

Carbon Emissions Reduction Target

Issue 4/June 2009

Update

Quarter 4 Headlines:

- 55.3 MtCO₂ emissions reductions achieved during the first year of the CERT period.
- 93.1 MtCO₂ achieved to target (includes carryover). This equates to 60% of the current CER target and 50% of the increased target proposed by DECC.
- 45% of savings to target are from the Priority Group.
- 61% of total savings to target are from insulation.
- 31% of total savings to target 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). DECC have proposed to increase this target to 185 MtCO₂.
- 40% of the obligation to be met in the Priority Group.
- The Priority Group includes those aged 70 and over and those on qualifying benefits.
- Market transformation action – uplifted savings for new measures, solid wall insulation and micro CHP.
- Priority Group flexibility mechanism – uplift for ground source heat pumps and solid wall insulation in low income hard to treat homes (as defined in the legislation).
- Demonstration action – credit given (based on expenditure) for trials of new measures. or consumer reactions



Ofgem CERT team's visit to Ice Energy, suppliers of heat pumps. From left to right: Priya Patel, Urszula Kulpinska, Andrew Hillier, Steve McBurney and Andrew Sheldon.

Number of measures delivered in the first year of CERT

Table 1

	Type	No
Insulation	Cavity wall	545,594
	Loft insulation (excluding DIY)	689,353
	Solid wall insulation	8,626
Heating	Fuel switching	15,733
Lighting	CFLs	152,677,723
Microgeneration	Heat pumps (Ground source)	545
	Solar water heating (m ²)	216
	Small scale CHP	1

Table 1 above shows the number of measures delivered by suppliers in the first year of CERT and excludes measures carried over from EEC2.

Table 1 contains data for approved supplier schemes, it does not cover those currently going through the approval process (suppliers often begin delivery before a scheme is approved). The figures are hence a slight underestimate of the actual activity achieved to date.

Since last quarter, loft insulation installations have increased by almost 80%; this continues a trend from previous quarter's activity. However, both cavity wall installations and solid wall installations have decreased by 21% and 28% respectively. The demand for insulation measures increased significantly in quarters 3 and 4 compared to quarters 1 and 2 of the CERT scheme. Microgeneration and CHP activity is progressing slowly and 1 small scale CHP has now been installed.

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

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Chart 1 illustrates the proportion of loft, cavity and solid wall insulation measures delivered during the first year of CERT. Solid wall, as in previous quarters continues to account for only 1% of the measures.

The proportion of cavity wall insulation has decreased from the previous quarter and there is now a greater shift to loft insulation. Last quarter proportion of cavity wall and loft insulation were almost equal.

Chart 1: Proportion of insulation measures delivered to the end of Q4

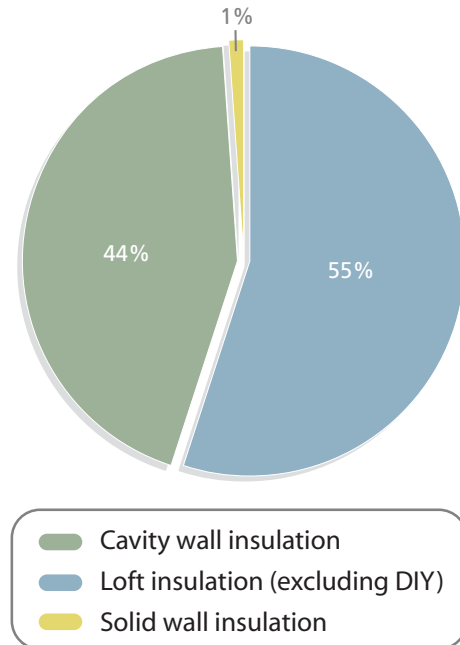


Chart 2 shows the reduction in carbon dioxide emissions achieved in each quarter of the first year of CERT, broken down into Priority and non Priority Group savings for CERT and EEC2 carryover. From the data it can be seen there has been a steady growth of CERT Priority Group savings achieved quarter on quarter, whilst CERT non Priority Group savings have increased to savings of 25.8 MtCO₂ for quarter 4.

Including carryover, 93.1 MtCO₂ savings have been achieved in total during the first year of the CERT programme, leaving 60.8 MtCO₂ of savings to be achieved to meet the CERT target. Compared with DECC's larger proposed target, this leave, 91.8 MtCO₂ of savings to be achieved.

