall insulation which lowers the U-value of the walls to 0.5W/m²K or less;

5.41. This means that to utilise this mechanism suppliers can promote ground source heat pumps or appropriate solid wall insulation to a subset of the Priority Group. For the purpose of administering the Order, these actions in this context will be referred to as flexibility measures.

5.42. This subset of the Priority Group comprises those who are in receipt of the Priority Group benefits or tax credits with income below the threshold of £15,592, (i.e. those in the benefits Priority Group) who are also 'householders' as defined in the Order. For the purposes of administration, this group that is eligible for Priority Group flexibility actions will be called 'flexibility Priority Group'.

5.43. Householders are defined by reference to various types of ownership or tenancy in schedule 1 of the Order. In general, these cover those who are in private rental accommodation or who own their homes, but do not cover those in social housing.

5.44. Those who are in the elderly Priority Group, that is they are aged 70 years or over but are not in receipt of the relevant benefits or credits are not eligible recipients for Priority Group flexibility actions, even if they are a 'householder'.

Flexibility measures

5.45. Solid wall insulation which lowers the U-value of the walls to 0.5W/m²K or less may be promoted to a member of the flexibility Priority Group.

5.46. Ground source heat pumps can qualify as Priority Group flexibility action only if they are promoted to a member of the flexibility Priority Group whose home is not supplied with gas through pipes, i.e. is off the gas distribution network. 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 Liquefied Petroleum Gas networks are not.

Applications to use the Priority Group flexibility option

5.47. Applications to use this mechanism should be made in a similar way to other scheme submissions. The CERT scheme notification pro forma will include a Priority Group Flexibility section. Priority Group flexibility schemes must be Priority Group flexibility action only, not a mixture of Priority Group flexibility and other types of action.

5.48. The supplier should indicate on the 'proposal overview' page of the CERT scheme notification pro forma the flexibility measures and delivery route as normal, and tick the box to indicate that the scheme is for Priority Group flexibility.

5.49. The flexibility measures as installed through this mechanism will be eligible for an increase in the reduction in carbon emissions attributed to the action. The increases to be applied to each type of action are set out in article 20(2) of the Order and are as follows:

5.50. Ground source heat pump = an increase of 245 per cent of the calculated average carbon emissions reduction

5.51. Internal solid wall insulation = an increase of 95 per cent of the calculated average carbon emissions reduction

5.52. External solid wall insulation = an increase of 175 per cent of the calculated average carbon emissions reduction

5.53. These uplifts have been calculated by Defra taking into account the cost differential between the average cost of achieving carbon emissions reduction in the Priority Group and the cost of delivering Priority Group savings using flexibility measures.

5.54. According to article 19(1) suppliers must notify Ofgem of the final number and type of actions carried out by 30th April 2011. Once this has taken place, Ofgem will calculate the carbon emissions reduction achieved by the suppliers use of flexibility measures by applying the relevant uplifts to the carbon emissions reduction. After the application of the uplifts, the total of these savings will be calculated as a percentage of the supplier's carbon obligation. This will not be able to account for more than the 12.5 per cent of the supplier's Priority Group obligation (equivalent to 5 per cent of the supplier's carbon obligation) permitted under article 14(1).

5.55. Under article 14(2) Priority Group flexibility action that exceeds the 12.5 per cent limit is not a qualifying action. To ensure that suppliers have the flexibility to achieve the full 12.5 per cent of their final target should they choose to do so, they may submit a second scheme to Ofgem covering the same measures and delivery mechanism as their Priority Group flexibility action. This should be done prior to, or within one month of, commencing the action, and must be submitted at the same time as the Priority Group flexibility scheme. Any approved flexibility measures promoted to members of the flexibility Priority Group over and above the 12.5 per cent could then be banked through the second scheme.

5.56. Solid wall insulation and ground source heat pumps are eligible for use by suppliers through both the market transformation and the Priority Group flexibility route, but the same measure cannot be counted twice, i.e. one ground source heat pump may either be claimed under the Priority Group flexibility route or the market transformation route.

5.57. Suppliers must be able to verify that the recipients of flexibility measures are within the flexibility Priority Group as described in article 2(3)(b) (and set out in paragraph 5.42 above)

5.58. Priority Group flexibility schemes are subject to monitoring in the same way as a standard scheme, however as the flexibility measures require a visit to the consumers home to install, monitoring a statistically significant sample is not permissible.

5.59. The following methods may be used:

- Checking on receipt of measures
- Declaration

6. Submission of schemes

This chapter describes the process for suppliers to submit schemes for approval under the CERT. The requirement under EEC2 to submit a scheme spreadsheet in addition to the scheme notification pro forma at approval stage has been removed. The scheme spreadsheet will only be required for reporting completed action.

Submission of proposals

6.1. A supplier must notify Ofgem of any scheme that it intends to promote in order to meet its carbon obligation. This notification 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 10 test, and how it would amount to a standard action, market transformation action, demonstration action or Priority Group flexibility action, as appropriate.

