

Emily Batchelor
Energy Efficiency Manager
Ofgem
9 Millbank
London
SW1P 3GE

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

14th August 2009
Tel: 01738 512 608

Dear Emily

CERT Supplier Guidance Amendments

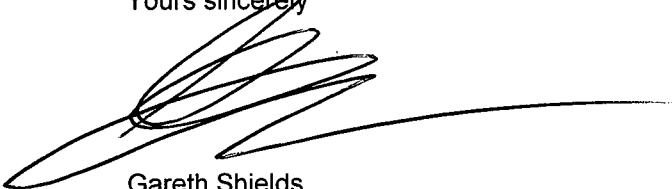
Thank you for giving SSE the opportunity to comment on the proposed amendments to the CERT Supplier Guidance.

We have looked at the proposed amendments and how Ofgem intend to administer these, as well as examining the detail surrounding the further clarification of other areas of the existing CERT Supplier Guidance. You will find our detailed answers to each question on the enclosed annex.

Overall we are supportive of Ofgem's proposals and hope that the suggested amendments and additions given in the attached paper will help reach the stated intentions. We look forward to working with Ofgem to help achieve these.

I hope that you find the answers and information contained in this response helpful. Should you require to discuss anything further, then please contact my colleague **Paul Wilkins** on **0118 953 4274** who will be able to assist.

Yours sincerely



Gareth Shields
Regulatory Analyst

Annex.

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 believe that lifetime of the battery and/or batteries supplied or installed with the Real Time Display (RTD) should be supported by a declaration from the respective manufacturers. Details should include the definition of "short life" and "long life".

With regards to customers specific requests for RTDs, SSE will provide RTDs as part of a tariff such as **better plan**. In all cases, customers will have to request to change to this, and any future, energy saving tariff.

Question 2 - *Are Ofgem's proposals to ensure that the required information is gathered from partner organisations distributing RTDs sufficient?*

As we currently undertake the majority of these actions as part of our **better plan** tariff, we do not have any issues with these proposals.

Question 3 - *Is the proposal for determining the Priority Group percentage for an RTD scheme sufficient?*

Ofgem's proposal is a proven, pragmatic approach that we have used historically to determine Priority Group percentages. We therefore believe it to be sufficient.

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

We strongly advocate that the monitoring of RTDs should be kept as simple as possible in order to determine usage patterns and behavioural change, so arising, in domestic energy use. The purpose of the monitoring should be clear from the outset. We believe the aim should simply be restricted to determining if the RTD was delivered, then installed and ultimately still working.

Further to this, we firmly believe that it is not appropriate to use utilisation monitoring to attempt to measure the effect on behaviour, to do this in a scientifically robust manner would require a complex survey designed by an experienced social scientist.

In conclusion, we believe that this type of utilisation monitoring and study should be left to the specialists within the Energy Demand Research Project.

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

The stated aim of the Home Energy Advice (HEA) package is to maximise carbon savings. We all want customers to install energy efficiency measures, which will come out of informed, balanced decisions arising out of professional, qualified advice.

We believe that this advice will need a sales predisposition, as there will be little use in giving high quality advice if customers do not act on it. A related sale is absolute proof that specific advice has been heeded.

There is a danger that merely ticking boxes to prove that a customer understands about energy efficiency following a home visit or audit is deemed sufficient. There is no proof that this advice will lead to behavioural change or the installation of energy efficiency measures, unless there is a desire to implement costly follow-up systems.

We would also like to take this opportunity to comment on the proposals for domestic boiler inspections, as it is not clear what the value of a visual, non-technical, boiler inspection will be. For example, it is difficult to advise on the correct setting of a boiler thermostat as:

- The setting of each thermostat will be dependent on unknown system characteristics, and;
- Very often these thermostats will have a graduated scale with no indication of actual temperature

We would be glad to discuss these issues further with you

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

We agree that mis-selling in the form of inaccurate advice, or high pressure sales methods, should be prevented. The overarching principles of Ofgem's Retail Market Probe Remedies along with those contained in our Licences and the EnergySure Code should undoubtedly apply to the conduct of the advisor undertaking the visit.

The role of the Home Energy Advisor is to provide advice, so that customers can make informed decisions about how to improve their homes' energy efficiency. In the case of a Home Energy Advisor, they should be able to advise on all appropriate and pertinent measures.

The customer's choice should be the deciding factor. It is therefore important to strike a balance between selling, advice and getting measures into the home.

