

A review of the first year of the Energy Efficiency Commitment 2005 – 2008

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Overview:

The Energy Efficiency Commitment requires certain gas and electricity suppliers to meet an energy saving target in domestic properties. By the end of the first year of the second programme suppliers had delivered sufficient energy saving measures to meet almost 60 per cent of the overall target.

Suppliers are required to meet at least half of their obligation with consumers on a low income, the Priority Group. During the first year of the programme supplier activity has been more focused towards the non-Priority Group, however, the scale of their activity suggests that they will be able to comply with the Priority Group requirement.

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Target Audience: Defra, energy suppliers, the energy efficiency industry and any other interested parties

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Context

The Energy Efficiency Commitment 2005 – 2008 (EEC 2) is the Government's main policy instrument for improving the energy efficiency of existing households. It requires certain gas and electricity suppliers to meet an energy saving target between 1 April 2005 and 31 March 2008. This is the second phase of the Energy Efficiency Commitment; the first ran from 2002 – 2005.

The EEC is primarily a carbon reduction target. It contributes to the Government's Climate Change Programme by reducing domestic carbon emissions. At least half of the target must be met in relation to certain low-income consumers; therefore the EEC also contributes to the Government's Fuel Poverty Strategy.

The Department for Environment, Food and Rural Affairs (Defra) set the overall target for the EEC. Ofgem is required to administer this programme. We determine the energy saving targets for each supplier and oversee their compliance.

This document sets out the suppliers' progress during the first year of the programme. It provides information on the types of measures the suppliers have been using to comply with their obligations and the progress they have made towards meeting at least half of their target in the Priority Group.

Associated Documents

- The Electricity and Gas (Energy Efficiency Obligations) Order 2004, Statutory Instrument 2004 number 3392
- Energy Efficiency Commitment, Illustrative mix of possible measures, Defra, February 2005
- Energy Efficiency Commitment 2005 – 2008: Administration Procedures, Ofgem, December 2004 (Ref. no. 290/04a)

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Summary

This report fulfils Ofgem's reporting duties to the Secretary of State for Environment, Food and Rural Affairs under the Energy Efficiency Obligations Order 2004. In addition to reporting on the overall performance and each supplier's performance, as required, we have provided extra analysis that might help inform the review of the Energy Efficiency Commitment. Outlined below are the key findings of the report.

Overall progress towards the overall EEC 2 target

- To the end of the first year of EEC 2 the suppliers combined had achieved 60 per cent of the overall target.
- Of the activity to date roughly 46 per cent has been in the Priority Group, however, the level of activity in the Priority Group is buoyed by the amount of energy savings carried over from EEC 1. Excluding the energy savings that were carried over, only 40 per cent of the suppliers' activity in the first year of EEC 2 has been in the Priority Group.
- Supplier activity targeting the Priority Group has been dominated by the delivery of insulation measures. The range of measures being delivered to the non Priority Group is more diverse, but still dominated by insulation.
- Roughly 80 per cent of the energy savings achieved to date have come from the installation of insulation measures.

Each supplier's progress towards its EEC 2 target

- The table below shows the progress each supplier group has made towards complying with its EEC 2 target.

SUPPLIER	Proportion of each supplier's target		
	Priority Group	Non Priority Group	Total
British Gas	31%	29%	60%
EDF Energy	31%	53%	84%
npower	13%	29%	42%
Opus Energy	0%	0%	0%
Powergen	23%	29%	52%
Scottish and Southern Energy	33%	25%	58%
ScottishPower	25%	39%	64%
Telecom Plus	1%	9%	10%

Delivery of measures

- Suppliers have continued to use a range of delivery routes to meet their targets, the most successful has been working directly with consumers, but they have also promoted measures with social housing providers (SHPs), retailers, manufacturers and linking in with the Warm Front programme.
- Although the overwhelming majority of the energy savings have been achieved through insulation measures, the suppliers have promoted large numbers of lighting, appliance and heating measures. For instance, in the first year of EEC 2,

we estimate that 15 million compact florescent lamps (CFLs) have been distributed.

- Some suppliers have been looking to take advantage of the incentive for innovative action. This has led to the promotion of some consumer electronic and some innovative heating products. Almost all of this activity has been targeted at the non-Priority Group.

The forthcoming year

- We will continue to work closely with the suppliers on their schemes.
- We will work closely with Defra on the implementation of the Climate Change and Sustainable Energy Act.
- We will consider the changes required to the existing administration procedures for EEC 3.