6.2. Such notification must be made before or within one month of commencement of the action.

6.3. Notifications must be in writing, in electronic format, and be on the CERT scheme notification pro forma. The pro forma provides the format for a written description of the proposed scheme and how the carbon savings will be achieved in relation to the Priority Group. Suppliers should provide details of the scale of their scheme and where applicable how the action is a demonstration action. Priority Group flexibility scheme should not include any non Priority Group flexibility actions.

6.4. As in EEC2, each scheme should be given a unique identifier code. The format for these is provided in Appendix 14. Microgeneration schemes should be given the measures code 'R' for renewables (M is for mixed). Solar water heating and ground source heat pumps should be categorised as microgeneration, not heating.

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 emissions reductions.

6.6. As in EEC2, the ground source heat pump calculator spreadsheet will be required to be completed for any schemes involving these measures, in order to accurately calculate and demonstrate the carbon savings.

6.7. The date notifications are received by Ofgem will be considered to be the notification date. Notifications must be made on or by the first working day of the month. A schedule is provided in Appendix 2.

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

Resubmissions

6.9. Should an action not be approved by Ofgem, it would not be eligible to be counted towards a supplier's carbon 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. In this case the notice date would be the date that resubmission notification was received by Ofgem.

6.10. Changes to an approved scheme must be resubmitted to Ofgem, by amending the original submission pro forma. Any new activity relating to these changes carried out prior to one month before the notification date of the resubmission will not be eligible to count towards the supplier's carbon obligation.

6.11. 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.

Assessment and approval

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

- the proposed measures are eligible
- the proposed delivery route(s) are eligible
- the correct monitoring at the correct level is proposed
- any requirements specific to demonstration activity, market transformation activity and Priority Group flexibility activity (under articles 11 and 12) will be met

6.13. 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 affect the additionality of a measure, for example, the Building Regulations (chapter 3 paragraph 3.25) or CFLs (paragraph 3.71).

6.14. 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.

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

6.16. Once Ofgem is satisfied that the scheme can be approved 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. As set out in paragraph 6.2, notification of action must be made before or within one month of commencement of the action (the date of approval has no bearing on this).

Cost contribution to actions

6.17. 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, e.g. 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 10 test. Where working with SHPs, as under EEC2, suppliers can claim the full savings from the action.

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

6.19. 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.

6.20. 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. Carry over from EEC2, auditing of schemes, the transfer of actions between suppliers and Ofgem's reporting to the Secretary of State are also discussed here. Reporting for demonstration action is covered in chapter 4.

Reporting and compliance

Carry-over from EEC2

7.1. A supplier can apply to Ofgem for the equivalent carbon emissions reduction from any excess energy savings achieved surplus to its EEC2 target to be credited towards its carbon obligation under the CERT. This is called 'credit of excess action' and is enabled under article 17 of the Order. We will approve the application if we are satisfied that the supplier has met its EEC2 obligation and also has achieved surplus energy savings. The carbon emissions reduction that is accredited to these measures will be based on the CERT methodology for determining carbon emissions reduction.

7.2. The supplier must apply to Ofgem no later than 16 May 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 Order.

Start date for notification of proposed actions

7.4. We will be able to accept notification of schemes under the CERT for consideration after the first monthly deadline of 1st February 2008.

Notification of actions and determination of reductions in carbon emissions - banking and completion

7.5. The information in this section (paragraph 7.6 - 7.12) is requested by the Authority for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

7.6. For the purposes of administration, interim reports from suppliers on their in progress activity on schemes (including the number and type of actions) and interim estimates / determinations of the carbon emissions reduction resulting from this reported activity will be known as 'banking'.

7.7. To maintain a manageable and orderly flow of data, we strongly recommend that suppliers report progress on their completed activity to us on a regular basis (to 'bank' their schemes). We will then calculate the carbon emissions reduction resulting from this reported activity. Progress reports will be cumulative until an action is completed in full, i.e. a completion report will need to be submitted for every scheme once all activity is complete.

7.8. We strongly recommend that suppliers bank two-thirds of their schemes by 1 September 2010. This means carrying out at least one banking on at least two thirds of their schemes, not banking two thirds of their carbon obligation or two thirds of the measures they have promoted. These schemes do not have to be completed by this point. This will enable these actions to be banked, even if the schemes themselves have not been completed by this date.

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

7.10. Notifications of banking and completion should consist of the CERT scheme spreadsheet and the CERT scheme notification pro forma and must be in writing, ideally in an electronic format emailed to cert@ofgem.gov.uk. Suppliers should use the CERT scheme spreadsheet to indicate which measures, and how many, they have delivered.

7.11. For both banking and completion, the CERT scheme notification pro forma provides the format for a written description of the action taken and how it was achieved in relation to the Priority Group. Monitoring results and other relevant supporting evidence will also need to be included, as set out in chapter 8 (chapter 5 for Priority Group monitoring). If all the relevant information has not been provided then the notification will not be considered to be complete and Ofgem will be unable to make a determination.

