

## EEC UPDATE

Issue 24/May 2008



The Energy Efficiency Team, with a small portion of the close of EEC2 paperwork and CDs

Left to right: Charles Hargreaves (Head of Environmental Programmes), Emily Flatt, Rob Chetwood, Jennifer Brennan, Sue Corbett, Urszula Kulpinska, Priya Patel and Steve McBurney (Head of Energy Efficiency) (inset).

## Key facts - EEC 2 final quarter:

- **Delivery of EEC2 activity has ended**
- **Final monitored savings are currently being determined**
- **Estimated activity submitted 185 TWh achieved, exceeding the 130 TWh target**
- **Estimated 55 TWh for carry over into CERT**
- **94 CERT schemes have been submitted to Ofgem so far**

## The Energy Efficiency Commitment 2005-2008 (EEC2)

**EEC2 is a government programme to reduce carbon dioxide emissions in the domestic sector. It places legal obligations on energy supply companies with 50,000 or more domestic customers to achieve improvements in energy efficiency in the domestic sector across Great Britain.**

The programme is an energy efficiency programme which achieves a reduction in carbon emissions and, as such, is part of the Government's Climate Change Programme. Defra is responsible for setting the target and for the policy behind the programme. Ofgem is responsible for administering the EEC. The obligated energy suppliers are required to provide progress reports each quarter to indicate the energy savings each of their schemes has achieved and is forecast to deliver. The data presented in this update comes from these reports.

The EEC2 target is 130 TWh and the programme ran from April 2005-March 2008. Although the programme has now been superseded by the Carbon Emissions Reduction Target (CERT), activity is currently underway to determine final savings from the EEC activity. Ofgem will report to the Secretary of State on the performance of EEC2 at the end of July 08, and this report will be available from our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). The second annual review of EEC2 is currently available from our website, along with Ofgem's review of the previous programme EEC1 which ran from 2002 to 2005.

To ensure low income consumers who pay a larger proportion of their income on energy get a larger share of the benefits, at least half of the energy savings from EEC must be targeted at the 'Priority Group' – households in receipt of certain income-related benefits or tax credits. Under CERT the Priority Group obligation is 40 per cent to reflect the larger scale of the target, and the Priority Group has been extended to include everyone aged 70 and over. Through this, the EEC also contributes to the Government's Fuel Poverty Strategy.

Suppliers have complete flexibility in the types of energy efficiency measures that they can provide to customers, such as insulation, lighting, appliances and heating measures. These measures can also be promoted and delivered with a range of project partners such as social housing providers, charities, retailers and manufacturers. Suppliers can help any domestic customer in Great Britain, whether their home is heated by gas, electricity, coal, oil or LPG.