1. Overall progress in the first year

Chapter Summary

This chapter outlines the suppliers' combined progress against the overall target during the first year of EEC 2, focusing on the energy savings achieved. The chapter also discusses the progress the suppliers have made towards meeting at least half of the overall target in the Priority Group.

The information presented in this chapter is based upon suppliers' scheme proposals and quarterly report returns. This chapter fulfils Ofgem's reporting duties to the Secretary of State on the suppliers' progress towards complying with the overall energy efficiency obligation.

Measures carried forward from EEC 1

1.1. During EEC 1 the Government announced that the EEC target post 2005 would be considerably larger and that the suppliers would be allowed to carry forward any excess energy saving measures to the next programme. This influenced the level of supplier activity throughout the second half of EEC 1.

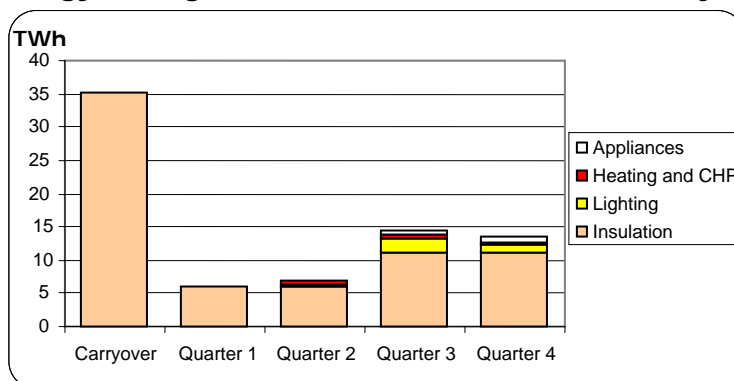
1.2. By the end of EEC 1 suppliers had achieved nearly 35 TWh of energy savings against their EEC 2 targets, more than 25 per cent of their combined target. Almost all of the energy savings the suppliers carried forward were achieved through insulation measures.

Progress to the end of the first year

1.3. By the end of the first year of EEC 2 suppliers had delivered measures that would result in an energy saving of more than 76 TWh, or nearly 60 per cent of the overall target. Of this total, just over 40 TWh was achieved in the first year of the programme.

1.4. To comply with their targets, allowing for the measures carried forward, the suppliers needed on average to achieve almost 8 TWh of energy savings per quarter of the three year programme.

Figure 1.1 – Energy savings achieved to the end of the first year of EEC 2

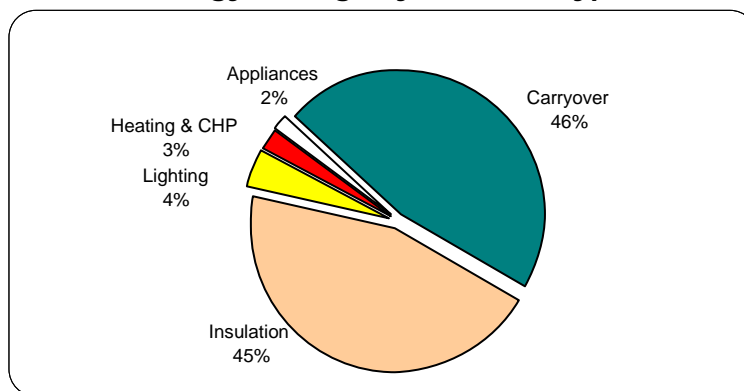


1.5. Figure 1.1 shows that in the first two quarters of EEC 2 the suppliers were slightly below the required average. However, in the second half of the first year, the suppliers' activity picked up so that, on average, the suppliers achieved 10 TWh of energy savings per quarter in the first year. This is well above what is required for compliance with the overall target.

Measures delivered

1.6. Supplier activity can be broken down into four main categories of measure: lighting, insulation, heating and appliances. Figure 1.2 shows how the delivered energy savings are attributed to the four main measure types, with a separate segment for the savings carried over from EEC 1. Of the energy savings delivered in the first year, nearly 85 per cent were from insulation measures. However, because the majority of the energy savings carried over was from insulation measures, of the overall activity achieved to the end of the first year, more than 90 per cent was achieved through insulation. Of the remainder, roughly 4% has been achieved with lighting measures, with lesser amounts of heating and appliances.