7.12. In order to demonstrate compliance with its Priority Group obligation, as described in article 13, a supplier must demonstrate which actions were achieved in relation to the Priority Group. Under article 19(2), Ofgem must determine the reduction in carbon emissions attributed to those actions which the supplier has completed. To enable Ofgem to do this, suppliers must provide Ofgem with the types of evidence of actions carried out in the Priority Group, as set out in chapter 5.

Completion

7.13. Suppliers must submit their final report to Ofgem to notify us of the final activity completed under each scheme, no later than 30 April 2011. This is required by article 19(1). This must be on the scheme submission spreadsheet and contain the number and type of all measures completed and a breakdown of this into Priority Group and non-Priority Group actions

7.14. Once Ofgem has been able to calculate the reduction in carbon dioxide emissions attributed to a scheme, the supplier will be notified. The supplier should then send a signed letter of authorisation to confirm that the action was taken as notified. Ofgem will then make its determination of the reduction in carbon emissions. This will be allocated against the supplier's carbon obligation in Ofgem's final determination of whether a supplier has achieved its obligation, which it must carry out under article 22(1).

7.15. Ofgem will notify the supplier of whether it has met its carbon obligation by 31 July 2011.

Priority Group flexibility completion

7.16. Where a supplier has carried out Priority Group flexibility actions it must treat it as a separate scheme for administrative purposes and it should be reported on a separate pro forma and scheme submission spreadsheet.

Demonstration action completion

7.17. If a supplier has undertaken demonstration action, Ofgem must have received their detailed monitoring and assessment report before the carbon emissions reduction from that action can be accredited against its carbon obligation. As set out in paragraph 4.29, this report will be published by Ofgem.

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

7.19. Ofgem will determine the carbon emissions reduction resulting from suppliers' completed schemes following the methodology outlined in chapter 4.

Final determination and reporting of carbon savings against CER target

7.20. 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

7.21. The information in this section (paragraph 7.21 - 7.26) is requested by the Authority for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

7.22. Under article 16(4), Ofgem is required to report to the Secretary of State annually on the progress made by each supplier towards complying with its carbon

obligation and the progress made towards achieving the overall target of 154 Mt carbon dioxide (lifetime).

7.23. 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. Suppliers are required to provide quarterly data which will be used for this purpose. These reports must cover the activity carried out to date on their schemes. The format of the reports will be set out in the Quarterly Progress Report pro forma. The format is similar to those used in EEC2, but includes fuel switching, CFLs, and microgeneration as well as loft and cavity insulation.

7.24. The Quarterly Progress Report pro forma will be circulated by Ofgem and suppliers are required to complete and submit it by the dates provided in Appendix 2.

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

7.26. We consider it important that suppliers make information available to their customers on their progress in meeting their targets. Therefore, suppliers are encouraged to publish reports on their progress towards complying with their carbon obligations.

Auditing

7.27. We will audit a sample of each supplier's schemes in CERT.

7.28. The procedures for auditing will remain similar to those under EEC2. Ofgem will appoint an independent auditor to carry out the audits and two rounds of auditing will be conducted during the period of the 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 11;
- 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;
- there are 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 or flexibility 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 whether suppliers have achieved their carbon obligations.

Transfers

7.29. Under article 18 of the Order, suppliers may carry out a transfer - the carbon obligation of one supplier, the buyer, (A) may be treated as being achieved in whole or in part by qualifying action completed by another supplier, the seller, (B).

7.30. A supplier transfer must be approved by Ofgem. In order to carry out a supplier transfer, both suppliers involved must apply to Ofgem for approval, in writing, before 31st March 2011.

7.31. Notification should take the following format: Supplier B (the seller) submits a progress or completion report and obtains confirmation of the carbon emissions reduction from Ofgem (where savings have already been banked this is not necessary).

7.32. Supplier B (the seller) and Supplier A (the buyer), each write a separate letter of intent to Ofgem confirming the carbon emissions reductions to be traded, and identifying any agent authorised to act as an intermediary for this purpose (if appropriate). Both letters should contain sufficient detail of the measures being transferred and the details of both supplier's licences.

7.33. Supplier B submits a scheme spreadsheet (with the measure type set as 'T') to Ofgem including all the measures that they are selling. This detail will remain confidential and not be passed on to Supplier A.

7.34. Ofgem would review the spreadsheet and confirm whether the transfer should proceed. Under article 18(4) Ofgem must not approve a transfer where it is reasonable to believe that if the transfer were approved, supplier B's carbon obligation would not be achieved. If satisfied with the transfer, Ofgem will notify the suppliers or their intermediary of the carbon emissions reduction that has been deducted from Supplier B's qualifying actions and added to Supplier A's qualifying actions.

