



Association for the
Conservation of
Energy

Ofgem consultation: *“Community Energy Saving Programme Generator and Supplier Guidance”*

ACE response – August 2009

Introduction to the views of ACE

The Association for the Conservation of Energy is a lobbying, campaigning and policy research organisation, and has worked in the field of energy efficiency since 1981. Our lobbying and campaigning work represents the interests of our membership: major manufacturers and distributors of energy saving equipment in the United Kingdom. Our policy research is funded independently, and is focused on three key themes: policies and programmes to encourage increased energy efficiency; the environmental, social and economic benefits of increased energy efficiency; and organisational roles in the process of implementing energy efficiency policy.

We welcome this opportunity to respond to this consultation.

For further information please contact:

Louise Sunderland
Researcher
Association for the Conservation of Energy
Westgate House, 2a Prebend Street
London N1 8PT
(020) 7359 8000
louise@ukace.org
www.ukace.org

General Points

1. From the monitoring and reporting outline set out in this consultation document it is clear to ACE that Ofgem have lost sight of the main aim of the Community Energy Saving Programme, which is to learn from the pilot of this new delivery method. The objectives of the scheme, as set out in the Department for Energy and Climate Change (DECC) consultation earlier this year – to pilot community partnerships, deliver ‘whole house’ refurbishment, address hard to treat homes (HTTH) and target those most in need – are not the same as those of CERT – to simply delivery carbon savings. ACE is seriously concerned therefore, that Ofgem are proposing to monitor energy suppliers’ and generators’ activity under CESP (a pilot and lesson learning programme) based on the same principles as CERT (a delivery programme). The processes used for demonstrating compliance with CERT are not fit for the purpose of CESP monitoring without serious additions.
2. Consultees responding to the DECC consultation on the design of CESP in May so clearly aired their concern that reporting and evaluation of the programme had been overlooked that DECC, in its reply in June, clearly stated that “CESP will therefore be subject to comprehensive evaluation both during and after the programme”.¹ Whilst Ofgem’s outline of how compliance with the complex technical requirements under CESP will be checked seems robust, what is lacking is an outline of how the all important lessons, particularly on partnership working, acceptability of HTT measures and reaching those most in need, will be captured. If these lessons are not captured, CESP will have served only as a very expensive extension to CERT.
3. ACE is also concerned that there is no mention in the consultation document of how the industry regulator will encourage the Government’s expectation “that obligated companies will seriously consider targeting action at a variety of different areas around the country, including rural areas”². Unless suppliers and generators are at the very least encouraged and at best required to undertake some CESP activity in rural areas, it is very unlikely that any activity will occur in these areas and no experience will be gained or lessons learned from one important element of this pilot programme.

¹ DECC (2009) Community Energy Saving Programme (CESP) Consultation response and analysis. Available at http://www.decc.gov.uk/Media/viewfile.ashx?FilePath=Consultations\CESP\1_20090710114123_e_@@_CESPGovt_responseJuly09.pdf&filetype=4

² Ibid

Response to specific questions

Chapter 3: Qualifying actions

General point

4. ACE welcomes the compulsion that Ofgem is introducing for suppliers and generators not only to collect property specific details of each installation but also to disclose them at the time of notification. This is a welcome development from the requirement under CERT only to provide area based information of installations. To ensure that double counting between CERT and CESP does not occur, however, this requirement will need to be extended to the CERT scheme as well.

Question 2: Do we need to consider any additional safeguards to those proposed for CERT for the provision of the HEA to the consumers with the lowest income decile?

General comments

5. In line with the ACE response to the consultation on the CERT Supplier Guidance, we believe the following adjustments must be made to the HEA requirements:
6. In line with the ACE response to the consultation on the CERT Supplier Guidance, we believe the following adjustments must be made to the HEA requirements:
7. Regarding paragraph 2.30, Ofgem must make it absolutely clear that HEA constitutes clauses (a) and (b) and (c), and not (a) or (b) or (c).
8. Whilst it may be assumed from the text, it is not specified that the Home Energy Survey must take place in the home. It absolutely must. Only in the home can a proper and accurate assessment be made. If not, we are concerned that it could be provided, for example, at the roadside or supermarket as part of a cross- promotional exercise.
9. It is specified that advice should be given regarding heating controls, boiler use, appliances, and hot water consumption. Quite bizarrely, this list excludes information on insulation, glazing and windows, and lighting. These areas must also be covered.
10. The requirement that a report be delivered only within three months is too long a time lag. The likelihood of carbon savings being realised will be that

much greater if the householder receives their report in a timely manner after the assessment. A customer is liable to have lost interest and motivation after three months, and will be less engaged with the report as a result. We suggest a target time of within two weeks, with a maximum of one month.