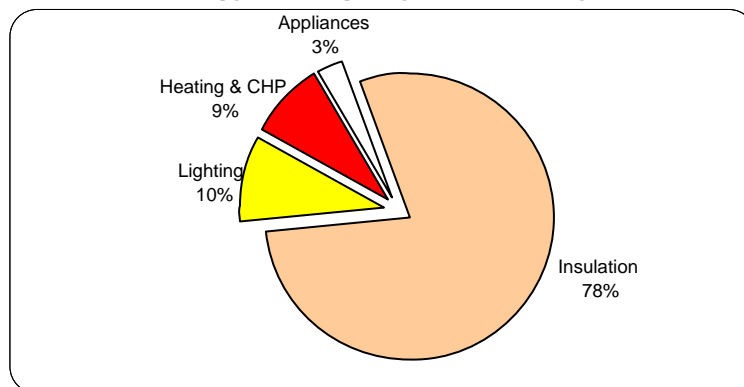
Figure 1.2 – Achieved energy savings by measure type



Supplier proposals

1.7. Figure 1.3 breaks down the approved energy savings from the suppliers' energy efficiency scheme proposals by measure type.

Figure 1.3 – Proposed energy savings by measure type

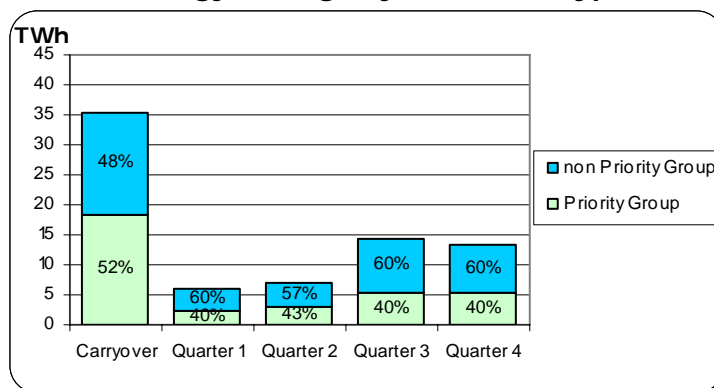


1.8. This chart shows that the suppliers have proposed to carry out nearly 80 per cent of their EEC 2 activity with insulation; this is broadly in line with the outturn demonstrated in the first year. Of the remaining proposed energy savings, heating and lighting energy savings make up roughly ten per cent each, with appliances making up the remainder.

The Priority Group

1.9. Of the total energy savings achieved by the end of the first year, 46 per cent or nearly 35 TWh resulted from measures installed in, or provided to, Priority Group households. The remaining 41 TWh, or 54 per cent, resulted from measures provided to non Priority Group households.

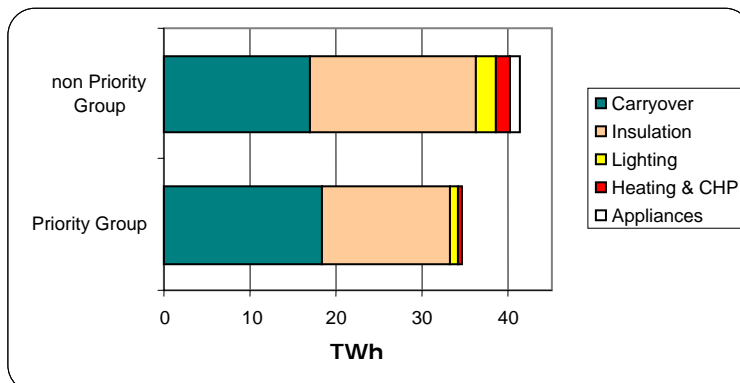
Figure 1.4 – Achieved energy savings by consumer type



1.10. Figure 1.4 shows the breakdown of energy savings achieved during the course of the programme split by the Priority Group and the non Priority Group. This chart shows that of the energy savings that have been achieved in the first year of EEC 2, 40 per cent has been in the Priority Group with the remainder, 60 per cent, in the non Priority Group.

1.11. The energy savings that the suppliers carried forward from EEC 1 has bucked this trend and it is this activity, which is keeping the supplier progress on track towards meeting at least 50 per cent of their energy saving target in the Priority Group.

Figure 1.5 – Achieved energy savings by measure type and consumer type



1.12. Figure 1.5 shows the share of energy savings achieved in the Priority Group and the non Priority Group by measure type. More than 95 per cent of the energy savings delivered to the Priority Group have come from insulation measures, comparing to less than 90 per cent for the non-Priority Group. Of the other energy savings that have been delivered to the Priority Group, most have come from the distribution of low energy lamps.

2. Each supplier's progress

Chapter Summary

This chapter documents the progress made by each obligated supplier during the first year of EEC 2. The information presented in this chapter is based upon suppliers' scheme proposals and quarterly report returns. This chapter fulfils Ofgem's reporting duties to the Secretary of State on the progress of each supplier towards complying with its energy efficiency obligation.