7.35. Following receipt of the letters of intent from each Supplier and a complete transfer scheme spreadsheet from Supplier A, the process of the transfer of savings and notification of the suppliers / intermediary should take 15 working days.

7.36. The completed qualifying action transferred will not count towards the carbon obligation placed on supplier B, as they transferred it to supplier A.

Enforcement

7.37. Under article 23 of the Order, any requirement placed on a supplier under the Order is a relevant requirement for the purposes of part 1 of the Gas Act 1986 and part 1 of the Electricity Act 1989. Ofgem will take 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 sets out the monitoring which must be carried out by a supplier after a measure has been sold or installed. This will be used by Ofgem to confirm that measures have been installed correctly and are being used by recipients, to ensure that carbon emissions reductions are being realised and can be attributed to the supplier.

Determining a reduction in carbon emissions

8.1. 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:

- 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 technical standards and quality standards for common energy efficiency and microgeneration measures is provided in Ofgem's Technical Guidance Manual.
- customer satisfaction monitoring is required when installing measures such as heating and insulation in homes. It is not required when working in conjunction with an SHP as they are likely to be aware of any issues which may arise. Although it is not necessary to monitor satisfaction in relation to other actions, suppliers are encouraged to monitor consumer satisfaction over the course of the CERT so that they can offer the best possible service to consumers.
- customer utilisation monitoring is required for certain measures such as free CFLs or consumer electronics, to ensure that the measures are being used and that carbon emissions reductions are therefore being realised.

8.2. Measures installed under the Priority Group flexibility option should be monitored in the same way as other qualifying actions.

8.3. Once Ofgem has received notification under article 19 of the number and type of qualifying actions which a supplier has completed, Ofgem must determine what reduction in carbon emissions should be attributed to the completed actions. This is set out in chapter 3 (and chapter 4 for demonstration actions) of this guidance. If monitoring results are not included with the supplier's notification (known as 'banking' and 'completion' reporting), Ofgem will not be satisfied that the reduction in carbon emissions will actually result from the notified action so will not be able to attribute any reduction in carbon emissions to the action. Suppliers should provide a summary of the monitoring results and sample consumer satisfaction and quality monitoring questionnaires. If these include personal details such as a consumer's

name and address, these details should be blanked out before being submitted to Ofgem.

8.4. The monitoring requirements can be summarised as follows (Priority Group monitoring is covered separately in chapter 5):

- 1 per cent customer utilisation for electrical items (or as agreed with the supplier), DIY loft insulation and DIY radiator panels provided to householders for free. For CFLs this is capped at 1000 maximum.
- 5 per cent technical monitoring for professionally installed insulation and heating measures. Technical monitoring is not required for microgeneration measures.
- 1 per cent customer satisfaction monitoring for professionally installed insulation, heating measures and microgeneration measures

It should be noted that should a supplier wish to demonstrate a Priority Group percentage for a CFL scheme by linking Priority Group monitoring with customer utilisation monitoring, the sample needs to be of the appropriate size in line with figure 1, chapter 5. If only 1000 recipients are monitored, the appropriate Priority Group percentage will only be able to be claimed for 20,000 recipients.

This is summarised visually in the table in Appendix 9.

- 25 per cent CFL declaration monitoring is required 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.

8.5. Suppliers are encouraged to provide data to the Energy Saving Trust for the HEED database on the measures that they deliver for the purpose of meeting their obligations under the Order.

Technical monitoring

8.6. 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.

8.7. The rate of major failures for technical monitoring must remain under 25 per cent. Any issues discovered should be raised with the contractor in question and rectified and where appropriate further monitoring could be required. Where technical monitoring failures are over 25 per cent, banking of measures will not be accepted until the failures have been rectified. Should this situation arise, Ofgem will ask what action the supplier has taken to improve the performance of its contractors.

8.8. 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.

Standard monitoring questions

8.9. 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. If these questions are not all used, we will consider the monitoring inadequate and require further monitoring to be carried out using the full list of all the questions. Suppliers can add additional questions as they see appropriate.

Monitoring requirements by measure type

Insulation

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

8.10. 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

8.11. 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 be used by Ofgem to determine additionality rather than in determining carbon reductions under article 19(2).

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. 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.

Hot water tank jackets

8.14. No monitoring is necessary for installations of hot water tank jackets.

Lighting

8.15. Technical monitoring of CFLs is not required. Suppliers can only deliver CFLs which are accredited under the Energy Saving Trust's ESR programme and the Energy Saving Trust already monitors samples of these bulbs.

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 (those that are distributed direct to consumers, i.e. free and mail order) 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. The requirement for utilisation monitoring for direct CFLs is 1 per cent, or 1,000 per supplier, whichever is lowest. This will provide adequate data to monitor any changes in utilisation patterns. Suppliers can decide whether to split this across their schemes or monitor one scheme. NB this monitoring is separate from Priority Group monitoring, as outlined in paragraph 8.4.

8.18. 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.

