

CERT Update

Carbon Emissions Reduction Target

Issue 2/November 2008

Key facts – CERT quarter two:

- 20.1 Mt CO₂ emissions reductions achieved in the first 2 quarters of CERT
- Including carryover, 57.9 ¹MtCO₂ achieved against the target
- 44% of this activity to target has been in the Priority Group
- 66% of savings are from insulation
- 27% are from lighting

The CERT Programme:

- CERT is the government's main domestic energy efficiency instrument
- DECC is responsible for the policy. Ofgem administers the programme.
- CERT target is 154 Mt (lifetime) CO₂ (roughly double the EEC2 target)
- 40% of the obligation needs to be met in the Priority Group
- The Priority Group includes those aged 70 and over and those on qualifying benefits
- Market transformation action – an incentive for new measures (and solid wall insulation and micro CHP) through uplifted savings
- Priority Group flexibility mechanism – uplift for ground source heat pumps and solid wall insulation in low income hard to treat homes (defined in the legislation)
- Demonstration action – credit given (based on expenditure) for trials of new measures or consumer reactions

Survey

Thanks to all who responded to our 'CERT update' survey. The results were overwhelmingly positive. We have taken your suggestions for improvements on board where possible in designing this new look update.



Energy Action Scotland's EnergySavers Award 2008 From left: Norman Kerr, Energy Action Scotland; Jackie Baillie MSP, Energy Action Scotland; Calum MacPhee, Lochalsh & Skye Housing Association; and John Clough, eaga (sponsor). Photo: Ryan Paschke at liquidimpact.co.uk

Numbers of measures delivered in Q1 + Q2

Type	Cavity wall insulation	Loft insulation	Solid wall insulation	Fuel switching	CFLs	Heat pumps (ground source)
No	217,942	246,580	5,121	4,320	27,662,035	71

The table above shows the number of measures delivered by suppliers through CERT in the first 2 quarters.

To avoid complicating the reporting and analysis process, only these main measures are reported on. It is important to note that these data are for approved supplier schemes only and does not cover those currently going through the approved process. Hence they are an underestimate of the actual activity achieved to date.

Ground source heat pumps are the only microgeneration measure which have been delivered so far. There are a small number of supplier schemes also promoting solar water heating, but these have yet to deliver any measures. Both these measures are eligible for market transformation uplift.

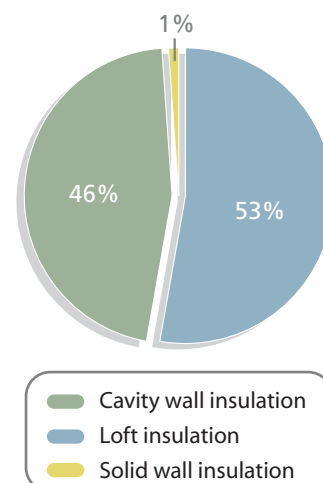
Approximately 11% (3 million) of the CFLs delivered were through retail schemes. The rest were provided for free or via mail order.

Just under 470,000 insulation measures have been delivered so far during the CERT period. The following pie chart illustrates the proportion of these installations that are cavity, solid wall or loft. It can be seen that solid

wall insulation only accounts for a minority (1%) of installations so far, which is unsurprising as it is much more expensive. The majority of these installations were carried out were during quarter 2.

The rest of the installations are split almost equally between cavity wall and loft.

Chart 1: Proportion of insulation measures delivered to the end of Q2

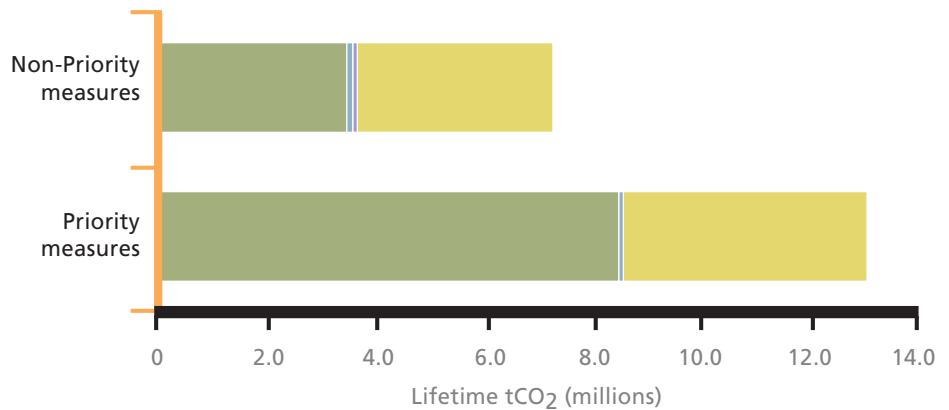
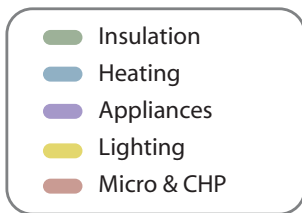


¹ All references to MtCO₂ are lifetime tonnes, i.e. the reduction in emissions occurring over the lifetime of the measures installed.

A reduction of 20.1 Mt CO₂ emissions has been achieved in the first 2 quarters of the programme. A further 37.8 Mt CO₂ savings were carried over from EEC2 into CERT, making the total savings to

target 57.9 Mt CO₂. Chart 2 shows how these savings are split between measure type, and between the Priority and non Priority Groups.

Chart 2: CO₂ savings by measure type delivered to Priority and non-priority consumers (excluding carryover)



It is useful to consider the savings achieved during the programme without including the carryover, as this shows what is being achieved through activity set up specifically during the CERT period (although the carryover will be counted toward the suppliers' targets). It also gives an indication of what kind of activity might be delivered in future quarters under CERT without this being distorted by the EEC2 carryover activity.

Chart 2 shows that the majority of savings are from insulation measures, with lighting measures also accounting for a large proportion of the savings. In Q1 there were virtually no savings reported from appliances schemes although several appliance schemes were in the process of being set up. Some of these have now progressed and are starting to deliver savings. We would

expect to see this pattern continue as more appliance schemes are set up as the programme develops.

As in Q1, the pattern of measures delivered to the Priority Group and non Priority Groups are slightly different with almost equal savings coming from insulation and lighting schemes and a larger amount from heating (mainly heating controls and fuel switching) in the non Priority Group. A larger proportion of Priority Group savings come from insulation measures. This is not surprising as measures promoted to this group usually need to be fully funded by suppliers and insulation is a popular choice as it is a cost effective way of delivering large amounts of carbon savings and cost savings for the consumer.

Developments in Energy Efficiency Policy

In October the government created a new department bringing together energy and climate change. These functions have been moved from BERR and Defra respectively into the new Department for Energy and Climate Change (DECC). This new department is now responsible for CERT policy rather than Defra.

On 11th September 2008 the Prime Minister announced the government's intention to expand CERT by an extra £560 million worth of activity. A further £350 million will go towards a new

Community Energy Saving Programme (CESP), focused on deprived areas. The government proposes that electricity generating companies as well as energy suppliers will have an obligation under this new CESP programme.

<http://www.defra.gov.uk/news/2008/080911a.htm>

DECC is planning to consult on these changes.

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