

Carbon Emissions Reduction Target 2008 – 2011 Supplier Guidance

Submission by the ENERGY SAVING TRUST September 2007

Introduction

This is the submission of the Energy Saving Trust to the Ofgem consultation “Carbon Emissions Reduction Target 2008 – 2011 Supplier Guidance”. This submission should not be taken as representing the views of individual member organisations of the Energy Saving Trust.

The Energy Saving Trust was established as part of the Government’s action plan in response to the 1992 Earth Summit in Rio de Janeiro, which addressed worldwide concerns on sustainable development issues. We are the UK’s leading organisation working through partnerships towards the sustainable and efficient use of energy by households, communities and the road transport sector and one of the key delivery agents for the Government’s climate change objectives.

Our response follows the format and order of the consultation document. Our response makes a number of references to points raised in our response to Defra’s recent CERT consultation. For ease of reference this can be found at: <http://www.energysavingtrust.org.uk/uploads/documents/aboutest/Defra%20CERT%20April%202008%20to%20March%202011%20150807.pdf>

Section 3.6

Section 3.6 of the consultation notes that ‘*Market transformation qualifying action is defined under article 8(3) as ‘an action which the Authority did not approve as a qualifying action under the Electricity and Gas (Energy Efficiency Obligations) Order 2001 and is approved by Ofgem under article 11’*’. In this context it is worthwhile noting that at least one microgeneration technology (ground source heat pumps) was installed under EEC 2002-2005 implying that this technology would not qualify as a ‘market transformation’ action (and as such not receive uplift). We would support the inclusion of this technology and would welcome clarification on this issue.

Section 3.23

The Energy Saving Trust agrees with Ofgem’s conclusion that it is no longer appropriate to base the accreditation of cold appliances on the difference between the energy consumption of the efficient products and the market average. In terms of the alternative options presented in the consultation document we support option 1 – the continuation of the methodology used in the EEC programmes, but only allowing the accreditation of A+ and A++ appliances. We believe that it is important that CERT encourages market transformation. To date EEC has played a key role in the transformation of the cold appliance market, with (as the consultation points out) 75 per cent of the market now made up of A-rated appliances. It is important to build on this success and as such it seems sensible to focus CERT on promoting the most efficient cold appliances (ie A+ and A++). An additional benefit of this approach is that it would bring the accreditation of cold appliances back in line with ESR.

In this context we also feel it is appropriate to highlight that there should be consistency with the way the target was set (i.e. the illustrative mix) and the way schemes are approved), so if the target was set assuming that only A+ and A++ cold appliances would be approved then this is the option that should be used in the scheme approval. The consultation document does not make it clear how the target was set.

Section 3.27

We acknowledge that the monitoring data collected under SoP is very out of date and therefore no longer likely to be an accurate reflection of the current situation. We are however unaware of any additional monitoring work that has been undertaken in this area. Given that there is a clear need for such data, we strongly recommend that this monitoring work is undertaken by Defra – not just in relation to fridge savers type schemes but for all cold and wet appliances that would be targeted for trade-in schemes.

In the absence of any new sources of data we suggest that it is appropriate to use the existing SoP figure and update the current scoring scheme (outlined in Appendix 6) so that it solely focuses on energy related damage (i.e. damage that will impact on the appliances energy performance).

Section 3.30

We agree with Ofgem's analysis that there is more potential for additionality in the smaller screen sector of the TV market. In theory any incentive to purchase a small screened TV is good, particularly if this will result in the production and purchase of more smaller screened IDTVs. However, it is not clear how additionality will be measured. Attributing carbon savings to the purchase of a smaller TV (<22") will require knowledge of the size of the TV that the consumer might have otherwise purchased (or at least previously owned if a replacement), and it is not clear how a supplier would be able to prove that the consumer who bought a 22" TV would have bought a 30" TV had there been no CERT incentive in place. In addition we are concerned that focussing CERT on only TVs less than 22" will result in a very narrow focus – targeting only 12% of the television market.

We therefore believe that it would be sensible to link CERT with Energy Saving Recommended (ESR). This would mean endorsing all technologies but imposing limitations in terms of overall energy consumption and standby power. ESR certified products undergo independent testing to ensure that manufacturer's claims about the energy performance of their products are correct. This represents an additional advantage of linking with ESR.

Section 3.31

We agree that it is no longer appropriate to accredit suppliers with savings for replacing B-rated with A-rated boilers.

Section 3.32

In this section Ofgem proposes that savings should continue to be accredited for D-rated exceptions to the Building Regulations which are replaced by A or B-rated boilers. The Energy Saving Trust believes that savings should only be accredited where D-rated boilers are replaced by A-rated boilers.

Section 3.4

We agree that if suppliers are involved in the phase-out of GLS lamps then supplier activity under this agreement should be eligible for approval as qualifying action under CERT.

Section 3.35

We support proposals to maintain the requirement to a) collect names and addresses of consumers and to b) ask consumers if they wish to receive CFLs. It is important to ensure as far as possible that the lamps are desired and used by consumers.

Section 3.36

We agree that it is sensible to set the maximum number of CFLs that can be supplied at 4 and 2, where names and addresses are supplied and not supplied respectively.