2.1. For each supplier that was set a target in January 2005 information is given on:

- the measures it expects to deliver over the three years of the programme,
- the progress made towards its target during the first year of the programme, and
- the proportion of measures delivered to Priority Group households.

2.2. Each supplier is set a target according to the number of customers on each of its licences. The licences and corresponding fuel type for each supplier have been listed in Appendix 1. For the purpose of this chapter, the licensees have been combined into supplier groups based on the parent company.

2.3. The proposed and achieved energy savings detailed in this chapter have been compared against an estimate of each supplier's final EEC 2 target. The final targets can only be predicted at this stage because the apportionment of the overall target between the suppliers is based upon their average number of domestic customers on 31 December 2004, 31 December 2005 and 31 December 2006. As each supplier's final target will not be calculated until January 2007, for the purpose of this chapter it has been assumed that each supplier's customer numbers in 2006 will remain the same as in 2005. All references to a supplier's target relate to its predicted final target.

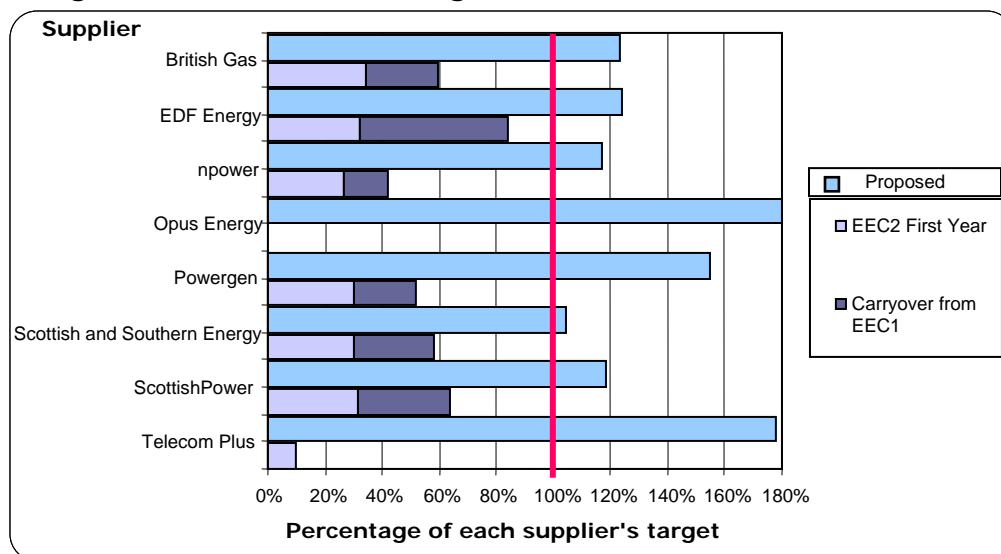
2.4. Suppliers meet their targets by setting up schemes to promote and deliver energy efficiency measures to domestic consumers. In our administration role, Ofgem has put in place procedures to assess suppliers' schemes and to oversee their progress and compliance against their targets. Ofgem assesses whether a supplier's proposal could be capable of being qualifying action under the Order, ie that it would lead to an improvement in energy efficiency that would not have otherwise happened. These proposals detail the measures suppliers are planning to offer, how they will be promoted and who will benefit from the scheme.

2.5. Suppliers are required to report on each scheme once it has been completed to confirm the exact types and numbers of measures that have been installed. They may also 'bank' energy savings towards their target by submitting progress reports periodically during the scheme. The result of the supplier's monitoring of the quality of installations, consumer satisfaction and consumer utilisation is scrutinised along with evidence from the relevant project partners such as retailers and social housing providers (SHPs). Ofgem can then approve the progress or completion report and determine the improvement in energy efficiency that has resulted.

2.6. The mix of measures that suppliers include in their schemes is at their discretion as is the timeframe during which they deliver the measures, as long as all activity is

completed by 31 March 2008 and the completion reports submitted to Ofgem by 30 April 2008.

Figure 2.1 – Each supplier's proposed and achieved energy savings as percentages of their individual targets¹



2.7. Figure 2.1 provides an overview of the energy savings from approved scheme proposals and achieved energy savings for each of the obligated suppliers. The energy savings are shown as a percentage of each supplier's target. The red grid line marked at 100 per cent on the chart represents each supplier's target.

