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Ofgem
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London
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15th September 2009

Dear Urszula

Community Energy Saving Programme (CESP) 2009-2012 Generator and Supplier Guidance

EDF Energy welcomes the opportunity to contribute its views to the Ofgem consultation on the Community Energy Saving Programme (CESP). EDF Energy supports this new obligation which will have a significant impact on lowering fuel bills for some of the most vulnerable householders in society.

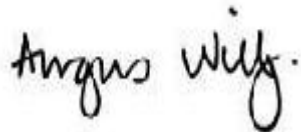
EDF Energy believes that the CESP Generator and Supplier Guidance should correlate, wherever possible, to the existing CERT Supplier Guidance to relieve the administrative burden for obligated parties and Ofgem. This will ensure that the administration of both schemes will run with the minimum disruption and without the need for a significant number of new processes. For example the methodology for calculating the carbon savings for solid wall measures should mirror those in the CERT.

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

- It is very important for obligated parties to understand the interaction of the CESP with other forthcoming domestic energy policies such as the Feed in Tariff and Renewable Heat Incentive. We would request that clarity is obtained by Ofgem from DECC, and any impacts on delivery over the CESP timeframe are understood as early as possible.
- EDF Energy supports process alignment for the CERT and the CESP in most instances, however there are a few areas where it would be helpful to build upon our experience and amend arrangements. One example in the CERT is heat pumps where there is a requirement that a seasonal Coefficient of Performance (CoP) must be submitted before it can be accredited. This should be reviewed in the CESP consultation as the time taken to obtain the accreditation could impact on scheme delivery.
- EDF Energy does not support the proposal for solid wall insulation carbon saving scoring to require a U-value calculation both before and after installation. We support the use of a fixed weighted average score for the U-value improvement and this will provide consistency and certainty to the scoring process.
- EDF Energy suggests that the procedure which is in place to ensure that there is no duplication of carbon savings under the CERT is replicated for the CESP. This would involve using an independent company to consolidate and check the final data set which is then submitted to the Energy Saving Trust for inclusion in HEED.

Please find attached a more detailed response. If you have any queries with this, please does not hesitate to contact either myself on 01273 793962, or my colleague 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
EDF Energy

Community Energy Saving Programme (CESP) 2009-2012 Generator and Supplier Guidance
EDF Energy's detailed response to the consultation

CHAPTER ONE

There are no specific questions relating to this chapter.

CHAPTER TWO

This chapter refers to the definitions and framework described in the Order and there are no specific questions relating to this chapter.

CHAPTER THREE

Question 1: Comments are invited on whether our proposed requirements (which are similar to those in CERT) in relation to assessing whether an action can be considered a qualifying action are appropriate for the administration of the CESP.

EDF Energy agrees that, wherever possible, the proposed requirements should mirror those used in the CERT. These requirements have been developed over a number of years and reflect Ofgem and obligated parties' experience in this area.

There are some areas where it would be helpful to consider amendments to ensure that some of the measures are not discouraged in the programme due to onerous administrative arrangements. This is especially important for those measures which have a longer time frame to deliver and could suffer under the current timeframe.

One key area where the CESP presents an opportunity to improve the administrative arrangements used for the CERT is in relation to heat pumps. The requirement that a seasonal Coefficient of Performance (CoP) for heat pumps must be submitted before they can be accredited under the CESP should be reviewed. There are two potential solutions to this. One approach would be to carry out field trials of the particular product to determine the carbon savings realised. The monitoring procedure which has been developed for the CERT is burdensome and is a barrier to delivery. The impact of this is to reduce potential take up in rural and semi-rural communities off the mains gas network.

A more favourable approach would be to use the agreed standard 'BS EN 14511: Air conditioners, liquid chilling packages and heat pumps with electrically driven compressors for space heating and cooling'. This standard establishes the CoP of a heat pump at different external temperatures. The Seasonal CoP of a heat pump could then be calculated using weather data from the standard 'BS EN 15316-4-2: 2008: Heating Systems in Buildings'.