11. To ensure that the advice is not forgotten, and that the levels of carbon savings assumed are actually delivered, energy suppliers must be required to follow up annually with the household, through a home visit, to monitor and assess whether savings have been made and reiterate the advice.
12. In order to ensure that HEA reports provided by the CERT obligated suppliers are meeting the requirements set out in the Order, Ofgem must follow up with a sample of householders who are supposed to have received advice, and check that all of the proposals within both the 'sample energy survey' and 'energy assistance proforma' have subsequently been carried out by the energy supplier. Energy suppliers must face financial penalties if they are found to have offered a service in reality that was less thorough than that presented to Ofgem.

Specific to CESP

13. ACE has outlined in the response to Ofgem's CERT Supplier Guidance consultation that Energy Assessors should not be permitted to promote any products/services from specific energy suppliers. This is particularly relevant to CESP as the CESP target group is likely to contain a large proportion of vulnerable households. Absolutely no cross selling must be allowed and Ofgem must monitor closely to ensure that suppliers and generators comply with this requirement.
14. The Home Energy Advice offered to those in the lowest income decile, many of whom are likely to be suffering from fuel poverty, needs to take consideration of and adapt to the fact that homes may not be heated at present to a sufficient level. Standard behavioural advice, for example to turn the thermostat down, will need to be adjusted and advice specifically designed for those suffering fuel poverty. Relevant, adapted advice must be offered in order for the HEA measure to be eligible in CESP.
15. The greater focus for advice in households receiving measures (potentially complex and unfamiliar combinations of multiple measures) under CESP needs to be to ensure the householder understands how to most efficiently use the equipment. Home Energy Advice therefore should extend to the provision of a

follow up visit, after the works have been completed, to ensure the household is achieving the best use of their fuel.

Question 3: We welcome comments on whether the proposal for evaluating a reduction in carbon emission for solid wall insulation on a per installation basis will simplify reporting.

16. ACE considers the proposal for calculating a reduction in carbon emission for solid wall insulation to be sensible.
17. The pre-installation modeling must however be followed up through a robust regime of post installation measurement. The consultation proposes that 5% of installations by each supplier or generator must be followed up with monitoring. This monitoring must include a test of the actual thermal resistance or conductivity of a treated wall.

Question 5: Respondents are invited to comment on our proposal for managing the issue of the double counting of measures between the CERT and CESP.

18. As outlined in our response to Ofgem's CERT Guidance consultation, the only way to ensure that suppliers do not install measures and claim the associated savings under both schemes is for Ofgem to require that household specific data is collected for all qualifying measures (including HEA and RTDs) and to submit this with the notifications. The proposal under CERT that suppliers voluntarily supply data for input into HEED is not sufficient, as the current absence of compliance makes manifest.

Chapter 4: Submissions of intended actions

Question 1: Comments are invited on whether the scheme submission process (which is similar to that in CERT) is appropriate for CESP.

19. The specific priorities DECC has outlined for CESP, to pilot community partnerships, deliver 'whole house' refurbishment, address hard to treat homes and target those most in need, alongside its contribution to saving carbon, require that the scheme submission process for CESP be markedly different to that used for CERT. Once again, ACE is astonished that Ofgem are proposing that the lessons we need to learn from CESP can be delivered through the same processes that CERT compliance is checked.