British Gas

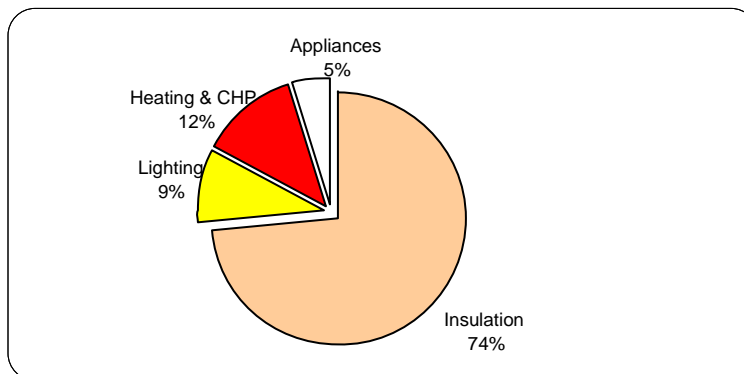
2.8. As shown in Figure 2.1, by the end of the first year of EEC 2, British Gas had achieved about 60 per cent of its EEC 2 target. One quarter of its target has been met with energy savings carried over from EEC 1. A further 34 per cent has been achieved during the first year of EEC 2. During the first year of EEC 2, British Gas commenced banking its achieved savings towards its target by submitting progress reports.

Proposed activity

2.9. During the first year of EEC 2, Ofgem approved 11 schemes proposed by British Gas with the total energy savings equal to 123 per cent of the British Gas target. Figure 2.2 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

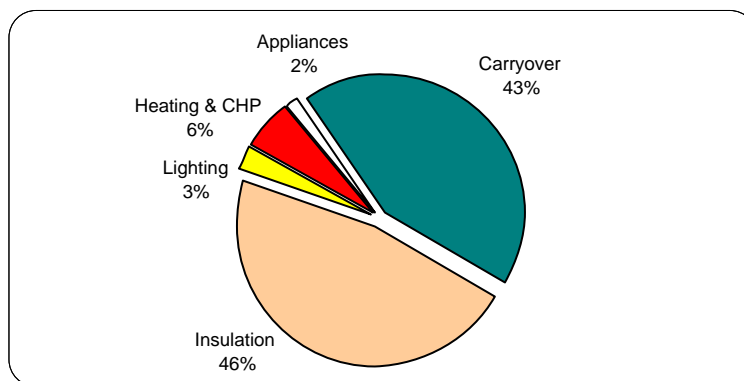
2.10. Insulation accounts for almost three quarters of British Gas' proposed energy savings. The second largest amount of energy savings is anticipated to come from the delivery of heating measures. Lighting and appliances make up a small share of British Gas' proposed activity.

¹ Opus Energy's proposed energy saving has been adjusted from 690 per cent to 180 per cent to ensure the presentation of the other suppliers' activity is clear.

Figure 2.2 – British Gas proposed energy savings, by measure type***Progress so far***

2.11. As shown in Figure 2.3, almost half of British Gas' achieved energy savings have resulted from insulation measures installed in the first year of EEC 2. By number of installations, British Gas has carried out more loft insulation than cavity wall insulation to achieve these savings.

2.12. Heating measures account for six per cent of British Gas' achieved savings, which is the highest proportion of heating for any of the suppliers. These energy savings have been achieved through a combination of British Gas' central heating programme, social housing activity and its boiler manufacturer programme.

Figure 2.3 – British Gas achieved energy savings, by measure type and carryover

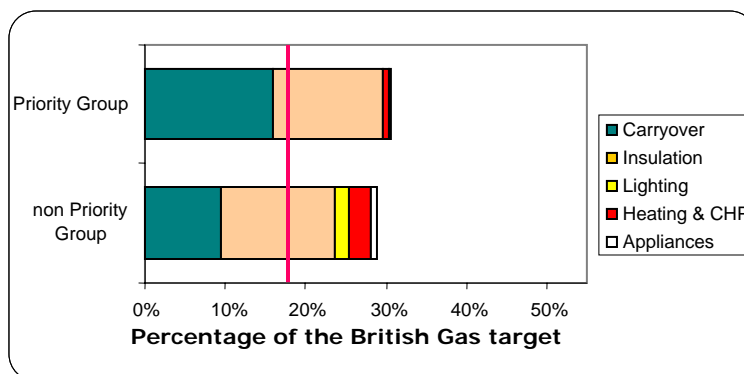
2.13. The energy savings from lighting and appliances, proportionally three per cent and two per cent respectively, have mostly been achieved through British Gas' retail partnerships. A smaller share of the lighting energy savings has been achieved through the distribution of free CFLs.

Targeting the Priority Group

2.14. In the first year of EEC 2, British Gas achieved 15 per cent of its target in the Priority Group and 19 per cent in the non Priority Group. However, its energy savings in the Priority Group have been buoyed by its carryover so that by the end of the

first year of EEC 2, 31 per cent of its target had been in the Priority Group. The red grid line on Figure 2.4 represents the indicative first year target.