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

8.20. Customer satisfaction monitoring is not considered necessary for lighting products for the purposes of the Order.

Appliances

Cold appliances

8.21. Suppliers are able to deliver appliances which are rated A + and A++ under the European Union Energy Labelling Scheme (and A rated chest freezers). This scheme involves self-certification by the manufacturers of the appliances; accordingly, technical monitoring of these appliances is not considered necessary.

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

Brown goods

8.23. The monitoring requirements for brown goods / consumer electronics 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

8.24. Technical monitoring is necessary for boilers and fuel switching. 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.

8.25. 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 attribute a reduction in carbon emissions to that measure.

8.26. 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. This covers England and Wales. The Scottish Building Standards Agency has similar regulations and guidelines for exceptions which cover Scotland, and these should be used to determine exceptions in Scotland.

8.27. Consumer satisfaction monitoring should also be conducted on at least 1 per cent of recipients of each action.

8.28. 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

8.29. Where heating controls such as Thermostatic Radiator Valves (TRVs) are installed with a boiler the controls should be included as part of the technical monitoring requirements for boilers as detailed above.

8.30. Where heating controls are installed without a new boiler, monitoring is not required.

CHP

8.31. Technical monitoring of CHP installations will be demonstrated by the provision of a CHP Quality Assurance (CHPOA) 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.

8.32. CHPOA does not cover mini and micro scale CHP. Mini systems are subject to the 5 per cent monitoring requirement, using the questions provided in Appendix 4. Micro CHP will be covered by the MCS.

Microgeneration

8.33. Technical monitoring is not necessary for microgeneration measures. Use of MCS accredited installers and products will ensure a suitably high standard of installation.

8.34. Ofgem considers that the customers' reaction to and satisfaction with these new technologies should be monitored. We therefore require that customer satisfaction monitoring be carried out on 1 per cent of recipients, in line with requirements for energy efficiency measures. Where an installer is a member of the REAL Assurance code or equivalent, customer satisfaction monitoring is not required.

Demonstration action

8.35. Monitoring is an integral part of any demonstration action undertaken. This is discussed in detail in chapter 4.

Appendices

Index

Appendix	Name of Appendix	Page
1	Dates for notification and reporting.	60
2	Dates for quarterly reporting.	62
3	Fridgesavers scoring protocol.	63
4	Standard technical monitoring questions.	64
5	Standard consumer utilisation monitoring questions.	71
6	Summary of monitoring requirements.	72
7	Summary of declarations.	73
8	Declaration for partners distributing free CFLs.	74
9	Declaration for partners distributing free sensor lamps.	77
10	SHP declaration.	80
11	New build declaration.	85
12	Microgeneration additionality declaration.	87
13	Demonstration action submissions.	89
14	Scheme notification codes.	91
15	The Authority's powers and duties.	92
16	Glossary.	94

Appendix 1 - Dates for notification of schemes and responses

Month	If notification is received from a supplier under Article 11 (1) of the Order by this date	Ofgem will respond to the supplier by this date	Supplier to respond to any further information requests by this date	Ofgem notifies the supplier by this date
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
February	Monday 1st	Friday 12th	Friday 19th	Friday 26th

2010				
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

Appendix 2 - 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 - Fridgesavers scoring protocol system

<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
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
Body (walls excluding door)		
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
Thermostat not working / missing / damaged		2
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
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
Body		
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
<i>Refrigerators</i>		<i>Score</i>
Door		
Minor damage to seal		1
Major damage to seal		2
Door not closing properly		2
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
Body (walls excluding door)		
Major Internal damage (not cosmetic)		1
Major External damage (not cosmetic)		1
Thermostat not working / missing / damaged		2
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 4 - Standard technical monitoring questions

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
Does the drill pattern suggest that cavity brushes were used, if appropriate?	Savings	Minor
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	Classification
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 (to prevent damp) / Customer sat.	Major
Have additional vents been fitted if required?	Safety (to prevent damp) / Customer sat.	Major
Have the pipes and tanks been insulated to an adequate standard?	Safety (to prevent burst pipes)	Major

Draught-proofing

Type

Classification

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 doors 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	Classification
What is the form of the glazing units? e.g. secondary, double, triple	Savings	Major
Are the glazing units kite-marked to British Standard 5713?	Savings	Major
What is the area of replacement windows installed within the property?		m ²

Fuel switching, Boilers and Controls

	Type	Classification
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

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	Classification
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.		

Mini CHP

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

Appendix 5 - 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 buildings 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 6 - Summary of monitoring requirements

Measure	Technical monitoring 5 per cent (Appendix 7)	Customer Satisfaction monitoring 1 per cent (not SHP schemes)	Utilisation monitoring 1 per cent (Appendix 8)
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, e.g. IDTVs			
Consumer electronics provided for free			✓
Wood burning stoves (sec)			Required if installer not registered with REAL Assurance code.
Wood chip boilers (prim)			" "
PV			" "
SWH			" "
mWind			" "
mHydro			" "
Heat pumps			" "
mCHP			" "

Appendix 7 - Summary of declarations

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

Form	Signatory	Purpose	Delivery route
CFL, Appendix 8	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, Appendix 9	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, Appendix 10	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 an SHP and claiming a Priority Group share.
New build, Appendix 11	SHP or housing developer	To determine that measures are additional to Building Regulations and any other requirements or policies	When working in new build.
Micro-generation, Appendix 12	Housing developer	To determine the proportion of savings which are additional to any other planning requirements	When working with microgeneration in new build.