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

It can be used as a quality control check on HEA visits, but not for effectiveness. We believe that it will be difficult to design a scientifically robust questionnaire which can be used to determine the effectiveness of HEAs. To get any value from this, Ofgem could consider commissioning the design of a structured generic survey, which can then be used by the energy suppliers.

Such a survey is likely to have a significant number of questions and may need to be conducted face-to-face. There may be an element of increased costs for this exercise, but the resultant data would be of far superior quality, with sample sizes significantly smaller.

DIY Loft Insulation

Having reviewed the proposals by Ofgem to reinforce the Guidelines by adding to the guidance requirements, we would like to take this opportunity to comment further on DIY loft insulation.

We believe that there should be an option for energy suppliers to develop DIY loft insulation schemes that would be designed to avoid selling to professional installers and not be required to meet the proposed new guidelines.

Examples of programmes that would meet these criteria are:

- A scheme which has a built-in grant application process that would ensure loft insulation is only sold to genuinely interested individuals through specific routes to market, i.e. a mail order scheme.
- A scheme that would sell DIY loft insulation at a price point which would be above the rates normally paid by professional installers.

We would be happy to discuss this option further with you.

In addition, we would like to comment on issues arising out of the proposed changes to the Standard Technical Monitoring Questions as itemised in Appendix 4.

1. The current SSE position with regards to DIY insulation product marking is that both Focus DIY Ltd, a retailer whose single source of supply is Knauf, and Superglass Limited schemes will be retailing and manufacturing Ofgem approved DIY insulation products respectively, which is 'DIY Use Only' marked.

We are currently in ongoing discussions with Ofgem to ensure our partners' compliance with the Guidelines.

2. Regarding the $\frac{2}{3}$ rule, this seems to be limited to loft insulation. The questions do not cover cavity wall insulation. We have therefore implemented specific questions relating to this rule, as follows:

- Loft Area: If a supplier insulates at least two-thirds of the loft area, the full reduction in carbon emissions for such an installation should be claimed. However, this will only apply to cases where some of the loft cannot be insulated, for good reasons. To evaluate the reduction in carbon emissions for a part installation which is less than two thirds of the loft area, the following relationship should be used:

% of area insulated / $\frac{2}{3}$ x reduction in carbon emissions.

- Cavity Wall Area: If a supplier insulates at least two-thirds of the cavity area, the full reduction in carbon emissions for such an installation should be claimed. However, this will only apply to cases where some of the cavity in the wall cannot be insulated, for good reasons. To evaluate the reduction in carbon emissions for a part installation, which is less than two thirds of the cavity area, then the following relationship should be used:

% of area insulated / $\frac{2}{3}$ x reduction in carbon emissions.

In order to make the Quality Assurance questions around this issue workable, we would require monitoring agents to respond with answers that are clear and have value when applied to any re-calculation. For this reason, we operate using ranges:

- 100% → 67% → 50% → 33% → 0%.

Our recommendation is that this approach is adopted to address the issue.

3. We believe that the standard $\frac{2}{3}$ rule question already covers the final question, as:

- A 'Yes' answer would confirm compliance with best practice, so would constitute a Pass.
- A 'No' answer would indicate a complete fill, making it a Pass.

This question therefore has no value and should be removed.

Questions 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? and;*

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

Ofgem's representation is reasonable. We believe that Ofgem's proposed restrictions are suitable. SSE has always followed a responsible Compact Fluorescent Lightbulb (CFL) distribution policy. To date our customers have received a maximum of two CFLs, whereas customers from at least two suppliers have received, or have been sent, four. We have knowingly lost a competitive advantage, but would be interested in discussing a further extension to the cut-off period with you.

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

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

With regard to multipack pricing. Ofgem and suppliers will have to agree an appropriate pricing threshold that will control minimum pricing, otherwise extremes such as ten single CFLs for £1 will occur. There is the very real possibility that retailers will price-load other goods to subsidise energy efficiency lamps, therefore Ofgem will need to be very specific as to what constitutes for instance a 'special promotion'.

Another core issue is whether it is appropriate to have multipacks at all. It is difficult, we believe impossible, to design a multipack with the right mix of sizes, styles and fittings which avoids the risk of customers purchasing lamps they do not require. Therefore we agree that multipacks should be restricted to three lamps. However we would question whether they should contain a selection of lamps.

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

We have no substantial comments on this, as the guidance notes reflect our views.

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 believe that monitoring requirements are sufficient and appropriate, but need to be flexible so as not to indirectly increase energy costs to our customers which would arise from unnecessary and over burdensome policing.

Amendments to existing Supplier Guidance

We have no comments on these amendments.