Figure 2.4 – British Gas achieved energy savings as a percentage of its target



2.15. British Gas' insulation activity in the first year of EEC 2 has been roughly evenly split between the Priority and non Priority Groups, with slightly more energy savings achieved with non Priority Group consumers. British Gas has directly targeted Priority Group consumers as well as maintaining partnerships with social housing providers and Warm Front.

2.16. A small proportion of the achieved savings has been met through Priority Group lighting, heating & CHP and appliances; each with less than one per cent of the British Gas target.

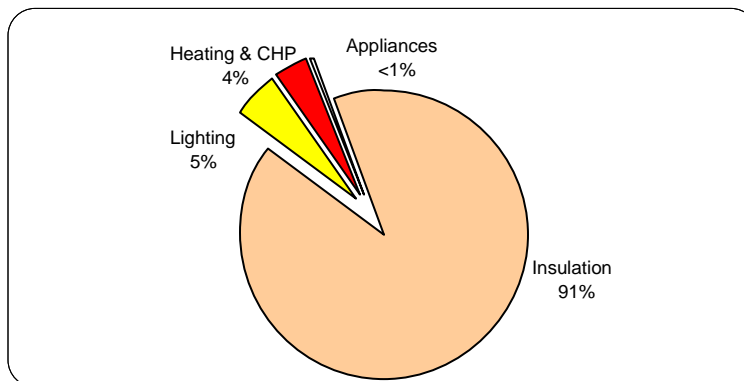
2.17. British Gas has achieved almost three per cent of its target through the delivery of heating measures to non Priority Group households. Energy savings achieved through non Priority Group lighting has contributed two per cent of the British Gas target, with appliances contributing less than one per cent.

EDF Energy

2.18. As shown in Figure 2.1, by the end of the first year of EEC 2, EDF Energy had achieved over 80 per cent of its EEC 2 target. Half of its target has been met with energy savings carried over from EEC 1. A further 32 per cent has been achieved during the first year of EEC 2. During the first year of EEC 2, EDF Energy commenced banking its achieved savings towards its target by submitting progress reports.

Proposed activity

2.19. During the first year of EEC 2, Ofgem approved 15 schemes proposed by EDF Energy with the total energy savings equal to 124 per cent of the EDF Energy target. Figure 2.5 shows a breakdown by measure type of the energy savings proposed in the approved schemes.

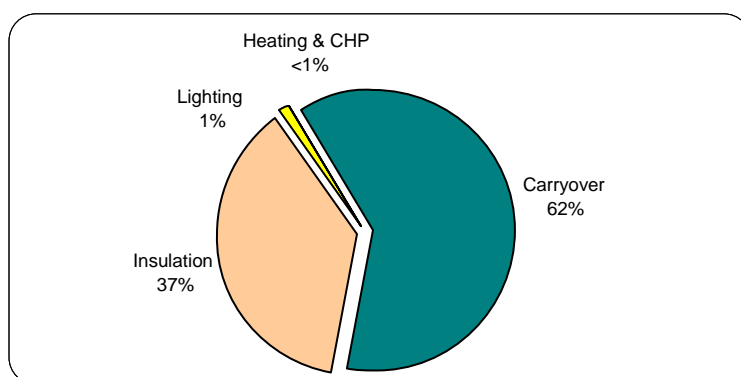
Figure 2.5 – EDF Energy proposed energy savings, by measure type

2.20. Insulation accounts for over 90 per cent of EDF Energy's proposed energy savings. Proposed energy savings from lighting and heating measures make up the majority of the remainder with appliances only having a very small share.

Progress so far

2.21. As shown in Figure 2.6, more than a third of EDF Energy's achieved energy savings have resulted from insulation measures installed in the first year of EEC 2. By volume, EDF Energy has installed more cavity wall insulation than loft insulation to achieve these savings.

2.22. Lighting measures account for one per cent of EDF Energy's achieved savings. These energy savings have been achieved predominantly through EDF Energy's distribution of CFLs to Priority Group consumers and to a lesser extent through its retail partnerships.

