



E.ON's response to the CERT Supplier Guidance Amendments Consultation

E.ON welcomes the opportunity to respond to Ofgem's Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance Amendments consultation.

Comments in relation to the specific consultation questions can be found in the below questionnaire.

CHAPTER: Two

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

The manufacturer's guarantee of the lifetime of the battery supplied with the unit should be used as the basis to judge the estimated lifetime of the battery thereby establishing whether the RTD qualifies for the higher or lower carbon dioxide scores.

Alternatively third party or manufacturer validation of the battery lifetime via tests that estimate lifetime based on energy drawn by device and capacity of the supplied batteries should be used. Battery lifetime should be established for both the transmitter and receiver.

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

Ofgem's proposed information to be gathered by partners distributing RTDs on behalf of energy companies seems appropriate and in line with other technological products.

Under the proposals, names and addresses will not be collected from these third parties by energy companies and therefore we will not be able to de-dupe any directly delivered RTDs against partner distributed ones.

Question 3: Is the proposal for determining the priority group percentage for an RTD scheme sufficient?

Ofgem's proposed methodology for determining the priority group percentage is sufficient.

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

E.ON agrees that the level of technical monitoring should be of a sample size which would be statistically significant at a confidence level of 95%.

Ofgem should work with energy companies to agree the questions to be included in the utilisation monitoring and also agree the methodology of collecting the agreed information. E.ON would support using multiple channels including but not exclusive to online, paper questionnaire and telephone.

E.ON does not support the introduction of a third party to undertake the utilisation monitoring as this will drive increased cost into the CERT delivery with no additional benefit to the scheme. Energy companies should be able to self monitor RTD's and Ofgem should be confident that the annual audits would ensure that monitoring is being undertaken appropriately.

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

E.ON believes that Ofgem should provide a standard pro-forma for all energy companies covering the behaviours and issues that the advice should address where appropriate.

By referencing government's Act on CO2 campaign, Act on CO2 carbon calculator and the Energy Saving Trust to act as the guides for advice Ofgem need to ensure that:

- firstly these sources are all consistent and understand the impact of any variance,
- secondly that accredited training schemes are aware they need to remain in line with guidance published by these sources and
- thirdly there is a briefing mechanism to ensure any emerging changes are cascaded to all interested parties.

E.ON supports the requirement to encourage persistence through an additional contact with the recipient of the advice. This should be provided by telephone, letter, provision of an RTD or the customer signing onto an energy saving tariff within a specified window. E.ON agrees this should be within a three month window.

Based on the proposed CO2 score E.ON does not see a large amount of incremental activity being undertaken as per our response to DECC's CERT consultation. Ofgem need to ensure the rules around HEAs are robust enough to realise the carbon savings but not so restrictive as to suppress activity.

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

E.ON supports any process to ensure customers benefit from appropriate measures and are not sold inappropriate technologies. Energy Assessors acting on behalf of an energy company or indirectly

through a third party should be open with the householder and notify them of the energy company for which they are undertaking the HEA. This will ensure the customer has a route through to the respective company should they have any complaints.

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

E.ON agrees that the level of technical monitoring should be of a sample size which would be statistically significant at a confidence level of 95%.

Ofgem should work with energy companies to agree the questions to be included in the technical monitoring and also agree the methodology of collecting the agreed information. E.ON would support the use of an independent agency to undertake the monitoring for HEAs. While this will add cost to the delivery E.ON believe that it is appropriate for this measure due to the level of household interaction.

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?

The volume distributed so far needs to be considered in the context of the number of light points in GB. There were 25.7m households in 2006 (National Statistics Online - ONS) and according to the Lighting Association in 2007 there was an average of 26 light point per household (some research suggests up to 32 light points) the 150m distributed so far equates to around 22% of all the light points in the housing stock. Bulbs distributed under previous schemes have been saving energy since they were installed under those schemes.

All energy suppliers' work with the guidelines provided. A high number of CFLs, compared to the illustrative mix, have been distributed through retail and free schemes by suppliers' during the first year of CERT activity. The illustrative mix is just in that it provides DECC with the tool to show that the obligation is fair, achievable and challenging. Energy suppliers have the discretion as to how they deliver their carbon reduction target and CFLs are one of the few items by which all customers can benefit.

Customers have a choice as to whether to accept bulbs under a free scheme, whether that is by accepting the offer at POS with a newspaper or deciding to return the bulbs they have received in the post via the freepost return address.

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

Increasing the variety of bulbs in free schemes to be undertaken between the publication of the revised guidelines and the end of 2009 could have the unintended consequence of pushing more free

bulbs into the market. Energy companies have supply chains with bulbs at various stages. If the companies then need to add to these orders to increase the customer choice this would increase the number of bulbs being distributed. Also not all customers would receive the same level of choice. Those engaging in the promotion early would have a higher level of choice than those engaging towards the end as stock levels run out.

E.ON believes energy companies and Ofgem need to work together to actively manage the supply chain down to complete all free schemes by the end of 2009 without driving any unintended consequences into the activity. Any orders placed already and stock held by manufacturers should be allowed to be distributed unaltered by suppliers.

Regarding what constitutes a request please see our response to question 12.

For retail schemes beyond 1 January 2010 retail lamps should include sales both on-line, via telephone purchasing and retail outlets with a purchase defined as payment for goods.

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

Looking at the market from 1 January 2010 the majority of retailers already provide customers with a choice of bulbs. Customers also have the choice as to whether to purchase from a specific retailer and are likely therefore to purchase from an outlet that offers the product(s) they want to buy whether it is on promotion or not. There is not a requirement to enforce variety on schemes as the customer has the final choice as to their actions.

Regarding increasing choice in free schemes before the end of 2009 please see our answer to question 9.

Suppliers have limited influence over a retailer's stock choice & shelf space. This might lead to some (particularly smaller) retailers being excluded from participating in retail schemes to the detriment of the consumer and the advantage of the larger retailers.

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

Ofgem and energy companies need to agree guidance around the scheme mechanics for multi-purchase and multi-pack but are not in the position to place restrictions on retailers as to their pricing.

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

A request is 'an action or an instance of asking or calling for something' therefore any act either physical or verbal undertaken by a person in respect of collecting or instigating the delivery of bulbs from a person or place would constitute a request.

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?

E.ON believes the current level of monitoring is appropriate for the scheme and has provided feedback above on the proposed monitoring around RTDs and HEAs.

CHAPTER: Three

Question 1: Are the proposed additional questions for professionally installed loft insulation - to ensure that where the whole loft could not be insulated there is a good reason for this - appropriate?

E.ON agrees that the proposed additional questions to ensure the reasons for not insulating a whole loft are sufficient.

These questions should be included for all installations where a whole loft is not insulated from the date of implementation and should not be applied retrospectively to historical installations.