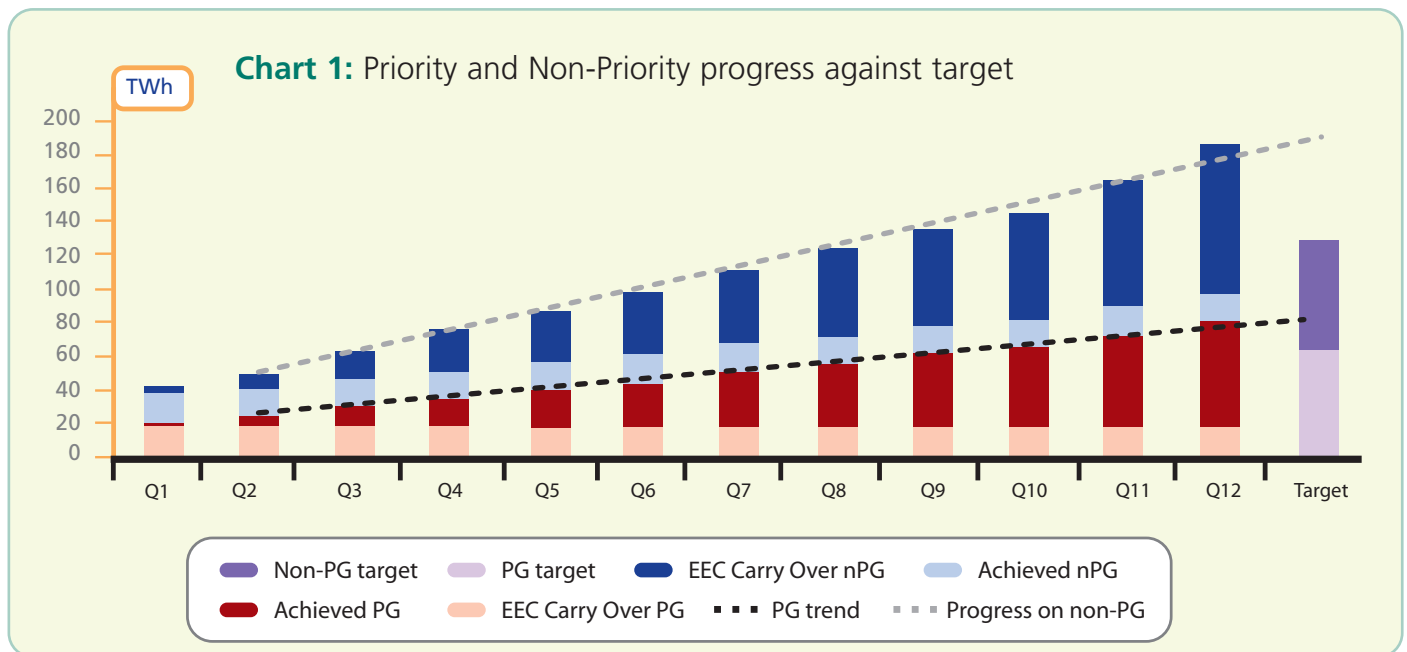
## Final EEC2 achievements

The suppliers' final data on their activity was required to be submitted to Ofgem by 30th April 2008. The Energy Efficiency Team at Ofgem are now working to verify all the data and determine final savings achieved by all the suppliers under EEC2. Ofgem's final report on the outcome of EEC2 will be published by the end of July, once all the monitoring has been completed and all carried over savings accounted for. This report will be available from our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

**Chart 1** shows savings achieved in each quarter broken down into Priority (red colours) and non-Priority Group (blue colours) savings. The paler colours indicate carry over from EEC1 and the darker colours indicate savings achieved

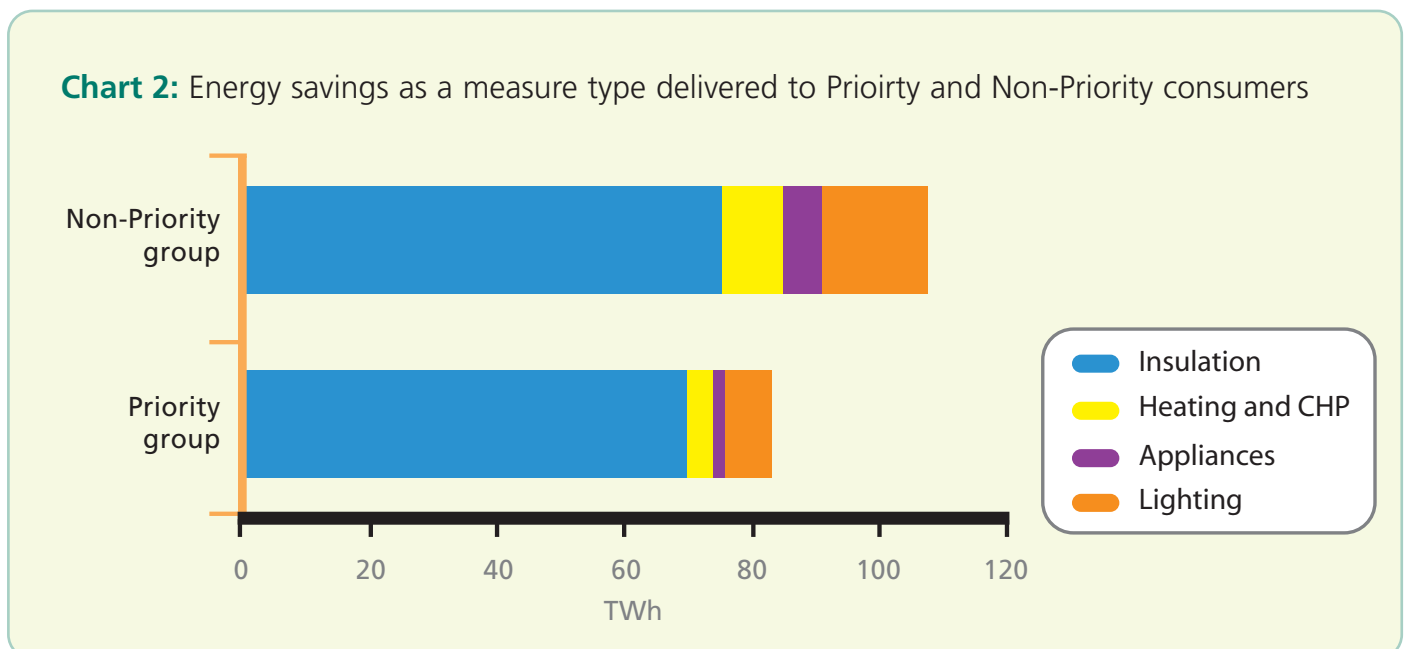
during that quarter of EEC2. A trend line is shown for both Priority and non-Priority Group savings. From the estimated data, indications are that all suppliers have complied with their obligations, including the requirement to achieve at least 50 per cent of their obligation from activity in the Priority Group. These data will be verified once we have had opportunity to assess all the closure reports from the suppliers.