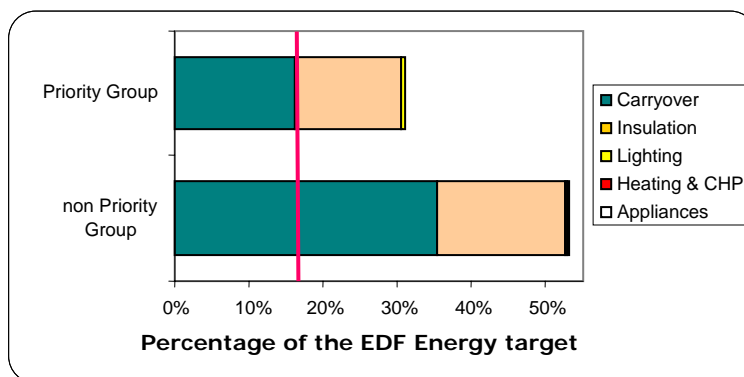
Figure 2.6 – EDF Energy achieved energy savings, by measure type and carryover

2.23. Less than one per cent of the achieved energy savings have come from heating and CHP measures. During the first year of EEC 2, no savings have been achieved through the delivery of appliances.

Targeting the Priority Group

2.24. EDF Energy carried forward 16 per cent of its target in Priority Group energy savings and 35 per cent in the non Priority Group from EEC 1. When these savings are combined with EDF Energy's achieved energy savings in the first year of EEC 2, it has achieved 31 per cent of its target in the Priority Group. The red grid line on Figure 2.7 represents the indicative first year target.

Figure 2.7 – EDF Energy achieved energy savings as a percentage of its target



2.25. In the first year of EEC 2, EDF Energy has achieved more energy savings through insulation activity delivered to non Priority Group households than that achieved in the Priority Group. EDF Energy has directly targeted consumers in the Priority Group as well as maintaining partnerships with social housing providers.

2.26. A small proportion of the energy savings has been achieved through Priority Group lighting and heating & CHP, both with less than one per cent of the EDF Energy target.

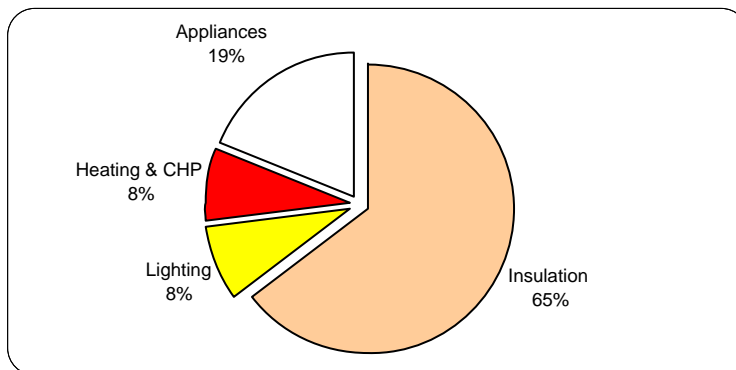
npower

2.27. As shown in Figure 2.1, by the end of the first year of EEC 2, npower has achieved 42 per cent of its EEC 2 target. One sixth of its target has been met with energy savings carried over from EEC 1. A further 27 per cent has been achieved during the first year of EEC 2.

Proposed activity

2.28. During the first year of EEC 2, Ofgem approved 14 schemes proposed by npower with the total energy savings equal to 117 per cent of the npower target. Figure 2.8 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

2.29. Insulation accounts for two thirds of npower's proposed energy savings. The second largest amount of savings is anticipated to come from the delivery of household appliances.

Figure 2.8 – npower proposed energy savings, by measure type

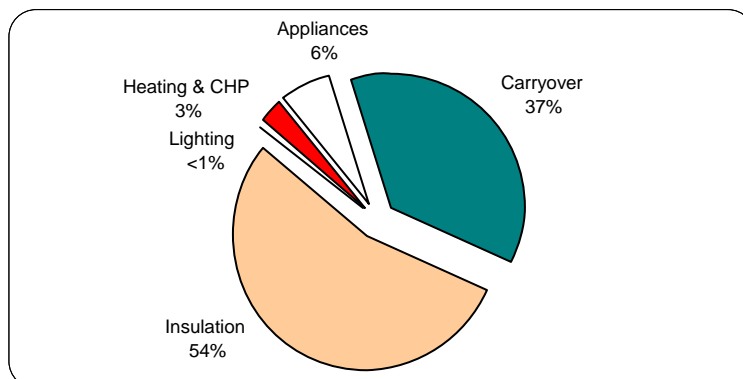
2.30. npower proposes to deliver energy savings in equal amounts from heating & CHP and lighting measures; together these measures are anticipated to deliver one sixth of npower's proposed savings.

Progress so far

2.31. As shown in Figure 2.9, over half of npower's achieved energy savings have resulted from the installation of insulation measures. By volume, npower has installed more loft insulation than cavity wall insulation to achieve these savings.