20. The intended pro forma for the notifications of schemes must, in the written description of the scheme, contain information on:
- how the scheme will be delivered in **partnership**, including the names of the intended partner organisations and intended areas of responsibility
 - how the scheme will be **monitored** during community engagement, need assessment and installation stages. This will include which partners will be responsible for the different elements of monitoring and how it will be recorded
 - how the scheme will be **evaluated** and which partners will be responsible for engaging with which stakeholders.
20. It is essential that all partners are aware of the need to work in partnership, monitor and evaluate CESP schemes at the establishment of the project. Introducing these requirements at the notification stage will go some way to preparing the partners for their responsibilities during the project.
21. Ofgem proposes to arrange meetings with suppliers and generators to discuss the layout of the CESP Scheme notification pro forma. ACE strongly calls for these meetings to be opened up and the attendance of all potential project partners – notably local authorities – and other interested stakeholders, most usefully those with experience of monitoring and evaluation, should be courted.
22. Investing time at this early stage, to get the design of CESP scheme reporting correct, is the only way to ensure that lessons can be learned from the scheme, and that it serves its purpose as a pilot. This is the most important opportunity we have to learn essential lessons and gain invaluable experience on the most important future delivery mechanism for home energy efficiency – we must not miss it.
23. It is essential then, when reviewing CESP schemes, not only to consider the four points (a to d) Ofgem has outlined in paragraph 4.12 but also to check that the scheme fulfils the stated objectives of the programme. The four points outlined in paragraph 4.12 largely monitor compliance with the technical requirements of the schemes but completely ignore the partnership and reporting requirements. Therefore ACE call for the addition of points ‘e’ and ‘f’ to this list namely:

- e. that evidence is provided to confirm that scheme will be delivered in partnership with a community body (which includes Local Authorities)
- f. that compliance with the requirements to monitor (whilst the scheme is running) and evaluate (at the end of the scheme) and report on both of these stages has been demonstrated.

Chapter 5: Submissions on completed action

Question 1: We welcome comments on whether suppliers and generators intend to use an area based approach when setting up and delivering their schemes.

24. As piloting an area based approach is one of the main objectives of the programme we would expect that every effort will be made by Ofgem to ensure that this is the approach taken. ACE would expect that if progress reports are submitted that show area-based approaches are clearly not being undertaken that this omission would be raised forcefully with the supplier or generator in question.

Question 2: Comments are invited on whether a complete reconciliation by October 2011 would help suppliers and generators monitor their compliance with the obligation.

25. ACE welcomes the proposal of a complete reconciliation before the end of the programme. If designed correctly (see sections on reporting and monitoring), this provides an opportunity for lessons to be learned in a timely fashion to influence the post 2012 delivery policy design.
26. ACE welcomes the suggestion that suppliers and generators will submit progress reports on completed actions throughout the duration of CESP.

Question 3: We welcome views on what type of information stakeholders would like to see in the assessment of the effectiveness of CESP.

27. ACE is seriously concerned that, in following the procedures already established for CERT, Ofgem is only intending to monitor compliance in carbon saving. The effectiveness of CESP as primarily a pilot will be largely due to the amount and quality of information and learning that is collected and, of course, how this information is used. The sections of this consultation response below, on reporting and monitoring, outline suggestions regarding how this information should be captured.

Chapter 6 Reporting

Question 1: We welcome views on whether the frequency of regular reporting as well as the amount of information requested by Ofgem are appropriate for the energy companies to take account of the relevant bonuses.

28. ACE is deeply concerned that the point of reporting on CESP activities has been totally lost by Ofgem. This is indicated by the continued and almost exclusive focus on the carbon saving objective at the expense of the, more important in the long term, delivery lesson learning opportunities. The design of this consultation and the drafting of the questions indicate that Ofgem see ensuring compliance with the complicated set up and accounting for carbon savings as the main, if not only, role of the regulator. If the regulator does not put into place requirements for frequent and analytical reporting it will not happen, and the opportunity that CESP was designed to provide will be lost forever.
29. Regular reporting needs to be designed with the express purposes of learning, recording lessons and improving performance. If the report content requirements are greatly improved (as outlined below), ACE believes that the six monthly intervals would be adequate. Regular reporting will help to build up the important picture of the journeys undertaken by suppliers, generators and their community partners under the CESP scheme.

Question 2: Comments are invited on whether half-yearly reports on the suppliers' and generators' progress against the overall target would be welcome and what type of information stakeholders would like to see in these reports.