Appendix 8 - Free CFLs - declaration for distributing partners

This declaration must be signed by all project partners distributing CFLs for free.

For the purposes of the declaration, the following applies:

Organisation:

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

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/...../.....

Priority Group Percentage:

Number of Compact Fluorescent Lamps (CFLs) delivered to, and distributed by, the Organisation ('the specified number of CFLs'):

.....

On behalf of the Organisation, I declare and confirm the following:

1) The Supplier has provided the Organisation with the specified number of CFLs which have all been distributed to domestic customers for the purpose of the Energy Saving Project.

2) a) No more than four CFLs were provided to each person. All mailed out CFLs were provided with a freepost return address so that consumers could return them if they wished. Recipients details were cross checked with other datasets accessible to the Organisation to ensure that no recipient received more than four.

Or

b) it was not possible to cross check / collect names and addresses of recipients. No more than two CFLs were provided to each recipient.

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

3) Steps have been taken by the Organisation to ensure that each person has received no more than four / two [delete as appropriate] CFLs.

4) All recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:

a) is in receipt of at least one of the following benefits:

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

or

b) is in receipt of at least one of the following credits:

Child tax credit where the relevant income is £15,592 or less

Working tax credit where the relevant income is £15,592 or less

or

c) is at least 70 years old

5) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).

6) The Specified Priority Group Percentage has been determined in the following way(s), tick as appropriate:

- a) Partner's Database*
- b) Monitoring a significant sample by post / telephone
- c) Asked recipient directly
- d) Other (please specify)

.....

* A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information will not be considered evidence.

7) 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 have been made in relation to the Priority Group as required by the Electricity and Gas (Carbon Emissions Reduction) Order 2008.

Signed Date.....

Print Name.....

Appendix 9 - Free sensor lamps - declaration for distributing partners

For the purposes of the declaration, the following applies:

Organisation:

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

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/...../.....

Priority Group Percentage:

Number of Sensor Lamps delivered to, and distributed by, the Organisation ('the specified number of Sensor Lamps'):

.....

On behalf of the Organisation, I declare and confirm the following:

- 1) The Supplier has provided the Organisation with the specified number of 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 provided his name and address to confirm this.
- 4) Steps have been taken by the Organisation to ensure that each person has received no more than four Sensor lamps.
- 5) All recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:
 - a) is in receipt of at least one of the following benefits:
 - 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
 - or
 - b) is in receipt of at least one of the following credits:
 - Child tax credit where the relevant income is £15,592 or less
 - Working tax credit where the relevant income is £15,592 or less
 - or
 - c) is at least 70 years old
- 6) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).

7) The Specified Priority Group Percentage has been determined in the following way(s), tick as appropriate:

- a) Partner's Database*
- b) Asked recipient directly
- c) Monitoring a significant sample by post / telephone
- d) Other (please specify)

.....
 * A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information will not be considered evidence.

8) 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 have been made in relation to the Priority Group as required by the Electricity and Gas (Carbon Emissions Reduction) Order 2008.

Signed Date.....

Print Name.....

Appendix 10 - 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.

For the purposes of the declaration, the following applies:

Organisation (Social Housing Provider):

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

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/...../.....

Priority Group Percentage:

On behalf of the Organisation, I declare and confirm the following:

- 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 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 all recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:
 - a) is in receipt of at least one of the following benefits:
 - 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 creditor
 - b) is in receipt of at least one of the following credits:
 - Child tax credit where the relevant income is £15,592 or less
 - Working tax credit where the relevant income is £15,592 or lessor
 - c) is at least 70 years old
- 5) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).

6) 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 for the duration of the Energy Saving Project.

7) The Social Housing Provider will provide the Supplier with the information necessary for the Supplier to complete the CERT Spreadsheet (the CERT Spreadsheet information) as soon as practicable after completion of the Energy Saving Project, and by no later than 31 March 2011.

8) The Social Housing Provider agrees that the CERT Spreadsheet 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 2008.

9) If there is a material change to the Energy Saving Project agreed with the Supplier, a new declaration will be signed by the Organisation 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 or more percentage points.

Signed Date.....

Print Name.....

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

For the purposes of the declaration, the following applies:

Organisation (Social Housing Provider):

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

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/...../.....