Chart 2: CERT year 1 – Priority and non Priority Group progress with EEC2 carryover

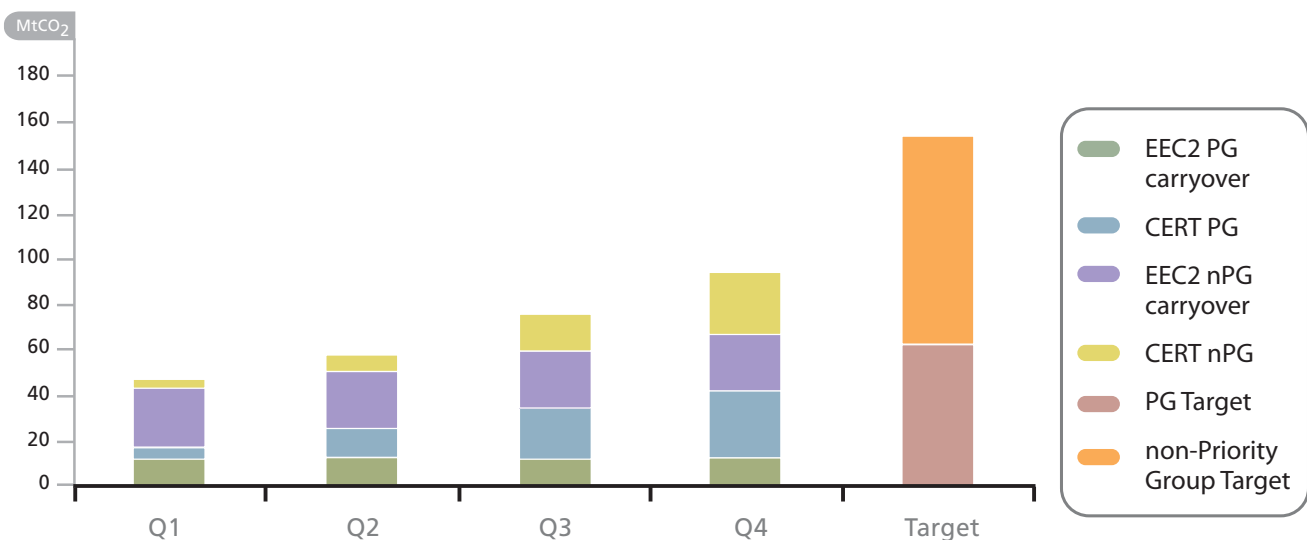


Chart 3 shows the carbon dioxide emissions reduction by measure type and Priority Group and non Priority group. The chart excludes carry over from the EEC2 programme and therefore represents only what has been delivered in the first year of the CERT programme.

The chart shows that there has been more activity in the Priority Group during the CERT period than in the non Priority Group. The Priority Group accounts for 29.4 MtCO₂, while the non Priority Group activity accounts for 25.8 MtCO₂.

Both groups show similar trends in measure activity for heating and lighting. There has been a slightly larger proportion of savings delivered through insulation schemes in the Priority Group than in the non Priority Group. Appliances and Microgeneration & CHP account for a slightly larger share of savings in the non Priority Group. The reason is likely to be because the non Priority Group are able to afford these measures even without a full subsidy, they will be less affordable for the Priority Group.

Chart 3: CO₂ savings by measure type delivered to Priority and non Priority consumers (excluding carryover)

