

## Summary of Responses to Ofgem's Consultation on the Amendments to CERT Supplier Guidance

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**Target audience:** CERT obligated electricity and gas suppliers, organisations working with CERT obligated suppliers, environmental bodies, government departments and other interested stakeholders.

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### Overview:

This document provides a summary of the responses to Ofgem's consultation on the Amendments to the supplier guidance for the Carbon Emissions Reduction Target (CERT) programme and Ofgem's response to those comments made. The consultation closed in August 2009.

Comments were invited on all aspects of the proposed amendments to the administration of the CERT, and in particular the new aspects of the scheme introduced through the amendment Order:

Real Time Displays  
Home Energy Advice Packages  
Compact Fluorescent Lamps  
DIY loft insulation

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**Contact name and details:** Emily Batchelor, Energy Efficiency Manager

**Tel:** 020 7901 7488

**Email:** emily.batchelor@ofgem.gov.uk

**Team:** Energy Efficiency

## Context

Government has a range of policies to reduce the UK's carbon dioxide emissions by 80 per cent by 2050. Around a quarter of current emissions result from the energy used to heat and power our homes; this makes housing an area in need of significant attention. As such, the government recently published a consultation on their proposed heat and energy saving strategy, setting out an aim for emissions from existing homes to be approaching zero by 2050, and the policies that will allow the UK to achieve this.

The Carbon Emissions Reduction Target (CERT) is one of these policies, and is currently the government's main policy instrument for reducing carbon emissions from the existing housing stock. Under the CERT 2008-2011 obligated suppliers are set a carbon emissions reduction target. CERT is due to run from 2008-2011, and in September 2008 the Prime Minister announced an increased target and a new community based approach to carbon reduction. This new community approach is called the Community Energy Saving Programme (CESP), and will run alongside CERT in reducing fuel bills and carbon dioxide emissions.

For the purposes of this document, the programme itself will be referred to as the CERT and the target for carbon emissions reduction as the CER target. The Department of Energy and Climate Change (DECC) is responsible for setting the CER target and the policy framework (this was formerly within Defra's remit) and Ofgem is responsible for administering the programme.

Ofgem published its proposals for administering the amendments in the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, in July. The responses received have helped to inform the development of the final amended supplier guidance document.

This document summarises the responses that were received from stakeholders and gives Ofgem's decisions on the issues consulted on and other issues raised. This document has been published along with the amended CERT supplier guidance document and amended administration tools.

## Associated Documents

- Ofgem's Carbon Emissions Reduction Target Supplier Guidance - published September 2008  
[www.ofgem.gov.uk/sustainability/energyeff/cert/pages/newprogrammece rtinformationforprojectmanagers.aspx](http://www.ofgem.gov.uk/sustainability/energyeff/cert/pages/newprogrammece rtinformationforprojectmanagers.aspx)
- Ofgem's Consultation on the Amendments to the Carbon Emissions Reduction Target 2008-2011 Supplier Guidance - published August 2009  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Pages/EnergyEff.aspx>

- The Electricity and Gas (Carbon Emissions Reduction) Order 2008  
<http://www.opsi.gov.uk>
  
- The Amendment Electricity and Gas (Carbon Emissions Reduction) Order 2009  
<http://www.opsi.gov.uk>
  
- Ofgem's Market Transformation Guidance document  
Note: This will be updated in line with the amended supplier guidance  
[www.ofgem.gov.uk/sustainability/environmnt/energyeff/cert/pages/newprogrammeinformationforprojectmanagers.aspx](http://www.ofgem.gov.uk/sustainability/environmnt/energyeff/cert/pages/newprogrammeinformationforprojectmanagers.aspx)
  
- Ofgem's Technical Guidance document  
Note: this will be updated in line with the amended supplier guidance  
[www.ofgem.gov.uk/sustainability/environmnt/energyeff/cert/pages/newprogrammeinformationforprojectmanagers.aspx](http://www.ofgem.gov.uk/sustainability/environmnt/energyeff/cert/pages/newprogrammeinformationforprojectmanagers.aspx)

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## Summary

In September 2008 the Prime Minister announced the Heat and Energy Saving Strategy. This announcement included proposed changes to the Carbon Emissions Reduction Target (CERT). In February the Department of Energy and Climate Change (DECC) consulted on these proposed changes, with the amendment Order passing through Parliament in July.

As the administrator for the CERT programme Ofgem published a consultation in July on how we intended to administer the changes arising from the amendment Order. We received 24 responses to this consultation. This document provides a summary of the responses received and our response to those comments. We are also publishing our revised CERT supplier guidance document at the same time.

The Electricity and Gas (Carbon Emissions Reduction) Order 2008<sup>1</sup> and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009<sup>2</sup> (together referred to as 'the Order') provide the statutory basis for the current CERT. The Order sets out the overall carbon emissions reduction target to be collectively achieved by suppliers between 1 April 2008 and 31 March 2011. The target is now set at 185 million tonnes of carbon dioxide (lifetime).