Priority Group Percentage:

On behalf of the Organisation, I declare and confirm the following:

- 1) The Supplier has provided the Social Housing Provider with funding for the purpose of the Energy Saving Project.
- 2) This funding was not counted towards measures which were installed prior to this agreement being made.
- 3) The Energy Saving Project could not have proceeded 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 all recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:

a) is in receipt of at least one of the following benefits:
 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
 or

b) is in receipt of at least one of the following credits:
 Child tax credit where the relevant income is £15,592 or less
 Working tax credit where the relevant income is £15,592 or less
 or

c) is at least 70 years old

5) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).

6) Where consumers are known to be in receipt of Working tax credit or Child tax credit only, they have been monitored to determine their relevant income for the duration of the Energy Saving Project.

7) The Social Housing Provider has provided the Supplier with the information necessary for the Supplier to complete the CERT Spreadsheet (the CERT Spreadsheet information) as soon as practicable after completion of the Energy Saving Project, and by no later than 31 March 2011.

8) The CERT Spreadsheet 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 2008.

Signed Date.....

Print Name.....

Appendix 11 - New build declaration

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

For the purposes of the declaration, the following applies:

Organisation

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:
.....

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

Supplier:.....
.....

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

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

Energy Saving Project timescales

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

On behalf of the Organisation, I declare and confirm the following:

- 1) The measures promoted by the scheme are additional to any other government programme.
- 2) The installation exceeds the requirements of the Building Regulations*
- 3) The measures will not be used to demonstrate compliance with the Building Regulations*, i.e. each dwelling would have met building regulation if the supplier funding / measure had not been provided.

Signed Date.....

Print Name.....

* The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc) Regulations 2000 (SI 2000/2532) as amended by The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2006 (SSI 2006/534) apply in Scotland.

Appendix 12 - Microgeneration additionality declaration

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

For the purposes of the declaration, the following applies:

Organisation (Local Authority)

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation:

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

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/...../.....

Percentage of onsite micro generation provided though this project required / supported by local or central government initiatives (other than the Electricity and Gas (Carbon Emissions Reduction) Order 2008) (the 'Standard Percentage') :

.....

Percentage of onsite micro generation provided though this project in addition to that required / supported by local or central government initiatives (other than the Electricity and Gas (Carbon Emissions Reduction) Order 2008) (the 'Additional Percentage'):

Provide details of any policies or programmes relating to the Standard Percentage:

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

On behalf of the Organisation, I declare and confirm the following:

- 1) The supplier has only funded the additional percentage
- 2)The measures accounting for this are additional to any local or central government requirement or scheme
- 3) The installation exceeds the requirements of the Building Regulations*

Signed Date.....

Print Name.....

* The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc) Regulations 2000 (SI 2000/2532) as amended by The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2006 (SSI 2006/534) apply in Scotland.

Appendix 13 - Demonstration action submissions

The following information will need to be provided by suppliers as part of their notification of demonstration action, using the CERT pro forma. The information is numbered to indicate how it relates to the criteria in article 11(3), below:

- a)
- i) how the action is expected to promote a reduction in carbon emissions;
 - ii) the arrangements for monitoring whether the action reduces carbon emissions;
 - iii) how the supplier will assess the effectiveness of the action at promoting a reduction in carbon emissions;
 - iv) a justification for the scale of the proposed action; and
 - v) the estimated cost of promoting and monitoring such an action and a breakdown of that cost;
- b) whether or not it [the supplier] consents to the publication of information provided to the Authority in relation to the monitoring and assessment of the action
- The name and contact details of the proposed bid / project manager
 - (i) Is this a trial considering:
 - New technology
 - Consumer behaviour relating to a technology
 - Consumer behaviour relating to information
 - (i) How is your action expected to promote a reduction in carbon emissions i.e. describe what exactly you are proposing to do, including the following:
 - What is the rationale for this project, why does this trial need to be carried out?
 - If trialling a measure, details of the measures to be trialled and why they need to be trialled
 - If the trial involves investigating consumer behaviour / reaction, details of what measures will be installed in households and how consumers reaction will be monitored need to be clearly provided as the monitoring itself could be an important influence on consumers' subsequent behaviour
 - (i) Is there any overlap with other trials the supplier is involved with or any other similar work that it has undertaken? If so please provide details.
 - (ii) Provide details of any project partners you plan to work with.
 - (ii) As monitoring is part of the demonstration action, the notification will need to contain the following information detailing how the supplier proposes to monitor the action:
 - If the project involves trialling a combination of carbon emissions reduction measures, the samples will need to be split to distinguish the

effects of providing the different types of 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 possible a control group must be part of the trial 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 carbon emissions 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 carbon emissions reduction measures (such as installing insulation, etc) and those that are a result of other factors (such as changes in the size of households)
 - 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 measure varies between Priority Group and other households.
- (ii) Confirm that you agree to produce top-line summary progress reports when required by Ofgem.
 - (iii) How will you assess the effectiveness of the action at promoting a reduction in carbon emissions?
 - (iii) How will you use the monitoring data?
 - (iv) Provide a top-line project plan indicating key activities and key dates (both external and internal), including a brief overview of determination of risks and appropriate controls and contingencies, etc.
 - (iv) How will you clearly demonstrate the statistical soundness of the sampling? Provide a justification of the appropriateness of this number e.g. should a proposal be to trial a measure in 1000 homes, a justification needs to be provided as to why 1000 is an appropriate sample and not, for instance, 200 or 2000. An independent validation of this aspect of the proposal should be provided.
 - (v) Provide details of the finance / resources to be committed by the supplier, including 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
- (b) Provide a statement confirming that the supplier consents to the publication of information in relation to the monitoring and assessment of the action. As specified in article 12(7)(b), Ofgem must not approve an action unless this has been given.