EDF Energy requests that Ofgem sets a seasonal CoP for heat pump products based on a consensus from stakeholders including manufacturers, suppliers and the BRE. To ensure that the carbon saving is accurate, manufacturers could work with Ofgem under the CERT methodology where they felt a higher carbon saving should be awarded. If the present methodology is not amended this could

limit the roll out of heat pumps under the CESP, to the detriment of the programme and wider Government policy outcomes.

Other areas where EDF Energy suggests the proposed approach is reviewed are noted below:

- It is very important for obligated parties to understand the interaction of the CESP with other forthcoming domestic energy policies such as the Feed in Tariff and Renewable Heat Incentive. We would request that clarity is obtained by Ofgem from DECC, and any impacts on delivery over the CESP timeframe are understood as early as possible.
- EDF Energy suggests that owner occupier consumers in qualifying Lower Super Output Areas (LSOAs) would be less inclined to fuel-switch of their own accord due to their financial circumstances. The additionality evidence for fuel switching should therefore not be required for owner occupiers.
- Ofgem is keen to ensure that those benefiting from microgeneration do not also benefit from a Government grant for the same measure. EDF Energy agrees and supports this approach and recommends that there is no need for this to be monitored before and after installation. We suggest that before any microgeneration is installed, householders should sign a waiver stating that they will not seek or apply for a Government grant for the same measure.
- EDF Energy does not support upfront trialling for the installation of heat meters with District Heating. We suggest these are installed at an obligated parties' own risk and any carbon savings realised are demonstrated after installation when evidence would be available to demonstrate this. If upfront trialling was required this measure would have a limited impact in the programme. In addition, trialling Heat Meters would not provide sufficient data to calculate a set score in the CESP.
- The area which will be covered through the installation of CHP will be determined by the base load required by buildings in a defined geographical area. This will be determined for technical reasons which will not always mirror the LSOA geographical boundaries of the CESP. The CHP spreadsheet should be amended so that there is the facility to apportion the savings between the CERT and the CESP to ensure that this measure is fully utilised by obligated parties.
- Due to the long lead time to install CHP, we suggest that CHPA QA certification may not be available for some time after the close down of the programme although the CHP unit may have been fully commissioned and operating in normal mode. We would request that Ofgem is flexible in its assessment of CHP at close down if a supplier can demonstrate that it has been installed, commissioned and is operating normally.
- With the CERT it has been agreed that a Local Authority declaration for new build microgeneration is not required for developers whose total activity is below the threshold for requirements such as the Merton rule. This approach should be mirrored in the CESP so there is consistency between the two programmes.

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?

In our response to the CERT Supplier Guidance we provided a number of detailed comments as to how HEAs could be administered in a robust and fair manner. It is our view that the arrangements under the CERT should be mirrored for the CESP and that these will provide the best approach for all consumers, including vulnerable householders.

EDF Energy takes its responsibilities to our more vulnerable customers very seriously, and works hard to identify and support such customers. This has resulted in the growth of our Priority Services Register and the development of industry leading initiatives such as the industry's first social tariff and the industry's first energy trust fund to support customers living in or at risk of fuel poverty.

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.

EDF Energy would prefer to see the CESP administrative arrangements mirror those of the CERT wherever possible. In addition we support simplicity with arrangements whilst providing the certainty required by Ofgem to administer the programme and ensure that carbon savings are realised.

We do not support the proposed departure from the CERT arrangements and believe that having to carry out a U-value calculation before and after installation of a solid wall insulation measure is not necessary. The use of weighted averages for loft insulation and cavity wall insulation in the CERT has resulted in accurate carbon savings being reported, and as long as weighting is used this should not result in any negative outcomes. EDF Energy supports the arrangements for calculating the carbon savings from solid wall insulation installation to remain the same as those in the CERT.

