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Ofgem
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13th August 2009

Dear Emily,

Re: Consultation on CERT 2008-2009 Supplier Guidance Amendments

The Energy Saving Trust is pleased to respond to Ofgem's consultation on amendments to the CERT Supplier Guidance. Our response focuses on the relevant areas of the Energy Saving Trust's expertise and we do not attempt to answer questions outside our area of expertise. Please note that this response should not be taken as representing the views of individual Energy Saving Trust members.

We look forward to working with Ofgem to further develop the proposals within the Consultation. Please contact me on 020 7654 2629 or ben.castle@est.org.uk if I can be of further assistance.

Yours sincerely,

Ben Castle

Strategy Manager
Energy Saving Trust

Functionality of displays

- The consultation document suggests what information a RTD must display in order to qualify for CERT schemes (paragraph 2.5). The document also suggests that suppliers must ensure that the RTDs supplied are 'appropriate for the user, and are practical and able to be used', and that this should include appropriately sized text and button sizes (paragraph 2.18) and positioning are important factors.

- Based on recent research we commissioned in to the usefulness of different display designs and features[1] we believe it is possible to go further than this in setting out requirements which displays need to have in order to qualify for supplier CERT schemes

- Our research shows that although the UK has a relatively well developed (clip-on) energy display market, the majority of displays currently on the market have not been designed with the insight of market/consumer research. They often do not convey the information consumers need in the most useful and accessible form. As a result information from displays can often be confusing or relatively meaningless and as a result fail to engage consumers and produce the desired behavioural change.

- There is a remarkable degree of convergence between different consumer groups on what information and design features they feel would be most useful for them.

- We recommend that Ofgem explores using this data to sets out more comprehensive minimum requirements for RTDs. The absence of stronger requirements is likely to result in sub-standard displays being delivered, which fail to engage and inform households and therefore fail to deliver the level of energy saving benefits predicted.

  Based on our research with consumers groups and assessment of display design theory and ergonomics, we recommend that Ofgem broadens its description of the information and design requirements for displays, as follows:

1. The default display should include

   i) A clear analogue indicator of current rate of consumption

   ii) Current rate of consumption as a rate of spend in £ per day (numeric)

   iii) Cumulative daily spend in £ (numeric)

2. The display should offer the following options though interaction (by pressing a single button):

[1] 'Energy Saving Trust (2009 forthcoming), Exploring Consumer Preferences for Home Energy Display Functionality. A draft copy of this report accompanies this submission.

i) Spend in last seven days, day by day

ii) Spend in last complete week

iii) Spend in last complete month

iv) Spend in last complete quarter

The historic periods should match the utility's billing periods in order that the display is consistent with household bills.

3. The display should offer the option (by pressing a single button) of switching units from money to power, i.e. from £ per day and £ to kilowatts and kilowatt-hours.

- We do not believe these minimum standards will have significant, if any, cost implications for displays.

- While displays should be designed to be intuitive, wherever possible their installation should be combined with face to face advice on how to use the display, to ensure consumers are capable of accessing the information they need. If displays are fitted by a display or agent, it is important that they are positioned in a location which is visible. Recent research into the use of smart meters with accompanying displays found that households with displays in visible places such as a hall or kitchen were five times more likely to interrogate their display on a greater than once a quarter basis than those with meters in less visible places[2].

- Where displays are sent in the post clear instructions for installation and use along with 'recommended locations' for positioning should be given to customers.

Question 1: What evidence should be provided by suppliers to satisfy Ofgem of the lifetime of the battery in an RTD under normal conditions of use?

- We support the proposal to require evidence of battery life. Suppliers should be required to submit their own evidence to demonstrate the likely life of batteries. While RTD manufacturer evidence could be used, this should be supplemented with additional independent evidence based on real-life use. Findings form the Energy Demand Research Project (EDRP) should be used as evidence of the battery life of some RTD models.

- Both the EDRP and the research sited above could also be used to assess the reliability of different RTD models. It appears that some RTDs are of a relatively low quality and are liable to break fairly quickly or produce readings which are highly inaccurate.

Question 4: Respondents are invited to comment on the level of monitoring of RTDs, and whether the questions are appropriate.

