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

Dear Emily

EDF Energy welcomes the opportunity to respond to the consultation proposals for the Carbon Emissions Reduction Target (CERT) 2008 -2011 Supplier Guidance as published in August this year.

In our response we have attempted to not only address the changes to the document from that of EEC2, but also looked to make recommendations as to how the document could be shaped to support all energy suppliers and Ofgem from an administrative perspective.

You will see in the following pages that we have provided a response to all questions presented where we are either supportive or feel that more could be achieved.

Should you wish to discuss the matter further or have any queries please do contact me on 01273 428641 or 07875 113167.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel French'.

Nigel French
Energy Efficiency Operations Manager

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

Chapter One

There are no specific questions relating to this chapter.

EDF Energy has no comments in relation to this section

Chapter Two

There are no specific questions relating to this chapter.

EDF Energy would like to raise with Ofgem the likelihood of the income threshold for benefits and credits increasing from £15,592. Through the period of EEC2 the income threshold was increased from £14,600 to current levels though this did not have a resulting impact on the operational delivery of EEC2, as the Statutory Instrument was unable to be changed. EDF Energy would ask Ofgem to be mindful of any potential further increases and that these are allowable under the CERT.

Chapter Three

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

EDF Energy would welcome a simplification of the initial scheme submission notification procedure, and that the current errors within the scheme notification proforma are corrected.

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

EDF Energy would look to support the approval of just A+ and A++ appliances under the CERT. It is not felt that a supplier would be interested in operating an A-rated appliance scheme based on a change in the market share.

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

EDF Energy is supportive of the proposal.

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

EDF Energy believes that any changes Ofgem make to the energy saving calculation for fridgesaver schemes must be based on actual data and not assumptions. Fridgesaver schemes have a poor cost effectiveness for suppliers to operate but can provide a valuable contribution to the Priority Group target. In

the absence of actual data it is felt that no change should be made, as the majority of customers will be using old inefficient appliances. Although it may be possible for suppliers to estimate the age of customers' old appliances, if as part of the application or disposal process the age of the old appliance is recorded.

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

EDF Energy believes that CFLs should remain in the CERT as they will support the governments phasing out of the sale of GLS lamps. This will support carbon and cost savings in Priority Group households and for those that are vulnerable, by enabling them to benefit from CFLs, prior to GLS lamps being taken out of the market place.

EDF Energy also believes that the market for CFLs has yet to be transformed. Inclusion of CFLs in the CERT will stimulate the market prior to and during the phase out of GLS lamps. Customers are aware of the cheap, large and slow to start stick lamps, but this is not what the market requires. Awareness of smaller decorative lamps is growing but without subsidies brought about by the CERT, customers still may not make the purchasing decision. If customers are encouraged to purchase now with supplier subsidies, a smoothing of demand for CFLs can be achieved when GLS lamps are phased out and manufacturers need to ramp up their production to meet demand.

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

EDF Energy would be supportive of the use of a declaration as a way of showing that savings from microgeneration are additional.

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

EDF Energy is broadly supportive on UKMCS proposed by the BRE as the future accreditation scheme for microgeneration, subject to the scheme becoming at least as robust as the Clear Skies accreditation scheme that it replaces. During the transition we would be supportive of the 'grandfathering' across existing Clear Skies approved installers until UKMCS is deemed fit for purpose by the microgeneration industry.

EDF Energy is aware that the Solar Trade Association members have rejected the UKMCS scheme as a body and that the Micropower Council will also be considering its position. The main issue for installers of microgeneration is the cost of the scheme and that UKMCS is not seen to be as rigorous as Clear Skies.

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

In relation to 3.30, EDF Energy thinks it unlikely that an average customer would trade down to a sub22" television for energy saving purposes, when it is to be used in an average household living room. There is a distinct market for sub 22" televisions, being for smaller rooms. It is more likely the purchase will be based on what the customer wants and needs. It is unlikely that suppliers subsidies will influence trading down from 28" or 32" to 22" .

In relation to 3.34, EDF Energy would seek greater clarity on the sentence, "Determination of carbon emissions reductions will be dependant on the details and additionality of suppliers' actions". We would also like to seek clarity on whether CFLs will still be able to be promoted under the CERT, following the phasing out of its GLS equivalent.

In relation to 3.37, it is still felt that the upper limit of 10 CFLs per household through mail order is restrictive and that consideration should be given to the minimum charge for CFLs. Although the reduction to 40p is a positive move, EDF Energy believes that there will continue to be downward pressure on price, by Retailers.

EDF Energy would also seek Ofgem's view on applying a fixed priority percentage to retail lighting schemes. It is felt that considerable information on such schemes must now be available for Ofgem to provide an indication as to the levels that can be claimed. The administrative burden that is required to obtain this information can be mitigated based on the historical data that has been collated for EEC1 and EEC2 schemes.

In relation to 3.40, EDF Energy would like to understand the separate methodology proposed for accrediting halogens and dichroics.

In relation to Appendix 3 - 8.5, EDF Energy believe there to be inconsistencies between the DEFRA CERT Consultation and the Ofgem Supplier Guidance in relation to domestic customers.

CERT Consultation – Domestic Customer – "an owner or occupier of domestic premises in GB who is supplied with electricity and gas at those premises wholly and mainly for domestic purposes".

Supplier Guidance – "domestic premises will be considered to be self contained, permanent dwelling, mainly for domestic purposes".

There is confusion between terms used, customer and premise. The Supplier Guidance does not allow residential homes, but do allow HMOs which is contradictory.