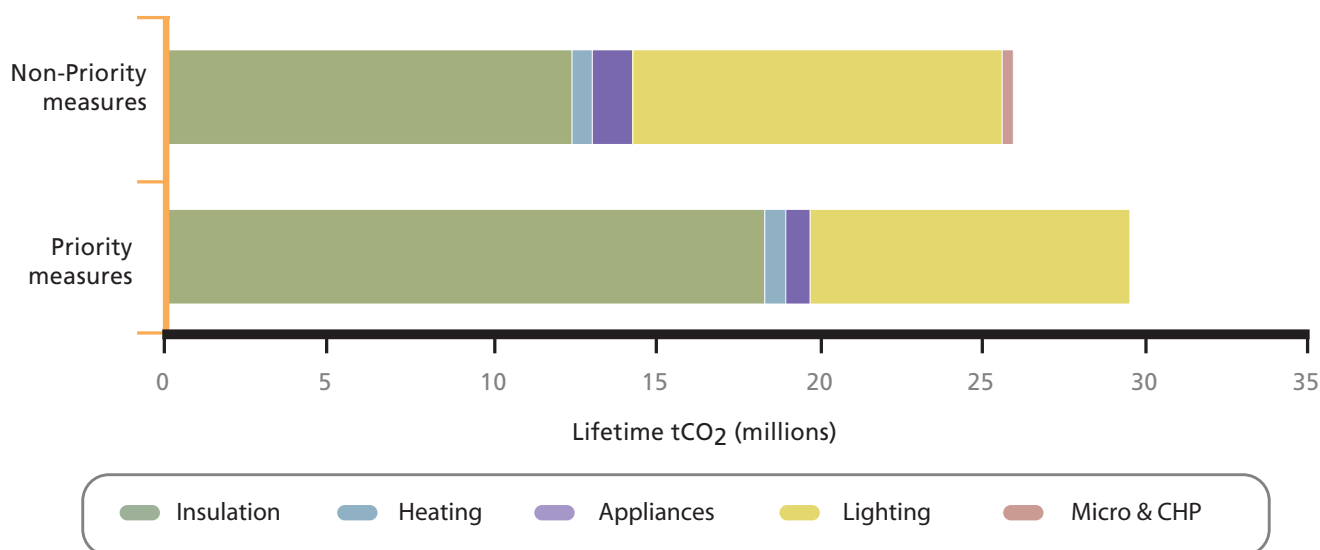


Chart 4: Total CO₂ savings by measure type including EEC2 carryover

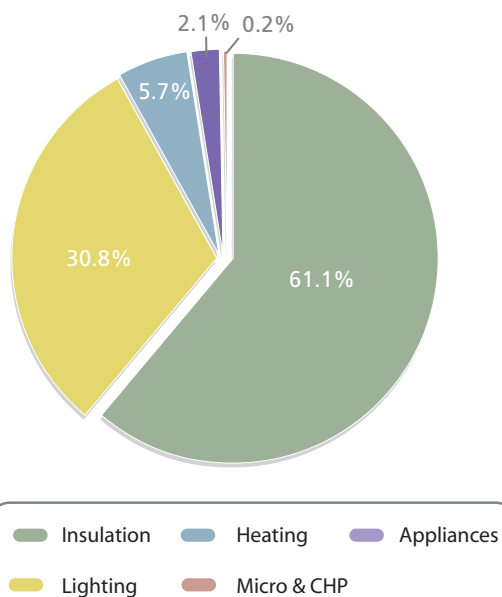



Chart 4 shows the breakdown of the reduction in carbon dioxide emissions from each measure type, including carryover. The majority of savings continue to come from insulation measures, with lighting measures following. Savings for lighting accounts for over a quarter of the total savings.

Although insulation and heating activity has increased since the previous quarter, these measure types account for proportionally less of the total savings than in quarter 3. This is due to increased activity in appliances and lighting. With the first small scale CHP installation and a steady increase in the number of heat pumps, the microgeneration category remains small.



Policy developments

The DECC consultation on changes to CERT closed on the 14th April. The responses to this consultation and the stakeholder workshops are now being considered and in the light of these DECC will take the final decisions on the detail of the programme.

These will be reflected in the legislation which DECC plan to lay before Parliament in the summer. This will be debated in both Houses before it comes in to force. DECC hope to have this process complete before the summer recess.

Ofgem will consult on how we intend to administer these changes to the CERT legislation. We will publish the CERT Supplier Guidance Amendments consultation document once DECC have announced their final decisions.

The CESP (Community Energy Saving Programme) and Heat and Energy Saving Strategy consultations closed on the 8th May. Ofgem will administer the new CESP programme and we are currently recruiting a team to work on this. We are considering how to best fit the CESP administration alongside the current CERT programme in order to administer both programmes in the most effective and efficient way. We will consult on the detailed CESP guidance procedures later in the year.

CERT team contact details



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The contact details for those suppliers with a CERT obligation are available from Ofgem's website: <http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Contact/Pages/Contact.aspx>