



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

13th August 2009

Dear Emily,

Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance Amendments

We welcome the opportunity to respond to Ofgem's consultation proposals.

EDF Energy recognises the considerable challenge of tackling climate change and has committed to reducing the intensity of our carbon dioxide emissions from our electricity production by 60% by 2020 and reducing the proportion of carbon dioxide arising from our consumers' energy consumption by 15% by 2020.

EDF Energy believes that the success of the Carbon Emissions Reduction Target (CERT) and predecessor schemes should be built upon to further reduce carbon emissions and lower fuel bills in domestic properties.

EDF Energy fully supports the move to expand the range of qualifying actions to include behavioural measures, which can be used by energy suppliers to meet their CERT. This will build upon the expertise which has been developed to date in delivering energy efficiency measures by providing opportunities to reduce consumers' carbon dioxide emissions and fuel bills.

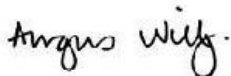
EDF Energy supports Ofgem in its aim to administer the CERT in a robust manner to ensure that carbon dioxide savings are realised. However, managing the scheme robustly must be weighed against the additional requirements and restrictions that can increase cost and reduce the opportunity for innovative approaches. EDF Energy believes that the most effective way to ensure carbon dioxide savings are realised is to focus on the delivery outcome rather than on restrictions to delivery channels.

In relation to the key proposals within the consultation,, a summary of our views is outlined below:

- EDF Energy believes that the interaction between the Community Energy Saving Programme (CESP) and the CERT will be complex to administer and could result in a significant burden for obligated parties. We welcome Ofgem’s desire for efficiency and effectiveness in the design of the programmes’ interaction.
- EDF Energy supports the inclusion of Real Time Displays (RTDs) (RTDs) and Home Energy Advice (HEA) (HEA) within the CERT. This broadens the scheme to encompass behavioural change and presents the consumer with greater choice.
- For RTDs EDF Energy recommends that Ofgem obtains a manufacturer declaration as to whether a unit and battery combination would last for more or less than one year. This should include a list of battery types and whether batteries would last for more or less than one year under normal conditions of use.
- Clarity is required on how best to meet the objective of ensuring behavioural measures are requested by the consumer. This should not restrict delivery routes for one type of measure over another.
- EDF Energy understands the reasons for restricting the delivery requirements for CFLs. Continued discussions between Ofgem and retailers would be beneficial to ensure their expertise informs this debate.
- With regard to Government’s proposal to seek additional information on the CERT delivery, EDF Energy supports this being carried out by companies on a voluntary basis. Any additional reporting requirements should be considered carefully and the objectives of data requests should be balanced against the potential commercial risk to energy suppliers in providing such additional information.
- EDF Energy supports the recent DIY Loft Guidelines as a tool to prevent double counting of carbon dioxide savings. It would be useful to review these to ensure that there are no artificial restrictions placed upon smaller and specialist insulation manufacturers.

Please find attached a more detailed response. If you have any queries with this, please do not hesitate to contact either myself on 01273 793962 or John Mason on 07875 110702.

Yours sincerely

A handwritten signature in black ink that reads 'Angus Wilby'.

Angus Wilby
Head of Energy Efficiency
Energy Sourcing & Customer Supply

Attachment

Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance Amendments

EDF Energy's detailed response to the consultation

Chapter One

EDF Energy supports the 20% increase in the CERT obligation and our delivery plans already encompass this.

The CERT and predecessor schemes have been very successful policy instruments in reducing carbon dioxide emissions in homes in a cost-effective manner. EDF Energy welcomes Government's renewed focus on increasing the target to ensure that householders benefit from lower fuel bills in a sustainable manner.

EDF Energy accepts that in addition to Government, we have an ongoing commitment to reduce carbon dioxide emissions from the household sector. This is achieved through the provision of energy efficiency and behavioural measures.

EDF Energy believes that the interaction between the Community Energy Saving Programme (CESP) and the CERT could be complex to administer and will result in a significant burden on obligated parties. Our detailed views on this issue will be outlined within our response to Ofgem's CESP Guidance consultation document.

Chapter Two

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?

The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 makes it clear that obligated parties will receive differing carbon dioxide scores depending on whether or not a battery will last 'for more than one year under normal conditions of use'. There are two aspects in relation to this - the battery power for the transmitter and the display unit.

Note should be made of what is defined as 'normal conditions of use'. This could vary widely according to the frequency of use. Those who have the most expertise in this area are the RTD unit manufacturers. Therefore, a manufacturer declaration should be obtained which would state the expected lifetime of a transmitter and the display unit under normal use and a list of batteries which will pass the one year hurdle. This declaration should not be made public during individual scheme approvals to preserve commercial confidentiality. Upon approval, it could then be published to ensure that

there is consistency and transparency for all stakeholders as to the units and batteries used.

Manufacturers of electrical units and batteries are required to meet a number of European and UK legislative requirements and this would allow Ofgem's lifetime requirements to be met in an effective manner. The technical testing of battery use and energy use by appliances is understood by manufacturers. This should not result in additional cost or delay to the cost-effective delivery of the CERT.