The Order requires licensed gas and electricity suppliers that have 50,000 domestic customers or more (either individually or as part of a group of companies) to meet a carbon obligation. It also sets the broad framework for how this is to be achieved. The overall CER target has been set by the government. The underlying analysis used by the government to demonstrate the feasibility of the overall target, including an illustrative mix of possible measures, is set out in the explanatory texts accompanying the Order<sup>3</sup>.

The recent changes to the CERT legislation, which came into force on 21st July 2009, included:

- a 20% increase in the scale of the CER target to 185 million lifetime tonnes of carbon dioxide
- the inclusion of real time displays (RTDs) and home energy advice packages (HEAs) as qualifying actions, each with a score specified in the legislation
- an increase in the innovation ring fence to 10 per cent of a supplier's obligation (or 12 per cent where at least two per cent is achieved via microgeneration)
- the provision of an incentive for the promotion of DIY loft insulation and professional loft insulation top up, where the installation takes place in the period between the Prime Minister's announcement of 11 September 2008 and 31 July 2009
- restrictions on the delivery of compact fluorescent lamp (CFL) schemes

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1 SI 2008/188 [www.opsi.gov.uk](http://www.opsi.gov.uk)

2 SI 2009/1904 [www.opsi.gov.uk](http://www.opsi.gov.uk)

3 <http://www.opsi.gov.uk/>

## 1. Real Time Displays (RTDs)

### Chapter Summary

This chapter details the responses to Ofgem's proposals relating to Real Time Displays (RTDs)

### Battery Life

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

1.1. Ofgem received 13 responses offering views on the evidence which should be provided to demonstrate battery lifetime of an RTD. Around half of these responses suggested that manufacturer declarations alone would not be sufficient, and that a mix of independent monitoring with manufacturer declaration, or independent monitoring alone, would be necessary.

1.2. Ofgem comment: In line with testing for other products under CERT, Ofgem will require that testing of the RTD and battery under normal conditions of use be performed by a UKAS accredited testing house, or that manufacturer testing is performed in partnership with an independent body.

1.3. Many respondents suggested elements which should be defined as part of normal use when testing is carried out. These included the following:

- Battery tests should be based on both the display unit and the transmitter unit
- Battery tests should be specific to one make and model of RTD and a specific battery
- Normal usage patterns should be defined by Ofgem, in particular with reference to the update rates of the RTD.
- Declarations of battery lifetime should include a full breakdown of assumptions and how the different operating modes affect battery capacity.
- Factors relating to the life of the battery – such as shelf-life and the effect of temperature – should be taken into consideration when ascertaining whether the battery will last more or less than one year.

1.4. Ofgem comment: we will require independent testing to cover the factors outlined above. We will also define a minimum refresh rate in order to ensure that the legislative requirements for RTDs to display usage 'at the time the consumption occurs' is adhered to.

1.5. One supplier suggested that Ofgem should publish a list of RTDs which meet the requirements for battery life and any other considerations.

1.6. Ofgem comment: with relevant permissions from manufacturers and suppliers we will publish a list of those RTDs which meet requirements of battery life trials and other considerations.

1.7. One respondent suggested that Ofgem should spot-check installations to ensure compliance.

1.8. Ofgem comment: we conduct audits of CERT processes across all suppliers, and may decide to do so at any point in the delivery chain. Any non-compliance is dealt with appropriately. However, Ofgem will not specify in advance which particular scheme elements will be audited.

## **Distributing RTDs via Partner Organisations**

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

1.9. Ofgem received 10 responses offering views on whether evidence collected from partner organisations distributing RTDs is sufficient. The majority of these responses believed the processes to be sufficient.

1.10. In addition, two responses called for partner data to be collected at address level for de-duplication within a supplier's schemes.

1.11. Ofgem comment: We do not believe there to be a greater risk of duplicate delivery than with other products in CERT. Furthermore, the requirement for all RTDs to be distributed on request should ensure that the likelihood of this is low. We will require that information from partner organisations is gathered in line with the proposals outlined in the consultation document, and other CERT measures.

1.12. One further response also suggested that evidence for compliance with the checks will be hard to deliver, although it did not provide any specific recommendations for Ofgem.

1.13. Ofgem comment: Ofgem will require suppliers to monitor their programmes, in line with the proposals in the consultation document, and will carry out audits of CERT processes to ensure compliance.

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## Determining Priority Group for RTDs

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

1.14. Ofgem received nine responses offering views on whether evidence collected from partner organisations distributing RTDs is robust. The majority of these believed the processes to be robust.

1.15. However, some respondents did not believe the proposed method to be robust, and included the following comments:

- That additional methods of determining the Priority Group be allowed, such as the use of a database held by the supplier.
- Suggestion of additional requirements and tightening of the method in which the Priority Group is monitored.

1.16. Ofgem comment: We do not believe that the distribution of RTDs carries any further risks for determining the priority group than other CERT measures. We will determine the Priority Group in the manner outlined, being in keeping with existing CERT processes. We will assess other methods of determining Priority Group on a case-by-case basis.

## Monitoring RTDs

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

1.17. Ofgem received 13 responses regarding the proposed level of RTD monitoring and the accompanying questions. The vast majority supported monitoring to help establish savings from delivered RTDs.