For technical reasons it will sometimes be desirable to provide a combination of both internal and external solid wall insulation to a property. Ofgem should ensure that the arrangements for administering this are simple to ensure that these properties can benefit from this hybrid approach.

Question 4: Comments are invited on whether the proposal for removing the disaggregation by fuel type across boilers and controls will simplify reporting.

EDF Energy supports the proposal to remove the disaggregation by fuel types across boilers and controls. We do not believe that this will provide any negative outcomes and it is a welcome simplification of the programme's arrangements.

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.

EDF Energy supports the objective to ensure that there is no risk of double counting between the CERT and CESP.

We would suggest that the procedure to ensure control over duplication of savings by energy suppliers in the CERT is replicated for the CESP. This would involve using an independent third party to consolidate and check the final data set which is then submitted on an aggregated basis to the Energy Saving Trust for inclusion in HEED. We would not support the forwarding of any commercially confidential information direct to the Energy Saving Trust.

We would welcome further discussion with Ofgem on this issue to ensure that an appropriate procedure can be developed.

CHAPTER FOUR

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

EDF Energy supports a straightforward scheme submission process with the necessary flexibility, and not one that adds undue burden.

We would request that a separate note is published by Ofgem as soon as possible clarifying the interim arrangements for scheme submissions between now and the end of 2009.

We support the submission process which has been proposed with the following comments:

- A template of the letter which a Local Authority is required to complete to provide its support to any proposed projects should be provided. This will ensure that Local Authorities are confident that the request to provide permission and associated information is supported by Ofgem. This will also ensure that obligated parties provide all of the relevant information required by Ofgem in every instance. There may be some instances where a more bespoke letter from a Local Authority would be required depending on the type of project and the previous experience of that Local Authority.
- It is essential that when planning such activity, obligated parties are confident as to the post codes which are contained within each LSOA and that this correlates with Ofgem's view. We would recommend that Ofgem provides a secure online facility for all obligated parties to access and use as a means to check post codes prior to planning activity. This will reduce the risk of activity taking place that is later determined to be out of scope. Any costs involved in such an approach could be shared among the obligated parties.
- EDF Energy is concerned that the timescales associated with approving schemes are protracted and this will impact on the challenges associated with achieving the CESP target. We would request that Ofgem approval is provided within fifteen working days of a request being made including query clarification time. If this is not possible then we would request that approval should be provided within one calendar month after scheme submission, and not one calendar month after the first of the month as proposed.

CHAPTER FIVE

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

EDF Energy has carried out analysis on its delivery planning and this has demonstrated that an area based approach will be central to the delivery of the CESP. This is an approach that EDF Energy has already pioneered through initiatives such as the London Warm Zone.

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

EDF Energy does not support the proposed deadline for a complete reconciliation of CESP activity. We understand that Ofgem wishes to have processes in place to monitor compliance against the

obligation and we would suggest that individual arrangements are made with each obligated party, reflecting delivery plans for completion and the size of the obligation each has to deliver.

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

EDF Energy supports any reasonable additional information requirements on an ad hoc basis provided there is flexibility to ensure that the information supplied would assist in programme development.

Question 4: We welcome views on whether the proposed processes (which are similar to those in CERT) in relation to submitting completed schemes are appropriate for the use in CESP.

Due to the sensitive nature of the property data gathered, it is essential that security is guaranteed for this information passing from an obligated party to Ofgem. We support this being achieved through the use of a secure online data transfer system rather than more traditional methods such as couriers. We would request that a working group is set up to include the obligated parties and Ofgem IT personnel and that this is completed in a timely manner.

EDF Energy welcomes Ofgem's commitment to provide an estimate of the total carbon savings achieved at the time of progress banking, including all relevant uplifts.

CHAPTER SIX

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.

EDF Energy supports six monthly reporting and we would suggest that this is completed on the basis of carbon savings without uplift, except where there are completed and banked schemes. We would suggest that two numbers are disclosed - the actual carbon savings achieved for projects which are still in progress and a final carbon saving for the banked projects to date.