Section 3.37

We agree that it is sensible to maintain the maximum number of CFLs which may be promoted through mail order and where the customer is paying a contribution to 10 per household with a minimum charge of 40p per CFL.

Section 3.38

We agree that it is sensible to align sensor lamp numbers with CFLs.

Section 3.39

We agree that it is sensible not to maintain a distinction between medium/high use and low use fittings. However, we would prefer to see a return to the EEC1 methodology where CFL savings were calculated using the actual lifetime and wattage of the lamps delivered. This would provide a more robust figure for accreditation.

We do not agree with using the same savings figure for candle lamps as they typically have a shorter lifetime and are much lower wattage lamps.

Section 3.40

We agree that it is appropriate to maintain separate methodology for accrediting halogens and dichroics.

Section 3.45

We support Ofgem's intention that only good quality installations and products be promoted under CERT, and the proposal to only approve schemes that use accredited products and installers. And as such we fully support CERT recognising UKMCS certified products and installers. However, we would not wish for one scheme to have a monopoly position now or in the future, and we therefore believe that it is important to enable CERT to link with and recognise other robust and credible certification schemes.

Section 3.50

In section 3.50 Ofgem proposes to remove the distinction in savings between fuel types. We believe that it is vitally important that this data continues to be captured for monitoring and analysis purposes. This data provides key insights into what is actually happening on the ground, and the types of houses that are having these measures installed (eg are they electrically fuelled, gas fuelled, biomass fuelled etc?). In addition this information is important for Government reporting and policy development (for example reporting against the forthcoming Climate Change Act). Defra should have an interest in knowing what is saved in terms of electricity use and what is saved in terms of gas use.

As per our comments on section 3.23 it would appear to be sensible to collect data in a way consistent with how the target was set. The mix suggested in the target is not necessarily the mix that will occur in practice, and we believe that it is important to monitor this. Not collecting this data is limiting ability to undertake analysis in future, devaluing the data set and potentially distorting carbon savings.

We would also like to highlight that we believe that not collecting this data is unlikely to save significant amounts of time/money.

Section 3.52

This section of the consultation notes that '*In the target setting methodology the carbon savings for cavity wall insulation have been reduced by 50 per cent following the analysis of field trial results (15 per cent because of comfort taking and a 35 per cent correction factor)*'. The Energy Saving Trust is aware of significant ongoing discussions about how the 50 per cent is made up, and would like to point out that the figures presented in the consultation differ from those we believe are currently being discussed by Defra/BRE so suggest that the text in brackets is deleted.

Section 3.53

Our comments on section 3.50 also apply here.

Section 3.54

In terms of Ofgem's proposal to accredit carbon savings from two starting thicknesses, less than 60mm and 60mm and above we can understand the reasoning behind this. However, this might limit the potential to validate previously held assumptions on the number of remaining virgin lofts.

Section 3.57

We do not support the proposed approach to the uplift for innovative action (ie the 5% being inclusive of the uplift). This is not consistent with the information in the recent Defra consultation on CERT. Indeed our position on the level of innovative activity allowable under CERT was based on the proposals set out within the Defra consultation (i.e. that the 5% was exclusive of the uplift). We would welcome clarification on this issue, which appears to undermine Government's intention to provide suppliers with sufficient incentives to explore more innovative measures that are likely to be required under the proposed Supplier Obligation commencing in 2011.

Section 4.11

This section of the consultation document notes that '*...it is also necessary under the demonstration qualifying action to determine the lifetime of the measure*' and that for behavioural measures '*this will be for the length of time the consumer reacts to the suppliers interaction*'. It also notes that suppliers '*will be required to justify the lifetime of their demonstration actions as part of their actions*'. As noted in our response to the Defra consultation the lifetime of behavioural measures is largely unknown. For this reason the carbon savings attributed to behavioural measures as a result of the Energy Saving Trust's activities are assumed to have a lifetime of 1 year. We do not believe there is sufficient available evidence to warrant the use of longer lifetimes for such measures. Within a 3-year scheme it is difficult to see how suppliers can determine the lifetime of such measures. We believe that these requirements present a significant barrier to the inclusion of behavioural measures within CERT and as such should be reconsidered.

Section 4.14

We believe that it is important that the results of and conclusions from suppliers' demonstration action are made available to Ofgem, and that it is appropriate for Ofgem to publish the results so that others may learn from a particular suppliers' experience. We note that the level of information provided to Ofgem might not be the level of information that would be appropriate for wider consumption, as such consideration should be given to requiring two separate levels of report – one appropriate for Ofgem's consideration, the other for wider consumption. Ultimately it will be in the interests of consumers for the sharing of results across energy efficiency practitioners.

Section 4.25

We support the conclusion that activity undertaken under the Energy Demand Reduction pilots would not be approved as demonstration qualifying action. We also agree however that activity that extends these pilots should be eligible for approvals demonstration qualifying action.

Quarterly reporting

We believe it would be helpful, as with the previous EEC 2002-05, to set out an expectation that, if suppliers have customers in more than one country, they are expected to seek to achieve savings in proportion to their domestic customers in each country. We also believe that it is important to monitor the distribution of EEC beneficiaries by country, and would like to see this as a requirement under CERT. HEED could provide a sensible and cost effective means of undertaking such monitoring as was suggested by Ofgem in their Administration Procedures for EEC 2002-05.