1.18. Around half of respondents indicated that a monitoring level of 5% was too high, and provided a sound basis for why this is the case. Only one respondent suggested that the level of monitoring was too low.

1.19. Two responses suggested an alternative would be to allow a joint research piece across a number of suppliers. They suggested that this could reduce sample sizes and allow for more in-depth research, than could be achieved through standard CERT monitoring.

1.20. Ofgem comment: we require utilisation monitoring to be conducted and the effectiveness of RTDs to be evaluated. Utilisation monitoring should be conducted using the questions provided in the amended guidance. Evaluation should be conducted using the questions provided in the supplier guidance, or by means of an



in-depth, independent, joint monitoring exercise with other suppliers. This monitoring will need to be agreed with Ofgem up-front.

1.21. Ofgem comment: utilisation monitoring should be conducted at 5% of RTD provision up to a statistically significant sample size, which provides 95% confidence in the monitoring. Evaluation conducted individually by a supplier should be at the same level.

1.22. The majority of respondents supported the question themes; however, the following additional questions or issues were presented:

- An individual RTD may not have been installed in the dwelling in which resides the customer who requested it.
- A minimum period should be left before monitoring to enable behavioural changes to be accepted or rejected.
- Questions should be consistent across suppliers.
- Questions should include prompted and unprompted answers.
- Replacement rate of battery and appropriateness of location should also be monitored.
- Questions should assess whether the RTD has altered the value of a smart meter.

1.23. Ofgem comment: we will provide a pro-forma detailing both utilisation and evaluation questions. These will be restricted to those questions which assist Ofgem monitoring compliance and establish the carbon reduction impact of RTD provision.

1.24. Two suppliers commented further on research methods they would like to be able to use to conduct monitoring: including paper, online and others (as appropriate).

1.25. Ofgem comment: we will allow monitoring through telephone, paper and online surveys, in line with other monitoring in CERT.

1.26. Ofgem comment: in line with other, similar monitoring requirements in CERT, Ofgem will allow suppliers to conduct monitoring and evaluation themselves. The monitoring must however be conducted in an independent manner.

1.27. One respondent suggested that the importance of monitoring should be highlighted at the time of provision of an RTD, and that customers should be given the opportunity to opt-out of future monitoring.

## **Additional RTD Issues**

*Further to the consultation questions, respondents were free to comment on other aspects of the guidance.*

1.28. A variety of options were provided by four respondents on what should and should not constitute a request for an RTD.

1.29. Ofgem comment: we consider that we have provided clarity in our guidance document on some of the delivery routes that we consider would meet the request requirement e.g. those sold through retail. Individual schemes proposing to utilise a distribution channel other than those specified in the guidance will be assessed on a case by case basis to ensure that all RTDs are distributed in CERT are provided on request.

1.30. Two suppliers expressed the view that Ofgem should ensure that only one RTD is provided per household rather than per dwelling – this is because some RTDs may be requested for a household residing at a different address, and further to this that some households may remove the RTD and take this with them if they move.

1.31. Ofgem comment: Given the requirement for RTDs to be provided on request, and the relatively short timescales for the remainder of CERT, we do not believe this to be a significant issue. We will require that in monitoring we ascertain whether more than one was provided to that dwelling, rather than to the occupant, and also that this was on request.

1.32. Some respondents expressed concern that a number of RTDs available in the UK market are of a low quality and liable to break quickly and/or produce inaccurate readings.

1.33. One supplier also commented that it is not administratively feasible to enforce that suppliers must ensure all RTDs are appropriate for the householders they are supplied to (where the householders are, for example, visually-impaired); instead they propose that Ofgem ensure *all* RTDs promoted are appropriate for the majority of users.

1.34. Ofgem comment: in addition to the requirements specified in the legislation, we consider it appropriate to specify in our guidance requirements for evidence relating to the basic display and functionality of RTDs (unit fabric quality, and information provided with the unit). We will require this in order to ensure that RTDs promoted under CERT are appropriate for the majority of users and are of a basic standard which means it is likely that the carbon savings will be realised.

## **DECC issues relating to RTDs**

*Some responses refer to issues that relate directly to the CERT Orders, which Ofgem therefore has no discretion over. These responses have been fed back to DECC.*

1.35. Three respondents did not believe that the full score should be given for a one year battery life; one of these also expressed concern that the scores awarded to RTDs were unrealistic, and also that RTDs should only be CERT eligible if they are professionally installed.

1.36. One respondent expressed concern at the interaction with smart-meter roll-out, and that the deployment of smart meters will overlap with the lifetime savings of RTDs. Furthermore, that RTDs promoted and suppliers' initiatives should be consistent with smart meter roll-out and not damage future public perceptions of smart-metering.

1.37. Two respondents believed that not enough emphasis has been placed on defining the quality and functionality of RTDs.

1.38. One respondent expressed concern that a cap has been introduced for RTDs and HEAs.

1.39. One respondent stated that there should be a standard way developed to capture HEA and RTD data for HEED.

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## 2. Home Energy Advice Packages (HEAs)

### Chapter Summary

This chapter details the responses to Ofgem's proposals relating to Home Energy Advice Packages (HEAs)

### Content and Provision of HEAs

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

2.1. Ten respondents commented on the proposals for the content of HEAs. There was general support for the proposals. However, some respondents asked for additional elements, and some suggested that certain elements could cause confusion amongst householders.