185 TWh of energy savings have been achieved in total during EEC2 programme, this is almost one and a half times (143 per cent) of the 130 TWh obligation. This 55 TWh will be able to be carried over to count towards supplier's CERT obligations.



It can be seen from **Chart 2** that savings achieved in the Priority Group now comfortably exceed the 65 TWh target. As expected, insulation accounts for the majority of the savings from both the groups, with lighting measures

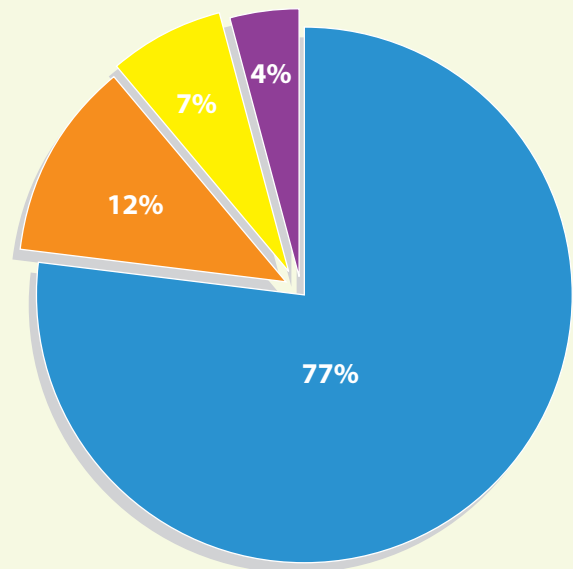
accounting for the second largest savings. Within the Priority Group only 15 per cent of the savings were achieved through measures other than insulation, whereas for the non-Priority this is nearly doubled to 29 per cent.



Insulation continues to be the dominating energy saving measure accounting for 77 per cent of the total number of measures installed. However, the proportion of savings from

insulation now stands at 77 per cent compared to 80 per cent last quarter as there has been an increase in activity across all other measures.