[2] New Perspectives, Ofgem (2008) Warm Plan Smart Meters Monitoring Report (Phases 3 to 5), http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=112&refer=Markets/RetMkts/Metrng/Smart

- We strongly support the proposals for monitoring RTDs. Due to the relatively high level of uncertainty surrounding savings from RTDs, it is vital that such monitoring activity goes beyond a simple assessment of whether or not a display has been delivered. As suggested in the consultation document, contact with RTD recipients should also be used to assess whether the display has been used and whether or not it had led to behaviour change. From our experience of conducting evaluation of behavioural change programmes and advice, we suggest the survey should contain both unprompted and prompted questions. Prompted questions should cover a range of possible behaviours to aid participants in thinking through what behaviours they have always done and those which they may have adopted since using the display. We would be happy to provide more assistance in developing the detailed survey design.

- One of the biggest potential benefits of the recent amendments to CERT is the potential for these changes to inform future policy decisions. The roll out of RTDs by suppliers under CERT offers a unique opportunity to build on the research we recently commissioned, in assessing the strengths and weaknesses of different display designs. Such evidence would be key in helping to inform government decisions over minimum standards for in-home displays to accompany smart meters. As well as the suggested areas of coverage, this would require the survey to also cover as a minimum:

  - the name of the display model

  - the ease with which they were able to use the display and understand the display information

  - what aspects of the display information was most useful and least useful

  - what additional information they would require for the display be more useful to them in monitoring their energy use

  We would be happy to discuss the full requirements of this work in more detail.

- Such research would not necessarily need to form part of the more conventional monitoring activity and could potentially be done at minimal additional costs with a smaller sample size (depending on overall volumes).

Question 5: Are Ofgem's proposed requirements for the content of HEAs sufficient to maximise the likelihood of carbon savings being realised?

Question 6: Are the proposed requirements on obligated suppliers promoting HEAs sufficient to prevent mis-selling of energy efficiency and low carbon products.

Question 7: Respondents are invited to comment on the proposed level of monitoring of HEAs, and whether the proposed question themes are appropriate.

- We support the requirements for the content of HEA as set out in the consultation document. However, it is not clear how it will be possible to ensure that Home Energy Assessors comply with both the 'letter' and 'spirit' of these requirements. In particular, there is a risk of the behavioural part of the advice to be treated as of secondary importance with a simple 'tick box' approach adopted. To be effective at changing behaviour such advice needs to be well delivered with households persuaded of the benefits of changing their behaviour.

- The licence condition and code of practice outlined in consultation document may help reduce the risk of mis-selling of energy efficiency and low carbon products. However, we note that in suppliers can fail to follow such guidance when selling tariff offers[3]. Additional procedures may be needed to give higher confidence in compliance.

- In addition to monitoring activities by suppliers we belief there is a strong case for Ofgem to carry out independent spot checks. This could involve contacting recipients of HEAs soon after they have received visits and checking that the HEA has complied with the content requirements and relevant codes of practice. A system for customers to report substandard or misleading advice could also be employed, for example by providing Consumer Focus's free phone number as standard at the point of the home visit or on the HEA report.

- We strongly support the suggested requirements for monitoring of HEAs. As with RTDs, the relative uncertainty over savings from HEAs, means it is important monitoring activity improves our understanding over the behavioural response to receiving HEA. We would be happy to use of experience of evaluating behavioural advice to recommend how such a monitoring survey could be best designed. As with RTDs a structured questionnaire using unprompted and prompted questions specific to individual behaviours is likely to be necessary. The period between receiving a HEA and being contacted for monitoring purposes is likely to have an important baring on what customers recall and the accuracy and detail of their answers. This should be controlled for and recorded.

- The proposed qualification requirements represent a basic level of advisor competence. Greater assurance over the standard of advice delivered under HEAs would be offered through requiring stronger qualifications. Depending on the detail of the qualification and the way it is taught, the new NOS for Housing and Community Advisors could offer advantages over the other proposed qualifications. This will need to be demonstrated once the qualification is up and running. Alternatively, the other qualifications could be adapted and strengthened further. To be most effective advice qualifications must cover:

- Softer skills. Coverage of softer skills is vital to ensure advisors can communicate well and effectively convince customers of the benefits of acting on their advice. The nature of these skills suggest they need to be taught and tested for in practical way and not through a written test. It is not currently clear whether the new NOS qualifications will be delivered in this way or not.