2.2. Three respondents considered that Ofgem should ensure that hard measures, such as insulation and draught-proofing, are included in the advice package.

2.3. Ofgem comment: the carbon reduction score of 0.675 lifetime tCO<sub>2</sub> attributed to HEAs is based on behavioural savings, and is not based on any savings which may result from the installation of 'hard measures' such as insulation. It is therefore appropriate that the main focus of a home energy advice package should be on providing this behavioural advice. However, this does not preclude suppliers from providing information about 'hard measures' when carrying out their HEA activity.

2.4. Two suppliers requested that Ofgem provide a pro forma for the contents of the home energy assistance.

2.5. Ofgem comment: in conjunction with DECC, we will include in the supplier guidance a proforma covering the elements of behavioural advice which should be provided during the home energy assistance portion of a HEA. However, Ofgem cannot provide the specific advice which should be provided to different consumers; it is the responsibility of the energy supplier running a scheme promoting HEAs to ensure that their energy advisors provide the correct advice in line with industry standards.

2.6. Two respondents commented that continued development of advisors would be necessary to ensure they are delivering the correct advice.

2.7. Ofgem comment: it is the responsibility of energy suppliers providing HEAs to ensure that their energy advisors have access to the appropriate resources to ensure they are aware of significant changes in the advice. Useful resources to do this include the Energy Efficiency Partnership for Homes (EEPH) advisor factsheets.

2.8. Four respondents commented on the inclusion of contact details for the Energy Saving Trust in the home energy report. One welcomed the inclusion, and suggested that, in addition, the contact details for a consumer organisation should also be provided, during advice, in case of complaints. Two felt that the inclusion of these contact details were not sufficient, and that details of their own organisation should be included. One felt that the inclusion could be confusing for householders, as it could undermine the expertise of the advisor conducting the HEA.

2.9. Ofgem comment: the provision of the Energy Saving Trust's contact details is a requirement of the legislation. Furthermore, to ensure that there is a clear complaint route for any advisors providing mis-leading or sub-standard advice, an advisor should either specify which energy supplier they are working for, or provide the details for a consumer organisation such as Consumer Focus, at the time the HEA appointment is made.

2.10. Two respondents voiced concerns that, whilst the content of HEAs is sufficient to ensure good advice, spot-checks carried out by Ofgem would be necessary to ensure that the advice was being delivered in line with this. One further respondent suggested that Ofgem should carry out its own monitoring, but did not suggest how this should be conducted.

2.11. Ofgem comment: we conduct audits of CERT processes across all suppliers, and may decide to do so at any point in the delivery chain. Any non-compliance will be dealt with appropriately. However, it is not usual process for Ofgem to specify in advance which particular schemes elements will be audited.

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

2.12. Eight respondents commented on the requirements proposed by Ofgem to prevent mis-selling; all respondents support the proposed requirements.

2.13. Two respondents believe there is a risk that third parties delivering advice may also engage in mis-selling, with one suggestion being that third parties should clearly state which energy supplier they are providing advice on behalf of to establish a clear complaint route.

2.14. Ofgem comment: Energy suppliers running HEA schemes with third party providers of HEAs should ensure that those energy advice providers are conducting themselves in the spirit of the guidance provided to prevent miss-selling, and that they are fit and appropriate persons to provide in-home advice. We will expect to see evidence from suppliers that they have systems in place to ensure that all third party advisors are following these guidelines before any such scheme is approved.

2.15. One respondent commented that suppliers fail to follow such guidance, and so additional procedures may be necessary. They do not suggest what these additional procedures might be.

2.16. Ofgem comment: we conduct audits of CERT processes across all suppliers, and may decide to do so at any point in the delivery chain. Any non-compliance is dealt with appropriately.

## **Monitoring of HEAs**

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

2.17. Ten respondents commented on the monitoring of HEAs and there was general support for monitoring HEA activity. However, most suppliers expressed a view that the level of monitoring was too high, with one supplier stating that monitoring should not be used as a measure of effectiveness at all.

2.18. Suppliers commented on the independence of monitoring, with a majority view that monitoring should be allowed to be conducted by the supplier in an independent manner. However, one supplier stated that whilst monitoring should not be so restrictive as to reduce the chance that HEAs will be provided, due to the nature of the householder interaction which comes with provision of an HEA, fully independent monitoring is warranted.

2.19. Ofgem comment: in line with other, similar monitoring in CERT, Ofgem will allow suppliers to conduct monitoring and evaluation themselves so long as this is conducted in an independent manner.

2.20. Two respondents suggest that a standard list of questions should be provided by Ofgem for monitoring.

2.21. Ofgem comment: we will provide a pro forma detailing evaluation and utilisation questions, and will restrict these questions to monitoring compliance and establishing the carbon reduction impact of the provision of the HEA package.

2.22. Ofgem comment: we require utilisation monitoring to be conducted and the effectiveness of HEAs to be evaluated. Utilisation monitoring should be conducted using the questions provided in the amended guidance. Evaluation should be conducted using the questions provided in the supplier guidance, or by means of an in-depth, independent, joint monitoring exercise with other suppliers. This monitoring will need to be agreed with Ofgem up-front.