EDF Energy does not support the statement in the consultation document that 'Suppliers should also ensure that, as far as possible, RTDs supplied are appropriate for the user, and are practical and able to be used.' This could result in complex administration and it would be more desirable to ensure that all approved display units are able to be used by the majority of consumers, including the elderly.

Careful consideration should be given to ensure that only one unit is delivered per household. As this is a behavioural measure rather than a technical measure affecting the fabric of the building, it is possible that someone moving into a new home may wish to receive an RTD. This also applies to HEAs, even when the previous householder had already received this measure. For example, if the RTD was viewed as having value then someone moving home may take this with them to their new home. This would not result in lost carbon savings due to the positive behavioural change in both parties. This is a key issue in relation to the provision of behavioural measures more generally. It will also be necessary to ensure that multiple behavioural measures are not provided to the same householder by different energy suppliers.

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

EDF Energy supports that wherever possible, existing administrative arrangements under the CERT should be mirrored for new measures and scheme amends to produce desired outcomes. The provision of an RTD declaration, similar to the partner CFL declaration, is a sensible solution to ensure that units are delivered effectively.

Whether delivered by obligated parties or partner organisations, it is necessary to ensure that units are installed correctly and that consumers understand their energy usage. Where the unit is professionally installed by an obligated party or a partner organisation this should be encouraged through a reduction in administrative requirements.

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

EDF Energy and its partner organisations have a great deal of expertise in ensuring that proper checks and monitoring take place in relation to eligibility for the Priority Group. We do not believe that any additional requirements to those suggested in the consultation document are required.

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

EDF Energy supports the requirement for RTD usage monitoring to inform future policy development and to understand the impact on carbon dioxide reduction. As the questions proposed are qualitative in nature rather than technical, consistency across all obligated parties will be necessary to ensure that the data can be analysed properly. Therefore we would recommend that a pro forma is agreed between Ofgem and obligated parties and that that this forms the basis of monitoring.

The consultation document recommends that monitoring should be conducted by an independent agency. This will increase costs without providing additional safeguards. The key issue should be to ensure that any monitoring is carried out by an individual who is independent of the person installing the RTD. EDF Energy has a great deal of experience in ensuring that monitoring is carried out independently whilst being undertaken internally, and therefore this option should be allowed.

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

EDF Energy believes that a minimum standard is required to ensure that HEAs deliver the required carbon dioxide saving. However, clarity is required as to how best to meet this objective, and the proposals could be amended in a number of ways which would reduce administrative requirements and still ensure savings.

The requirement to include the contact details of the Energy Saving Trust (EST) in the written report could confuse consumers. They could assume that they must seek further advice or they may call into question the robustness of the advice provided. To meet this goal, it would be more effective to ensure the quality of the advice provided upfront and to ensure that it is benchmarked in comparison to the advice provided by EST.

Another area for potential consumer confusion is the requirement to assess whether a boiler is working efficiently. Ofgem has indicated that this is to be based solely on a visual inspection and whether controls are correctly set. It will be important to ensure

that there is no risk of a consumer misinterpreting this as a technical declaration on the health of the component parts and/or the safety of the boiler.

The risk of discouraging some consumers from an annual technical check could be mitigated by agreeing a simple approved script which would be read to all consumers during the provision of the advice. To determine the efficiency of the boiler, a simple check via the SEDBUK database should be sufficient - with information gained from the boiler plate.

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

EDF Energy supports the inclusion of requirements that will remove the perceived risk of undesirable sales practices.

However we are concerned as to how Ofgem will administer the requirements to ensure that RTDs and HEAs are requested by consumers. Where behavioural measures are desired by consumers then this should provide more certainty that the resultant carbon dioxide savings may be realised. However this should be delivery route neutral and not favour reactive marketing strategies over proactive ones. A face-to-face discussion with consumers as to the benefits of HEA could result in them making a more informed choice rather than, for example, a leaflet campaign. The key issue here is that it is not the delivery route that could result in consumers accepting a measure they do not desire. Instead, it is the quality of information they are provided with before making an informed request.

We believe that the Supplier Guidance should be neutral as to the delivery route employed - postal, doorstep or telephone, and whether partners are used or not. Instead Ofgem should ensure that the quality of information that is required to be supplied to a consumer prior to making a request is agreed. We believe that the current proposals will lead to market distortion and will limit innovative delivery.

For example, stakeholders have stipulated that if a RTD is installed and the benefits of use are demonstrated at the same time as HEA is provided, then this could produce a number of benefits and result in additional carbon dioxide savings.

Limiting the delivery routes could also have a number of unintended outcomes. As behavioural measures are new to the CERT, DECC wishes to see additional information on the utility and actual carbon dioxide savings realised through delivery.

A clear understanding of the comparable benefits of reactive or proactive approaches in relation to behavioural measures is not available at this time. The number of behavioural

measures which can be provided via CERT is capped at a low level and we believe that the concern as to delivering such measures through a variety of routes is overestimated.

Ofgem has also indicated that they do not expect that a request for a behavioural measure should be made by a consumer at the time of providing initial information to the consumer. This would result in a cooling off period applying which is not our interpretation of the ruling that a HEA must be requested.