EDF Energy would also wish to see the inclusion of hostels, residential homes and halls of residence as these are domestic customers who either pay for their energy direct or through rent.

Chapter 4

Question 1 – Ofgem can only approve a demonstration qualifying action if it is satisfied that suitable monitoring arrangements will be put in place to assess the effectiveness of the measure at reducing carbon emissions. Respondents are

asked to consider the list in 4.3 and whether any other categories should be considered.

EDF Energy supports the list of categories for approving a demonstration qualifying action, but would like to seek clarity as to how costing information relating to promoting such an action will support the carbon saving determination.

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

EDF Energy believes that the requirement to publish reports will create a barrier to suppliers using this option, as doing so would pass important and sensitive information to our competitors. Even the publication of just a short report to protect intellectual property rights will demonstrate EDF Energy's strategy or general idea to competitors.

The essence of the EEC as will be in the CERT is to introduce competition, stimulate innovation and drive down costs. The publication of such reports will be against this essence.

EDF Energy is happy to provide reports to Ofgem as long as they remain confidential.

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

EDF Energy are happy with the requirements for the information in demonstration qualifying action submissions, but seek that Ofgem make it clear through the supplier guidance that the requirements are flexible and tailored to each submission.

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

EDF Energy is happy with the broad types of demonstration qualifying action that are listed, but would seek for submissions to be assessed on a case by case basis, and this list not to be exhaustive.

Chapter 5

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

Given the complex nature of the Priority Group flexibility option EDF Energy would request as much simplification as possible. The scheme notification proforma is a historical document that has required correction in the past. EDF Energy would ask Ofgem to establish relevant workshops to discuss the submission of Flexibility

Option schemes, so that clarity and understanding can be achieved by all suppliers

Chapter 6

There are no specific questions relating to this chapter.

EDF Energy would ask Ofgem to reconsider the change from the EEC2 procedures whereby notification must be made before the action or 'scheme' is started. Due to the increase in the CERT target and the associated increase in costs to achieve such a target, negotiating contractual arrangements with project partners have lengthened in timescale. EDF Energy would therefore wish to maintain the existing procedure under EEC2 whereby notification must be made either before the action or 'scheme' is started or within one month of commencement. We feel consideration should also be given to extending this timeframe to two months.

Chapter 7

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

EDF Energy are happy for measures aimed at the vulnerable under the Priority Group flexibility option to be treated as a scheme for administrative purposes, but request that the current errors within the scheme notification proforma are corrected.

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

Although the changes proposed will add to EDF Energy administrative burden, given the additional availability of measures to be classified as qualifying actions, EDF Energy is happy with the proposed change.

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

EDF Energy approves of the proposal in principle, but strongly opposes a firm target, seeking an aspirational target to be established.

Chapter 8

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

EDF Energy welcomes the reduction in monitoring of free CFL utilisation from 1 per cent to a maximum of 1,000, though seek clarity as to whether these levels apply to the whole submission or each delivery channel outlined within the submission.

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

EDF Energy agrees with the proposal that the same level of monitoring for microgeneration as used for energy efficiency measures should be applied.

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

It is felt that the questions being asked under technical monitoring for the following technologies are ambiguous;

- PV
 - Is this an appropriate size for the dwelling?
- Micro wind/Hydro
 - Is this an appropriate size for the dwelling?
 - What is the load factor? - How do Ofgem suggest establishing the load factor for a residential property to enable this question to be answered if customer consumption data is not available, i.e. non EDF Energy customers?
- Biomass
 - Is this appropriate technology for this site?
 - Is this an appropriate size for the dwelling?

EDF Energy would ask Ofgem to either remove these questions or define them more clearly.

In relation to 8.7 EDF Energy feels that the questions relating to the new microgeneration technologies included for the CERT go beyond the checks that may be carried out on site in 30 minutes and for those electrical generating technologies, imply a greater degree of electrical knowledge being required.

The CERT Technical Guidance manual therefore needs to include the specific standards that are to be met for each microgeneration technology allowing the post installation check to be aimed at confirming the installation has been completed and obtaining evidence of compliance with the specific standards.

In relation to Appendix 7 specifically;

Cavity Wall Insulation - three questions relating to air bricks and vents are ambiguous and need to be amended to more specifically define defects which could affect the safe operation of the combustion appliances i.e.

1. *Are all the air bricks and ventilation openings (other than those required for combustion appliances) clear of insulation material and sleeved to prevent any blockages at a later date.*
2. *Are all the air supply vents and flues for combustion appliances clear of insulation material and in compliance with both H&SE and CIGA guidance*

An additional question to be included to check cavity brushes have been fitted where needed. (Type = Savings, Classification = Major)

External Wall Insulation – suggestion to use the same questions as above in relation to air bricks and vents.

Loft Insulation - amendment to question relating to areas that have been insulated as follows:-

1. *Has insulation been applied to all appropriate areas including beneath boarded areas?*
2. *Has insulation been applied below water storage tanks where appropriate?*

EDF Energy would question why the last two questions relating to loft insulation have been defined as 'Safety' yet one has been classified as minor requiring re-inspection but not counting towards overall failure rate.



EDF Energy believes that additional questions should be included to check that insulation has not been laid over cables or recessed light fittings without adequate protection or clearances being maintained. (Type = Safety, Classification = Major)

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

In relation to, 8.4 EDF Energy feels that the requirement to re-inspect all installations which fail on safety grounds is too onerous. A requirement to re-inspect only those measures with safety defects that could affect the safe operation of combustion appliances or electrical equipment would be more appropriate.