30. As outlined above, it is essential that reporting requirements for CESP participants illustrate accountability, not only to delivery on the carbon saving objective (which is arguably secondary), but to delivering information, analysis, evaluation and learning on the partnerships, communities and complexities (ie complex combinations of measures going into HTTH) designed into the Programme.
31. It must be remembered that, unlike CERT, the expectation is that CESP will deliver only about 100 pilot schemes. With so few projects intended, it is reasonable to ask participants and Ofgem to manage much more demanding levels of reporting. As a starting point towards facilitating the capture and communication of the necessary information ACE suggest the following information should be made mandatory for inclusion in the reports:

- Information on **partnerships**: how they are negotiated, responsibilities of all parties, how communication is maintained/structured. In final evaluation reports what worked and what didn't work should be included, along with what could have been done better. It is essential that on this element, above all, input from all partners should be independently gathered.
- Details of the method of **community engagement**. The implementing partner should supply this information (either supplier/generator or community partner). To include information on the percentage of the community contacted, levels of initial interest and final take up. In addition method(s) of contact and any materials should be detailed. In the final evaluation the effectiveness of the method(s) of engagement should be evaluated, analysis performed of which groups within the community are more or less likely to engage and thoughts should be included of any additional activities to engage the community that could have been tried.
- Detailed technical information should be reported, from the 5% sample of recipient homes to be monitored, on resulting **technical performance**. This illustration of performance should be based not only on the questions outlined in Appendix 11 of the consultation document but through the appropriate post installation technical tests, eg thermal resistance for insulated walls, and though a final SAP assessment. In order to facilitate the most useful capture of information, the 5% of homes that are subject to monitoring should be skewed to concentrate upon those homes that have received more than two measures and those that have received an unusual or complex combination of measures.
- In addition to the detailed technical information gathered from the 5% post installation monitoring sample an interview or questionnaire should be carried out with the householders' to gather and report on **householders' experience** with the programme (ie process of engagement and installation of measures) and their experience of living in their home after installation. Details of this should be included in the final evaluation.
- The final requirement from the 5% sample should be an analysis of **fuel bills** before and after the CESP actions with a seasonal comparison. Only through measuring actual fuel bills will the CESP scheme have any chance of monitoring against government's indication that fuel bills savings resulting

from CESP intervention (expected to be on average £328) might remove 30-40,000 households from fuel poverty.³

- It is also proposed that a much **wider survey** addressed to all scheme participants be undertaken at the end of each scheme and included in the final evaluation. The survey should aim to gather information on how participants feel about the information and service offered and to uncover the hidden barriers (physical or not) that prevent action by householders to improve the energy efficiency of their homes.

Question 3: Comments are invited on whether Ofgem auditing suggestions are appropriate and whether they will address compliance and double counting issues.

32. ACE welcomes the commitment Ofgem have made to auditing a sample of schemes but finds it impossible to comment on the potential efficacy of this audit process as no indication has been given on the percentage of schemes that will be audited.
33. ACE finds it essential that the 'other form of auditing' proposed as optional in the present consultation be mandatory. Once again, Ofgem is putting the carbon compliance objective ahead of and at the expense of the main lesson learning objectives. Visiting recipient properties, proposed as an 'other form of auditing', will be essential to perform a proper audit of a CESP scheme. ACE would propose that an interview with the community partner would also be necessary to fulfill the requirement to consult the relevant stakeholders.

Chapter 7 Monitoring

Question 1: We welcome views on whether the CERT monitoring requirements are appropriate for the use in the CESP.

34. ACE welcomes the proposal to perform post installation monitoring on 5% of the recipient properties, which equates to 4,500 properties based on the outline of 90,000 properties CESP is intended to reach. This 4,500 property sample will provide an incredibly useful database of hard to treat properties that have received measures if the monitoring and assessment is designed effectively. As outlined above (paragraph 31) this post installation monitoring

³ Ibid

should not be based solely on the questions outlines in Appendix 11 but also include a post installation SAP assessment and other relevant technical tests.

35. The selection of the 5% sample should also concentrate on homes that have received multiple and complex measures in order for the most useful lessons to be learned from this exercise.
36. ACE is deeply concerned that Ofgem is only considering monitoring 1% of consumer satisfaction, compared to 5% of technical performance. This, once again, highlights the regulator's continual and willful undermining of some of the main objectives of the programme. Without gathering significant feedback from all stakeholders, most importantly the people that experience the schemes first hand, we will not learn about delivery of important whole house solutions to large numbers of households within an area.

END