Appendix 14 - Scheme notification codes

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

AAAA BB C DD E

Where:

AAAA is the supply licensee code

BB is the year of notification. For example, 2008 is 08

C is the measure type

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

E is the CERT scheme spreadsheet type (which will not be required for scheme notification)

The supplier codes will be provided to each licensee individually when Ofgem writes to inform it of its carbon target.

The scheme measure types are as follows.

A Appliances

R Micro Renewables

H Heating

M Mix of measure types

I Insulation

O Other

T Transfer of energy savings

E EEC 2005 – 2008 carry-over

L Lighting

Each CERT scheme spreadsheet must have a unique code. The spreadsheet code essentially follows the notification code format, with one extra character at the end. The unique CERT scheme spreadsheet characters are as follows.

C	A conventional delivery route
D	Demonstration action
P	Priority Group flexibility action
T	A trade of qualifying action between suppliers

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.¹⁴

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 accordingly¹⁵.

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 them¹⁶, and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.¹⁷

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:

¹⁴ entitled "Gas Supply" and "Electricity Supply" respectively.

¹⁵ 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.

¹⁶ 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.

¹⁷ The Authority may have regard to other descriptions of consumers.

- Promote efficiency and economy on the part of those licensed¹⁸ 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 Regulation¹⁹ 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.

¹⁸ or persons authorised by exemptions to carry on any activity.

¹⁹ Council Regulation (EC) 1/2003

Glossary

Article 10 test	The test, set out in article 10 of the Order, which Ofgem must apply when approving actions. See page 2.
Banking	The process of suppliers submitting interim activity reports and Ofgem estimating their savings before the end of the programme.
Benefits Priority Group	See paragraph 5.2
BRE	Building Research Establishment.
Building Regulations	See paragraph 3.25
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 Order.
CFLs	Compact Fluorescent Lamps (energy efficient light bulbs).
CHP	Combined Heat and Power.
CIGA	Cavity Insulation Guarantee Agency.
Climate Change Programme	The Climate Change Programme, published in 2006, sets out the government's policies and priorities for action on climate change in the UK and internationally.
Completion	Submission of final scheme reports to Ofgem by suppliers and determination of savings by Ofgem.
Defra	Department for Environment, Food and Rural Affairs.
Order	The Electricity and Gas (Carbon Emissions Reduction) Order 2008. SI 2008/188.
DTI	Department for Trade and Industry, previous name for the Department for Business, Enterprise and Regulatory Reform.
Delivery mechanism	See paragraph 3.18

EDR	See paragraph 4.7
EEC	Energy Efficiency Commitment, general reference to the EEC1 and EEC2 programmes which ran from 2002-2005 and 2005-2008, respectively.
EEC2	Energy Efficiency Commitment 2005-2008.
EESoP	Energy Efficiency Standards of Performance, the forerunner to EEC.
Elderly Priority Group	See paragraph 5.2
Energy White Paper	2007 Energy White Paper 'Meeting the Energy Challenge' published by BERR. It sets out the government's intention and domestic energy strategy.
EPoS	Electronic Point of Sale data. Sales data from a retailer's computer system.
ESR	Energy Saving Recommended.
EST	Energy Saving Trust.
Flexibility measures	See paragraph 5.41
Flexibility Priority Group	See paragraph 5.42
GLS	General Lighting Service Bulb ('normal' light bulb).
HEED	EST's Home Energy Efficiency Database.
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.
Improvements in energy efficiency	See paragraph 3.4
Innovative action	A collective term for demonstration action and market transformation qualifying action.
LCBP	Low Carbon Building Programme, government grant programme for micro renewables.

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.
MCS	BERR's Microgeneration Certification Scheme.
MWth	Mega Watts thermal, i.e. of heat.
New supplier	Defined in the Order in article 4(2).
Priority Group	Defined in the Order in article 2.
PV	Photovoltaic cells, which produce electricity from sunlight.
REA	Renewable Energy Association.
Schemes	Suppliers' schemes for delivering their qualifying action.
SCHRI	Scottish Community and Household Renewables Initiative, government grant programme for micro renewables.
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 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.
tCO ₂	Tonnes of carbon dioxide.
TRVs	Thermostatic radiator valves.