Due to the complexities involved with the CESP we would suggest that obligated parties are allowed three weeks to provide this information rather than the proposal of two weeks.

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.

We support the publication of half-yearly reports on the CESP delivery progress and that these focus on the carbon savings realised to date.

We are happy to support the inclusion of additional reasonable information which we can provide on an ad hoc basis. This will provide flexibility to ensure that the reports can assist with the programme's development.

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

EDF Energy supports the requirement for auditing, and arrangements in the CERT should be replicated for the CESP where possible.

It has been suggested that an additional requirement is included allowing Ofgem to carry out direct inspections of householders' properties. We would request Ofgem to reconsider this as obligated parties would have to ensure that all beneficiaries of measures and partners such as social housing providers would be comfortable with this requirement. We are unconvinced of the incremental benefit that direct inspections would achieve. We also believe that eligible householders would not support multiple contacts or agencies accessing their homes and there is the risk that this could be viewed as intrusive and would dissuade some low income householders agreeing to receive measures from the CESP.

CHAPTER SEVEN

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

EDF Energy supports Technical Monitoring as a key element within the administration of the CESP. We also support the use of standard monitoring questions for all obligated parties and we would suggest the questions noted below are amended to give greater clarity and consistency with those in the CERT Supplier Guidance.

Extract from Appendix 11 – Technical Monitoring questions		
Measure	Question per consultation	EDF Energy proposed revisions
CWI & SWI	Are all the air bricks and eaves vents clear of insulation material?	Are all the air bricks and vents (not associated with combustion appliances) clear of insulation material?
CWI & SWI	Are all vents particularly those for combustion appliances clear of insulation material?	Are all vents for combustion appliances clear of insulation material and in compliance with H&SE and CIGA guidance?
LI	Has insulation been applied to all appropriate areas including (i) beneath boarded areas and (ii) if the water storage tank is on the joists, around but not beneath the tanks; or if the tank is elevated, around and beneath the tank?	Has the insulation been applied to more than 2/3rds of the total loft? Has insulation been applied beneath boarded areas? Has the insulation been applied beneath tanks raised more than 300mm above ceiling level?

We would also suggest that Ofgem reconsiders its definition of a 'safety' type of failure and only attributes this in cases where the safe operation of combustion appliances or electrical equipment may be compromised as a result of the measures installed. We believe such failures warrant

immediate remedial action and in turn re-inspection. However the requirement to re-inspect all 'safety' failures as currently defined could lead to customer dissatisfaction in cases where these take place for lesser defects such as the absence of a CWI warranty. We continue to support the requirement to take action to remedy all defective work.

Where measures are currently monitored for the CERT we have commented on the existing guidance:

- We would request clarification that 5% of monitoring should be carried out for every delivery channel. This would increase the administrative burden and the relative merits of this against the benefits to be gained should be considered.
- Microgeneration technologies and installers which are MCS (Microgeneration Certification Scheme) accredited in the CERT do not require technical monitoring and we would support the same process in the CESP.

We have previously argued that technical monitoring should evolve from its current reactive approach with post-installation spot checks to a more proactive approach ensuring that minimum standards are met.

EDF Energy has demonstrated its commitment to this approach by voluntarily recommending that all of our delivery partners who install loft insulation become members of the British Board of Agrément Approved Loft Installer Surveillance Scheme. This scheme incorporates a mix of post installation and work-in-progress inspections along with coaching and mentoring of members' staff carrying out loft insulation. We would propose that Ofgem consider stipulating such schemes as best practice and to a relaxation of the 5% monitoring requirement for CESP delivery partners who are or become members of similar accredited schemes. This would be in line with the relaxation of technical monitoring for MCS accredited microgeneration installers.

CHAPTER EIGHT

There are no specific questions relating to this chapter.

EDF Energy
September 2009