2.23. Ofgem comment: utilisation monitoring should be conducted at 5% of HEA provision up to a statistically significant sample size, which provides 95% confidence in the monitoring. Evaluation conducted individually by a supplier should be at the same level.

2.24. Ofgem comment: Energy suppliers running HEA schemes with third party providers of HEAs should ensure that those energy advice providers are conducting

themselves in the spirit of the guidance provided to prevent miss-selling, and that they are fit and appropriate persons to provide in-home advice. We will expect to see evidence from suppliers that they have systems in place to ensure that all third party advisors are following these guidelines before any such scheme is approved.

2.25. Three respondents made comments relating to the need for Ofgem to ensure that good quality, clear advice is provided.

2.26. Ofgem comment: our guidance regarding the contents and provision of HEAs includes stipulations regarding providing balanced, good quality advice. Compliance with this will be checked during the monitoring process.

2.27. One respondent suggested that there should be a system for customers to report sub-standard advice or mis-selling, for example contact details for Consumer Focus at the time of home visit or report.

2.28. Ofgem comment: to ensure that there is a clear complaint route for any advisors providing misleading or sub-standard advice, an advisor should either specify which energy supplier they are working on behalf of, or provide the details for an organisation such as Consumer Focus, at the time the appointment is made.

2.29. One respondent suggested that there should be an opt-out system for monitoring when the advice is provided.

## **Additional Issues Raised in Relation to HEAs**

*Further to the consultation questions, respondents were free to comment on other aspects of the guidance.*

2.30. Two respondents raised concerns about the way in which HEAs are promoted, and that Ofgem should ensure that HEAs are provided only when a householder wants them. Furthermore, that we should provide details of which marketing channels are and are not allowed, for example, that they should not be part of a package with another offer such as money off an energy bill.

2.31. Ofgem comment: we consider that we have provided clarity in our guidance document on some of the delivery routes that we consider would meet the request requirement. Individual schemes proposing to utilise a distribution channel other than those specified in the guidance will be assessed on a case by case basis. Where we consider that a particular delivery route, such as face to face marketing, carries additional risk of HEAs being provided without a request, we will require suppliers to satisfy Ofgem of any additional steps they will take in order to ensure that all HEAs are provided on request.

## **DECC issues relating to HEAs**

*Some responses refer to issues that relate directly to the CERT Orders, which Ofgem therefore has no discretion over. These responses have been fed back to DECC.*

2.32. One respondent stated that there should be developed a standard way of capturing HEA and RTD data for HEED.

2.33. Two respondents commented on the assessor qualification requirements, with one suggesting that there should be a single recognised qualification for consistency across suppliers, and another suggesting that the new National Occupational Standard - currently in development - would provide a better assurance of standards.

2.34. Two respondents think that a report should be delivered within a maximum of one month, and that the maximum of three months specified in the Order is too long.

2.35. Ofgem comment: we will in our guidance recommend that good practice would be to provide the report within one month.

2.36. Two suppliers raised concerns over the inclusion of boiler efficiency being included in home energy assistance. One did not feel that a visual inspection would be of any value in providing energy advice, and one also expressed concern that it may lead to a householder believing that this was a substitute for an annual inspection, which could have safety implications.



2.37. One respondent suggested that the report could be replaced with telephone follow-up, provision of an RTD or a sign-up to an energy saving tariff.

2.38. One respondent noted that the style of delivery of HEAs is an important factor, and that there is a need for householders to be persuaded of the benefits which should be considered in the CERT eligible qualifications.

2.39. One respondent suggested that all recipients should receive an annual follow-up.

2.40. One respondent expressed concern that there is a cap for RTD and HEA activity.

2.41. One respondent suggested that suppliers should assess the consumption of the house before and after the provision of advice.

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## 3. Compact Fluorescent Lamps (CFLs)

### Chapter Summary

This chapter details the responses to Ofgem's proposals relating to compact fluorescent lamps (CFLs)

### CFL Penetration and Surrounding Issues

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

3.1. Ofgem received 18 responses to this question. Over half of respondents agreed that the issues presented were reasonable. However, seven respondents felt that key issues had been missed, as summarised below.

3.2. Three respondents highlighted that they estimate that there are still hundreds of millions of lighting points in the home which do not have CFLs installed.

3.3. Ofgem comment: the accreditation of CFLs in CERT is based on replacing incandescent bulbs in high-use fittings such as those in living rooms and corridors. Furthermore, not all lighting points in UK dwellings can accommodate a standard CFL bulb.

3.4. Three respondents commented on the voluntary and EU phase-outs of incandescent bulbs. Two respondents also noted that halogen energy savers are now available as an alternative to incandescent bulbs, meaning that the phase-out of incandescent bulbs does not mean that CFLs are the only purchase option. One respondent commented that consideration should be given to the mandatory EU phase out and GB voluntary phase out of CFLs, and that the additionality of carbon savings becomes questionable as these progress.