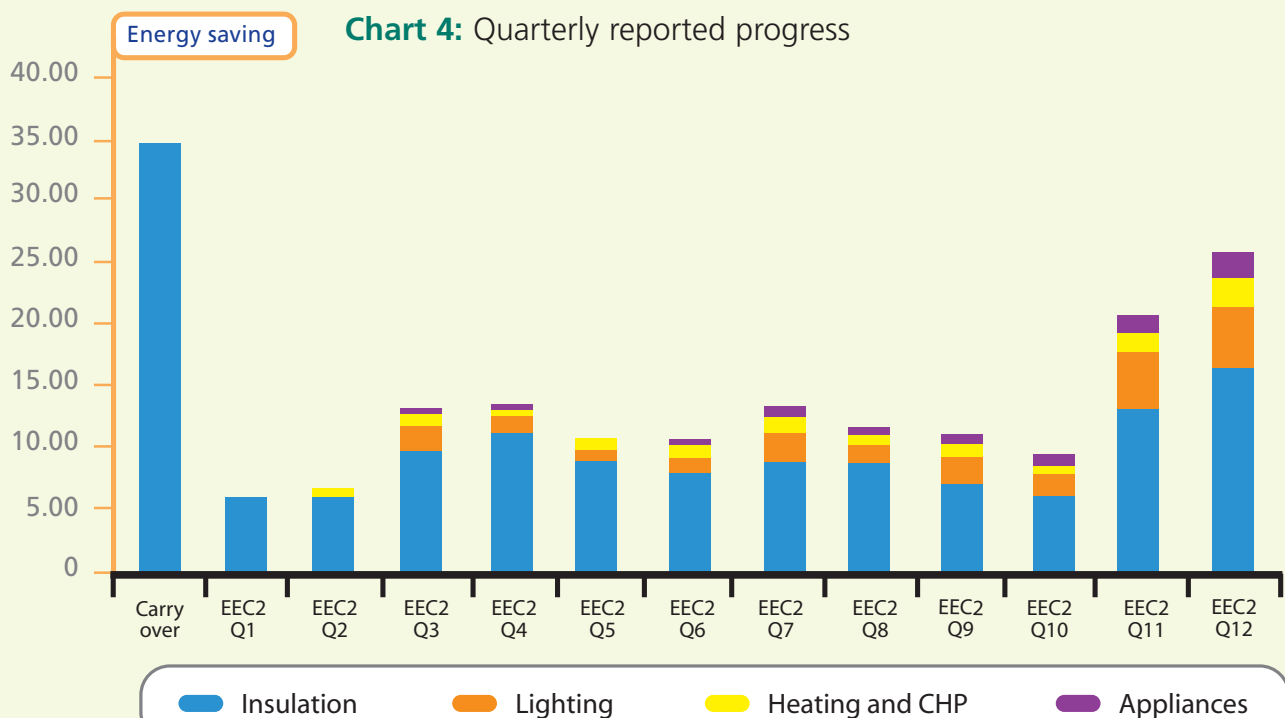
**Chart 3:** Energy savings as a percentage of the total achieved by measure type



The Q12 reports contained the largest amount of EEC activity reported in any one quarter at 26 TWh. This is more than in quarter 11, and more than double that reported in some of the earlier quarters of the programme. This is partly a result of energy suppliers increasing their activity to ensure compliance

with the Priority Group obligation and in order to make a good start towards their CERT obligations, as energy savings can be converted to CO<sub>2</sub> and carried forwards.

**Chart 4:** Quarterly reported progress



## Carry Over in to CERT

Suppliers have achieved an estimated 55 TWh (15 TWh in the Priority Group and 40 TWh in the non Priority Group) in excess of their EEC2 targets, which is eligible to carry over into CERT. This is now being to be converted into lifetime tonnes of carbon dioxide (non discounted) to make these savings

comparable with the CERT target. The calculations used are those used for Defra's illustrative mix. The final monitored figure for CO<sub>2</sub> savings carried over into CERT will be published in the EEC2 final report.

## Carbon Reduction One Stop Shop (CROSS) Funding Partnership

A clearing house mechanism has been set up to make it easier for local authorities to benefit from CERT, managed by Enact. Local authorities can apply to Enact for funding and packages of work will be auctioned to energy supply companies.

The CROSS Funding Partnership has been carefully developed to make it simple for

LAs and RSLs and their tenants to benefit from CERT whilst providing utility companies with a simple process to access social housing and generate CO<sub>2</sub> savings towards their CERT targets.

More information is available from 0870 442 7601 or [www.funding.org.uk](http://www.funding.org.uk)

## CERT targets set

Ofgem set the suppliers individual CERT obligations in February. These are a proportion of the overall CERT target, based on each obligated supplier's domestic customer numbers.

## Energy efficiency team



### Contact details

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The contact details for those suppliers with an EEC target are available from Ofgem's website:  
<http://www.ofgem.gov.uk/Sustainability/Environmnt/EnergyEff/Contact/Pages/Contact.aspx>

If you have any comments or suggestions on the information provided within the EEC Update, we would be happy to hear them. Please email your thoughts to [eec@ofgem.gov.uk](mailto:eec@ofgem.gov.uk)

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### We do this by:

- promoting effective competition, wherever appropriate
- regulating only where necessary.