[3] http://www.tradingstandards.gov.uk/policy/policy-pressitem.cfm/newsid/264

- Continued Personal Development (CPD). We see CPD as vital as this is such a fast changing field with new products and services emerging all the time- for example the introduction of smart meters will require new advisor skills to be able to use and explain the meters. I saw inclusion of CPD refs in earlier versions of the NOS but its not in this one- unless I've missed it.

- A standard way of capturing HEA (and RTD) data will be required for reporting purposes and the use of the Home Energy Efficiency Database (HEED). We will be happy to discuss this in more detail.

Question 8: Is our representation of domestic CFL penetration and the surrounding issues reasonable, and in particular are there any further issues we might have missed?

- We agree with the representation of domestic CFL penetration and surrounding issues. Further consideration could be given to the voluntary phase out of incandescent bulbs, which is already underway, and the mandatory EU phase out that will begin this September. As alternatives to CFLs disappear from retailer shelves, the additionality of carbon savings and value of CFL schemes (of any form) within CERT becomes more questionable.

Question 9: Are the proposed CFL scheme restrictions suitable and sufficient to ensure carbon savings from this measure are maintained?

- We strongly support Ofgem's proposed action to further control the use of CFL schemes prior to, and after, the 1st January 2010.

- Considering the issues relating to the huge penetration of CFLs and uncertainties over their installation, use and savings, we question whether suppliers that have not yet utilised the direct customer mail out option should be allowed to do so prior to the 1st January. This would risk further undermining the credibility of CERT as a carbon saving policy. We also believe it is likely that many of customers of these suppliers will have already received the benefit of other CERT CFL schemes.

- We believe that the time frames for both the voluntary UK and mandatory EU phase outs of incandescent bulbs should be reflected in the rules governing CERT. Overtime, the availability of the full range of non-CFL bulbs will diminish as major retailers opt not to sell them or as stocks become exhausted. This suggests that the use of customer request based give-aways and retail schemes should both be time limited and not remain an option for suppliers up to the end of the current CERT period in 2011.

Question 10: Is the variety of bulbs proposed appropriate, and does this allow sufficient consumer choice to ensure the realisation of carbon dioxide savings?

- We agree that consumers are more likely to use the bulbs if they have requested them and have been able to chosen which bulb type is most useful to them. For many consumers the design and look of the bulb is of considerable importance. We are therefore supportive of these proposals though, as mentioned in the above answer, we believe additional consideration should be given to further limiting the use of CFL schemes as the impact of the voluntary and mandatory phase-outs are felt.

Question 11: Are the proposed restrictions for multi-pack and multi-purchase CFLs set at the correct level to ensure savings are realised?

- We strongly support the proposal to restrict the number of bulbs offered in multi-packs and multi-purchases. Such offers clearly increase the potential for more bulbs to be bought than are actually required and risks loses to carbon savings.

- Ensuring that consumers are able to choose the bulbs most suitable for them will be important in ensuring that they are used properly. Ensuring variation in the multi-pack offering will therefore be important.

Question 12: Respondents are invited to comment on what constitutes a request for a giveaway CFL, and what does not constitute a request.

- We support the proposal to consider a 'request' as when the contact has been 'instigated by the consumer'.

Question 13: Given the scale of the CER target, are the monitoring requirements currently in place appropriate and set at a sufficient level to ensure that energy suppliers are meeting the requirements of the Order?

- We support the proposal for monitoring requirements to be extended for the purpose of assessing the impact of RTDs and HEA. We believe this is important to ensure carbon savings are accurately accounted for and to protect the integrity of the CERT scheme. It is also vital for informing decisions over future policy options post 2012.

- We look forward to continuing to work with Ofgem, suppliers and DECC to explore how HEED can be used to report regional distribution of CERT measures and avoid double counting with CESP schemes.