3.5. Ofgem comment: from 1st January 2010, the amendment Order sets out that CFLs will remain an eligible qualifying action, but that this will be restricted to those CFLs purchased via a retail outlet. Therefore supplier activity to promote efficient lighting will remain eligible for approval as qualifying action, if carried out in accordance with the supplier guidance. Determination of carbon emissions reductions will continue to be dependent on the details and additionality of suppliers' actions.

3.6. One respondent stated that we had missed that different socioeconomic groups had received direct bulbs, and that they were not evenly distributed.

3.7. Ofgem comment: we are unable to amend CERT scores in order to direct activity to different areas of the market. We will pass this comment onto DECC for their consideration.

3.8. One respondent highlights that some households will have received more than one packet of bulbs, because of the variety of direct schemes.

3.9. Ofgem comment: We acknowledge this point, and note that we support Government's decision to restrict CFL schemes to retail only from 1st January 2010. Given the number of lamps that have already been distributed Ofgem considers that any further direct mail CFL schemes should be required to demonstrate that the lamps are highly likely to be used by consumers.

### **CFL scheme restrictions**

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

3.10. 17 respondents provided a response to this question. The majority of respondents showed some level of support for the proposed restrictions, although some specific points were raised as detailed in the paragraphs which follow.

3.11. Ten respondents expressed a concern about the timescales within which changes to lighting schemes must be brought into force.

3.12. Ofgem comment: the timing for the restrictions for CERT-eligible CFL activity to be retail only has been set by DECC in the amendment Order. Ofgem will administer the CERT in line with this. However, we will expect multi-pack, size and choice to be reflected in supplier schemes, this will allow there to be flexibility in the timings for when different types of bulbs are promoted over the course of CERT.

3.13. Four respondents commented on whether suppliers who have not utilised the unsolicited direct delivery route to their customers should be allowed to do so. One response from a supplier expressed concern about the competitive disadvantage they had from not fully utilising this measure. Two responses expressed the opposing view that, due to the high volumes of CFLs already distributed under the CERT, unsolicited customer-base distribution should not be allowed. One further response proposed that, if these were allowed, then suppliers should ensure that only households who had not already received bulbs from another supplier should be targeted.

3.14. Ofgem comment: we will carefully scrutinise any new direct customer-base schemes submitted before 31st December 2009. Given the number of lamps that have already been distributed Ofgem considers that any further direct mail CFL schemes should be required to demonstrate that the lamps are highly likely to be used by consumers.

3.15. One respondent highlighted that there is no mention of dedicated CFL luminaires.

3.16. Ofgem comment: we would like to clarify that dedicated CFL luminaires remain a CERT-eligible measure.

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

3.17. Ofgem received thirteen responses to this question, most of which were supportive of bringing this choice element into CERT retail CFL schemes, and also of the variety of bulbs proposed. Two respondents expressed strong support due to a specific concern about the detrimental impact on carbon savings of incandescent bulbs being replaced by halogen bulbs after phase-out if such variety is not supported in CERT.

3.18. Two respondents – one retailer and one supplier - commented specifically about virtual giveaways, such as '10 bulbs for 1 pence'. Both supported the possibility of Ofgem applying a 'virtual giveaway' test to the pricing of bulbs to prevent this type of activity.

3.19. Ofgem comment: Ofgem acknowledges that price is a major factor in consumer purchasing decisions. However, we are unable to provide guidance relating to bulb pricing. We will consider the price element of a scheme only as part of a test as to whether the promotion meets with the requirement for all CFLs to be purchased via a retail outlet from 1st Jan 2010.

3.20. Two suppliers commented on the possibility of requirements for suppliers to submit retail promotion plans to Ofgem for approval, with opposing views on whether this was feasible and helpful in determining whether CERT schemes met guidelines.

3.21. Ofgem comment: we will require evidence that suppliers schemes are in line with our guidance. This should continue to include marketing plans.

3.22. Four respondents proposed that Ofgem should provide guidelines as to how many bulbs of each type should be promoted. One proposed that this could be provided via a bulb mix for suppliers to adhere to, based on sales figures; two suggested that this should be delivered via a higher saving for decorative CFLs.

3.23. Ofgem comment: we will require suppliers to offer a choice of bulbs to ensure that the consumer can choose a product that they are likely to install. We are not going to stipulate exact numbers or percentages but will consider suppliers schemes on a case-by-case basis in the round to ensure that a suitable choice is being offered.

3.24. Two respondents noted that the proposed variety did not include the small bayonet cap (SBC) fitting type or full dimmable CFLs, the fitting/switch types for which are popular in UK homes.

3.25. Ofgem comment: there are only limited numbers of SBC and dimmable bulbs available. We consider that, where there is a restricted number of bulbs such as this, which are only from a limited range of manufacturers, it is not feasible for these to form part of a mandatory mix of bulbs which suppliers must promote. However, such bulbs will continue to be eligible under CERT so long as they meet the criteria for all bulbs to be Energy Saving Recommended.

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

3.26. Ofgem received 14 responses to this question. The majority agreed that a restriction on multi-purchase and multi-pack size was appropriate, with a minority suggesting that no restrictions were necessary, with one further respondent suggesting that multi-purchase and multi-packs should not be allowed at all. Of those that agreed that multi-purchase and multipacks should be restricted, around half agreed that Ofgem have set the limit at the correct level.