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

EDF Energy supports the view that additional monitoring is required for HEA usage to inform future policy development and to understand the impact on carbon dioxide savings from this measure. As the questions proposed are qualitative in nature rather than technical, consistency across all obligated parties is necessary to ensure that the resulting data can be fully analysed. We would recommend that a pro-forma is agreed between Ofgem and obligated parties and that this forms the basis of any monitoring.

The consultation document recommends that monitoring should be conducted by an independent agency. This requirement will increase costs without providing additional safeguards. The key issue is to ensure that any monitoring is carried out by an individual who is independent of the agent providing the advice. EDF Energy has a great deal of experience of ensuring that such monitoring is independent of the individual delivering whilst being provided internally and therefore this delivery option should be included.

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?

CFLs result in a proven carbon dioxide saving when installed in the home. The risk of unsolicited bulbs not being installed in all instances has been raised by a number of stakeholders. Until such time that the need for further unsolicited delivery would be viewed as beneficial, EDF Energy accepts that this route will not be allowed in the remaining CERT period. However, we would recommend that this is kept under review as such claims appear to be based on anecdotal evidence.

Working with partners,, such as charities,, who represent those with the greatest need in society will now be limited. This is unfortunate as this route ensured that some of the most vulnerable and hard to reach householders benefited from the CERT scheme.

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

EDF Energy supports that a minimum constraint is placed on CFL deliveries through retail outlets. We would request Ofgem to administer this amendment in a manner that minimises disruption to scheme delivery and does not add additional cost.

We would also ask Ofgem to be mindful that existing delivery channels will take time to run down and that the short timescale of 31st December 2009 is a significant challenge given the volume of stock in the market place.

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

To maximise consumer choice EDF Energy supports the mandating of a reasonable range of bulbs to consumers through retail outlets. Such provision must be practical and reflect the bulbs that consumers wish to purchase as it would not be realistic to expect all bulbs to be provided in all instances.

EDF Energy recommends that Ofgem continues its discussions on this issue with retailers, to benefit from their expert views as to consumer requirements in relation to the range of bulbs which would be reasonable to offer. This could be achieved with reference to consumer purchase records, weighted to mitigate the impact of the CERT subsidies to reflect the number and type of fittings available in Great Britain.

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

EDF Energy is concerned that Ofgem has not differentiated between multi-pack and multi-purchase arrangements in the consultation document. A multi-pack purchase does not allow the same level of consumer choice as a multi-purchase arrangement and this should be reflected in the administrative arrangements.

For example a consumer may require three bulbs which are of the same type but they could be forced to purchase an incorrect fitting through a multi-pack offer which has been designed to meet the proposed requirement on choice. There is less risk of such unintended consequences in relation to the multi-purchase option and therefore these do not require the same restrictions.

Limiting offers to three bulbs for multi-purchase offers is not required as consumers would choose the bulbs which are required at the time of purchase.

We recommend that the minimum size for a multi-pack should be four bulbs and not three. This number is standard for multi-packs and purchasing history demonstrates that this number is favoured by consumers.

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

We will discuss our specific requirements for the remainder of the interim period separately and we are confident that our delivery plans are in line with the spirit of the required outcomes. It is very important that this is not enforced in a manner that limits specific delivery channels, for example those which allow 'hard to reach' vulnerable consumers to benefit from this measure by working with partner organisations such as community groups.

Question 13: Given the scale of the CERT, 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?

EDF Energy has voluntarily agreed to provide annual updates to the Energy Saving Trust Home Energy Efficiency Database (HEED). This data should provide the additional level of detail required to meet Government and wider stakeholders' objectives.

The benefits of this data on policy development should be weighed against the commercial risk to energy suppliers of providing the information through individual disclosure. Additional reporting requirements should be considered carefully and we would request that Ofgem engages with energy suppliers on the objectives of additional data requests.

We have provided information when required, such as the levels of activity which have been delivered in Wales to the Welsh Assembly. The existing voluntary approach should continue without the regulatory burden of additional reporting requirements.

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?

EDF Energy supports the amendment to allow consumers the choice to have an area of their loft remaining un-insulated. This allows the consumer to benefit from a storage area which is a common use of loft space.

We are concerned about the requirement to demonstrate that a consumer would only agree to have the measure installed if storage space could be maintained. This decision is open to interpretation as to whether the consumer had indicated that they desire such a storage space or would not accept the measure without it. We would welcome clarity on the wording of how this should be conveyed to the consumer, to ensure consistency across all delivery channels and partners.

EDF Energy supports the DIY Loft Guidelines and we also support Ofgem's view that these will reduce the risk of carbon dioxide savings double counting. We understand that marking the packaging and material is an effective solution, however we have concerns about this method for all product types. To mark the packaging and/or materials requires an additional process in the manufacturing cycle and this adds cost. The marking process could entail additional manpower and possibly additional machinery. This will disadvantage the smaller and more specialist insulation manufacturers and could be perceived as anti-competitive, creating barriers to market entry for products and new players.

EDF Energy
August 2009