

**ScottishPower response to Carbon Emissions Reduction Target (CERT)
2008-2011
Supplier Guidance Consultation**

EXECUTIVE SUMMARY

CERT Targets are extremely challenging for suppliers and it is vital that the administration of the scheme is simple to ensure that delivery of the CERT targets are not affected by bureaucracy, which might prevent us from installing some of the measures within the mix.

We urge Ofgem to ensure Defra draft the order in such a way that annual changes to income levels of various benefits can take place without additional legislation. This will ensure compatibility for trading with other government schemes.

CHAPTER: Three

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

We welcome and support the removal of the requirement to submit a populated spreadsheet at proposal stage.

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 supplier's scheme.

We support a move to credit A+ and A++ appliances only. An A-rated scheme would be very complex and have uncertain outcomes.

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

We feel that we should be able to claim for B to A where we work with Social Housing Providers and Builders where they provide a declaration that they would not have been upgraded without our assistance

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

We question whether in the changed marketplace there is a need for a separate score for Fridge savers.

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

We believe that Ofgem’s proposals are appropriate for the current situation. The GLS phase out is a 7 year program in Europe with only > 100w lamps having to be phased out by 2011. Energy suppliers can have a major impact in ensuring the UK phase out will be a success, particularly for the priority group, by implementing all ofgem’s proposals. We would go further and request that halogen energy savers are included as innovative action.

We are keen for government to clarify that suppliers will be able to claim savings from CFL’s for the entire CERT programme.

Given the size of the priority group, CFL’s play an important role in delivering priority group savings and ensuring equity. We request that the number of CFL’s that we deliver for free to priority customers should be increased from 4 to 6.

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

Signed declarations have been used throughout EEC programmes and we would support their use for microgeneration schemes. It is the only simple but robust way of Ofgem monitoring schemes. We would like to see links with other government programmes, which allow programmes to work together with no risk of double counting of savings.

Question 7 – Is the 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?

UKMCS is a new scheme, which is currently not supported by the Microgeneration industry, and we understand the degree of opposition within the industry to the scheme is now being dealt with at ministerial level. We do not think it is necessary to name the accreditation scheme within the administration documents.

It is important that the microgeneration industry grows and has a reputation for high standards from the outset. We support the view that provided suitable accreditation is achieved it and is reputable there may be competition and therefore all suitable accreditation schemes should be acceptable.

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

ScottishPower are content with Ofgem’s proposals. We are pleased that there is consistent with EEC2.

CHAPTER: Four

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

Within the last bullet of 4.3 it should state “the estimated cost of promoting **and monitoring** such an action ...”

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

Neither of these reports would appear to capture customer reaction and/or consumer behaviour. The reports should be expanded to include these aspects.

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

In general this looks far too bureaucratic and is likely to hinder progress in this area, specifically:

- Details of statistical soundness and external validation (bullet 4) – the purpose of the activity is to establish this therefore it is unlikely data will be available.
- The data required in the interim report should be on progress and not detailed results to date, this additional analysis for interim reports would be costly and meaningless, unless Ofgem are expecting to either intervene or stop projects which is unacceptable.
- Details of similar trials is irrelevant, suppliers are experienced at managing projects and should not have to provide evidence to support that, this will add a further layer of unnecessary bureaucracy.
- The unbundling of every element of the trial as proposed in the first bullet of the additional requirements is unreasonable. These projects will almost certainly have more than one element; this additional requirement will significantly increase costs whilst diluting the carbon benefits.
- The third bullet on the additional requirements appears to be suggesting we monitor individual elements of consumption within the house? If this is the requirement again this adds a layer of complexity, cost and bureaucracy, to what aim?
- Short and long term needs defining
- On the last bullet, more segmentation, more bureaucracy and more cost.

These proposals are too bureaucratic and as such we would have to seriously consider the value in pursuing demonstration activity. Given this we feel the opportunity to shape the post 2011 obligation is seriously compromised. It is our intention to notify Defra separately of our concerns around the proposed administration of the Demonstration Activity. Other suppliers support our view in this area.

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.

It is important that no pre-determined qualifying actions are communicated. The idea of demonstration activity is for suppliers to come forward with innovative carbon reduction trials that are not currently included within the CERT measures. Nothing should be excluded, so long as it can reduce carbon, and as such we should not be pulling together lists of qualifying categories.

CHAPTER: Five

Question 1 – Suppliers applying to reduce the 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.

This is a sensible way to manage the supply of data to Ofgem. We would like the pro forma to be kept as simple as possible and easy to follow.

CHAPTER: Seven

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

This is a sensible way to manage the supply of data to Ofgem. A full report could be provided to Ofgem with an executive summary being available to a wider audience. There may also be commercial sensitivities.

It is crucial that the details of the flexibility option are easier to understand and are available from the commencement of CERT.

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?

We welcome the proposal to move cost contribution data from spreadsheets to pro-forma. The proposal for quarterly reporting tied to the section in the scheme spreadsheet is not workable in the timescale given for reporting. We do not calculate savings using the scheme spreadsheet until we carry out a banking report. We can however easily give numbers of measures installed under each category with an estimated saving figure.

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

We support this requirement, as it will help to ensure continuity of work and increase certainty over the outcome. It will also ensure that work in progress is banked before the end of CERT. We would however be keen to know Ofgem's definition of 'in progress'

CHAPTER: Eight

Question 1 – Consultees are asked to consider whether the proposal to reduce the requirement on suppliers to monitor free CFL utilisation from 1 per cent to a maximum of 1000 is appropriate.

We welcome this proposal as we still have more rules on CFL's than any other measure and welcome any simplification.

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.

We support this proposal as we feel the same process should be used for all measures within the scheme.

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

We agree that approved installers should carry out work and agree with the proposals that Ofgem have suggested for technical monitoring.

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

As no operational issues were previously identified and no improvements identified we suggest monitoring remains the same as EEC2.

Other Comments

We urge Ofgem to ensure Defra draft the order in such a way that annual changes to income levels of various benefits can take place without additional legislation. This will ensure compatibility for trading with other government schemes.

Wording of declarations could then be amended to 'where the relevant income is in line with the threshold set by the government at any point during the scheme'.

We do not believe that the move to digital televisions has been considered when setting targets for integrated LCD TV's of less than 22 inches. The market is already advanced in its transformation to digital televisions.

We are pleased to see that there is consistency with EEC2, building on procedures, which have worked well in EEC2.