3.27. Ofgem comment: We have considered responses carefully. However, we are mindful of the large volumes of CFLs already distributed under EEC2 and CERT. As the size of multi-buys increases, the likelihood of all bulbs being directly installed decreases. In order to preserve carbon savings, we will set the limit for multi-packs and multi-purchases at 3 per offer.

3.28. A number of responses included comment that multi-packs should be restricted to one cap type only, as to include a variety of caps in one multi-pack would lead to underutilisation. This is because a single dwelling is likely to have a single, predominant socket type.

3.29. Ofgem comment: having considered all responses carefully, we believe that to include a variety of bulbs within a single multi-pack offer would increase the likelihood of underutilisation of bulbs, but only in the circumstance where there was more than one cap type within that pack. Therefore, there will be no requirements for multipacks to contain a variety of different cap types.

3.30. Two respondents expressed the view that multi-purchase was more flexible than multi-packs and thus could be adapted to offer choice.

3.31. Ofgem comment: we agree with this point, and take note that multi-purchase offers are likely to allow greater flexibility of choice to the customer. However, with the pack size restriction of 3 bulbs in place, alongside the necessity for all supplier schemes to promote a variety of bulbs types, we believe that multi-packs are still a valid retail promotional route within CERT.

3.32. Two respondents expressed that 'buy one get one free' style offers were a normal promotional route and should continue to be allowed in CERT funded schemes.

3.33. Ofgem comment: Ofgem believe that 'buy one get one free' style offers meet the requirement of the Order that all CFLs must, from the 1st January 2010, be promoted through a retail outlet. We believe that these types of offer are similar in spirit to multi-purchase offers, and we will apply the same restrictions.

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

3.34. Eight respondents replied to this question, many of whom agreed with Ofgem that contact 'instigated by the customer' constitutes a request. A number of suppliers did not agree that contact would need to be 'instigated by the customer' to constitute a request.

3.35. Some respondents suggested further instances which would constitute a request, including face-to-face offers where a customer signature is collected, requests via a website, and any circumstance where a customer verbally asks or physically accepts them. One respondent expressed the view that an offer where a CFL was provided with another product should *not* constitute a request.

3.36. Ofgem comment: we are working with individual suppliers on their existing direct schemes to incorporate request elements on a case by case basis.

## **DECC Issues related to CFLs**

*Some responses refer to issues that relate directly to the CERT Orders, which Ofgem therefore has no discretion over. These responses have been fed back to DECC.*

3.37. Two respondents had concerns over the data used to support the claims that many direct bulbs are not used.

3.38. Two respondents were concerned that rules surrounding lighting in CERT had changed part-way through the CERT period, and the detrimental effect that this would have.

3.39. Two respondents expressed concern that as yet there is no route in CERT for LED lamps.

3.40. Ofgem comment: LED lamps are eligible as a measure under the CERT programme subject to their demonstrating the carbon savings and lifetime. This can be achieved through demonstration or independent monitoring. In addition the EST recently added two LED lamp types to its Energy Saving Recommended (ESR) scheme - suppliers are free to promote these, should they wish, under CERT.

3.41. One respondent noted that stopping direct delivery means that routes to the most vulnerable customers will now be cut-off.

3.42. One respondent commented that CFLs should be included in "area-based" schemes.

3.43. One respondent believed that the biggest barrier to CFL uptake was price, as compared to incandescent lamps.

3.44. One respondent was concerned at the lack of safety information provided with CFLs, and the lack of information regarding the WEEE directive. They proposed that CFLs should be replaced with LEDs.

3.45. One respondent suggested that mandatory EU and voluntary GB phase-outs should be considered, and that suppliers' activity should be restricted in line with these.

3.46. One respondent suggested that a minimum level of innovative activity should also be introduced alongside the caps on innovation, to ensure that there is investment in new technology.

3.47. Two respondents noted that small retailers are able to provide personalised advice on lighting choices but that currently there is no CERT funding directed to this route, meaning that these smaller retailers are unable to compete with larger retailers on sale of CFLs. They requested that higher CERT scores are given to bulbs promoted via this route.

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## 4. Existing CERT Supplier Guidance

### Chapter Summary

This chapter details the responses to Ofgem's clarifications, amendments and questions regarding the existing CERT Supplier guidance

### Monitoring of CERT

*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?*

4.1. Eight respondents provided comments to this question. The majority of whom thought that current monitoring requirements were appropriate and set at broadly the correct level. Some respondents made comments about specific elements of Ofgem's monitoring, as detailed below.

4.2. Two respondents – including one supplier - commented that the voluntary provision of data to the HEED provided a useful extra level of data to inform CERT and CESP.

4.3. One respondent believed that the manner in which the Priority Group was monitored should be more accurate to ensure that vulnerable groups received assistance.

4.4. One respondent commented that in circumstances where utilisation was uncertain – such as with CFLs, RTDs and HEAs – that there were additional risks that Ofgem needed to address through spot-checking. They also thought there should be penalties for suppliers who had not complied.

4.5. Ofgem comment: we consider our current monitoring requirements robust and set at the right level.

### Loft Insulation

*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?*

4.6. Seven respondents replied to this question, with the majority agreeing that the new questions were appropriate.



4.7. Two suppliers asked that provision be made for re-calculations for lofts that are insulated with less than two thirds coverage.

4.8. Ofgem comment: we will continue to discuss on a case by case with suppliers situations where there was good reason for the loft or cavity walls to be less than two thirds insulated. We have no intention currently of providing any new calculations in the CERT scheme submission pro forma.

### **Additional Comments**

4.9. Two suppliers did not believe that all types of DIY loft product needed to be marked DIY only, commenting that some products are only used for DIY, and that some manufacturers do not have the capability to mark their products. Additionally, one of the respondents called for other methods of ensuring that insulation was used for DIY purposes to be considered by Ofgem, such as a built-in grant application process.

4.10. Ofgem comment: we worked closely with the industry in developing the loft insulation Best Practice Guidelines. These guidelines came into force earlier in the year and some of their key elements are now hard-wired into our supplier guidance.

4.11. Two respondents suggested that professionals other than EPC assessors be eligible to determine that a boiler is G- rated, such as insulation professionals.

4.12. Ofgem comment: we continue to be open to discussions with suppliers and other parties on this issue.

## Appendices

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## Appendix 1 - List of Respondents

List	Name
1	2save energy Ltd
2	Association for Conservation of Energy
3	British Gas
4	Current Cost Ltd
5	E.ON UK
6	EDF Energy
7	Electrical Energy Saving Company Ltd
8	Energy Saving Trust
9	GE Lighting Ltd
10	Green Energy Options Ltd
11	Lighting Association
12	Lighting Industry Federation
13	Modern Moulds Ltd
14	National Grid plc
15	National Insulation Association
16	Northgate Public Services
17	Osram Ltd
18	Philips Electronics UK Ltd
19	RWE npower
20	Scottish and Southern Energy
21	Scottish Power UK
22	Status International Ltd
23	Tesco

Responses received by Ofgem which were not marked as being confidential will be published on Ofgem's website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Copies of non-confidential responses are also available from Ofgem's library.

## Appendix 2 - Consultation Questions

In its consultation document (81/09) Ofgem sought the views of respondents about a number of questions as set out below:

### **CHAPTER: One**

There are no specific questions relating to this chapter.

### **CHAPTER: Two**

Respondents are invited to comment on the following questions:

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?

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

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

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

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.

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?

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

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

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

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

**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?

## Appendix 3 – The Authority’s Powers and Duties

1.1. Ofgem is the Office of Gas and Electricity Markets which supports the Gas and Electricity Markets Authority (“the Authority”), the regulator of the gas and electricity industries in Great Britain. This Appendix summarises the primary powers and duties of the Authority. It is not comprehensive and is not a substitute to reference to the relevant legal instruments (including, but not limited to, those referred to below).

1.2. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 and the Energy Act 2008, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly<sup>4</sup>.

1.4. The Authority’s principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of existing and future consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>5</sup>;
- the need to contribute to the achievement of sustainable development; and
- the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas<sup>6</sup>.

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4 However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

5 Under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Act in the case of Electricity Act functions.

6 The Authority may have regard to other descriptions of consumers.

1.6. Subject to the above, the Authority is required to carry out the functions referred to in the manner which it considers is best calculated to:

- promote efficiency and economy on the part of those licensed<sup>7</sup> under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
- secure a diverse and viable long-term energy supply.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- the effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance about its contribution towards the attainment of any social or environmental policies issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>8</sup> and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

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<sup>7</sup> Or persons authorised by exemptions to carry on any activity.

<sup>8</sup> Council Regulation (EC) 1/2003

## Appendix 4 - Glossary

### Amendment Order

The draft Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009.

### Gas and Electricity Markets Authority ('the Authority')

The regulator of the gas and electricity industries in Great Britain.

### CERT

Carbon Emissions Reduction Target, the name of the programme.

### CER target

The overall target for carbon emissions reduction set by the Government under the Order.

### CESP

The Community Energy Saving Programme

### CFLs

Compact Fluorescent Lamps (energy efficient light bulbs)

### Current Order

The Electricity and Gas (Carbon Emissions Reduction) Order 2008. SI 2008/188

### DECC

Department of Energy and Climate Change

### Defra

Department for the Environment, Food and Rural Affairs

### EEC

Energy Efficiency Commitment, general reference to the EEC1 and EEC2 programmes which ran from 2002-2005 and 2005-2008, respectively

### EEC2

Energy Efficiency Commitment 2005-2008

### EPC

Energy performance certificate



### HEAs

Home energy advice package

### Lifetime

The estimated lifetime for measures (as set out in Defra's illustrative mix)

### Priority Group

Defined in the Order in article 2

### RTDs

Real time display

### Schemes

Suppliers' schemes for delivering their qualifying action

### Supplier

Defined in the Order in article 4(1)

## Appendix 5 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Please add any further comments?

1.2. Please send your comments to:

**Andrew MacFaul**  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
London  
SW1P 3GE  
andrew.macfaul@ofgem.gov.uk