2.32. Energy savings achieved by appliances account for six per cent of npower's achieved savings; this is the highest proportion for any of the suppliers. These energy savings have been achieved through npower's retail partnerships.

2.33. Three per cent of npower's target has been achieved through heating measures delivered through a combination of dedicated heating programmes and partnerships with social housing providers.

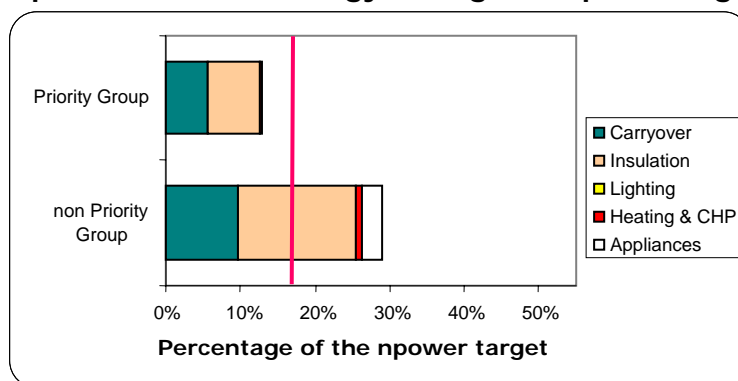
Figure 2.9 – npower achieved energy savings, by measure type and carryover

2.34. Less than one per cent of the target has been achieved with lighting measures, through npower's retail partnerships and the distribution of free CFLs by social housing partners.

Targeting the Priority Group

2.35. npower carried forward six per cent of its target in Priority Group energy savings and ten per cent in the non Priority Group from EEC 1. When these savings are combined with npower's achieved savings in the first year of EEC 2, it has achieved 13 per cent of its target in the Priority Group. The red grid line on Figure 2.10 represents the indicative first year target.

Figure 2.10 – npower achieved energy savings as a percentage of its target



2.36. npower has achieved over 15 per cent of energy savings through insulation installed in non Priority Group households, twice as much as those in the Priority Group. npower has directly targeted consumers in the Priority Group and maintained partnerships with social housing providers.

2.37. All the savings that have been achieved through the delivery of appliance measures have been with consumers in the non Priority Group. The lighting and heating & CHP savings have predominantly been achieved through delivery to, and installation in, non Priority Group households.

Opus Energy

2.38. In December 2005 Opus Energy decided to pull out of the domestic supply market and its customers were transferred to Telecom Plus. Because the EEC target is a relevant requirement on suppliers' licences Opus Energy still has an energy saving target to meet under EEC 2. Telecom Plus has agreed to meet Opus Energy's target. Ofgem will continue to liaise with Telecom Plus about the fulfilment of Opus Energy's EEC 2 target.

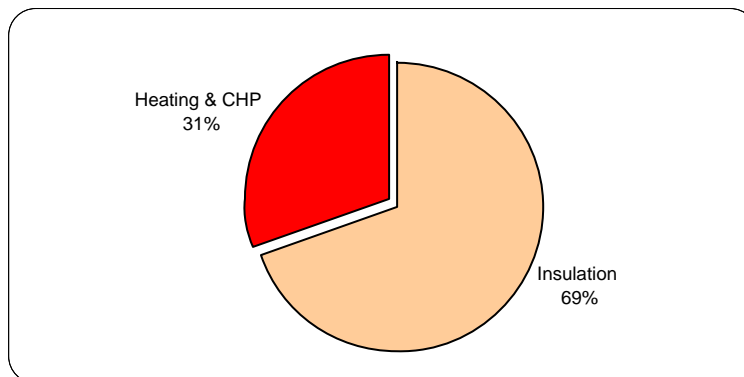
2.39. Opus Energy did not carry forward any savings from EEC 1 and has not reported any achieved savings during the first year of EEC 2.

Proposed activity

2.40. During the first year of EEC 2, Ofgem approved five schemes proposed by Opus Energy with the total energy savings equal to 690 per cent of the Opus Energy target. Figure 2.1 shows that Opus Energy has the highest level of proposed activity relative to the scale of its target; the figure has been modified to demonstrate proposed savings to 180 per cent of its target.

2.41. Figure 2.11 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

Figure 2.11 – Opus Energy proposed energy savings, by measure type



2.42. Opus Energy proposed to deliver two thirds of its energy savings through the installation of insulation. The remaining third was anticipated to be delivered by the installation of replacement boilers and heating controls.

2.43. Two thirds of Opus Energy's proposed energy savings were anticipated to be delivered through targeting the Priority Group.

2.44. No energy savings have been achieved against the Opus Energy target.

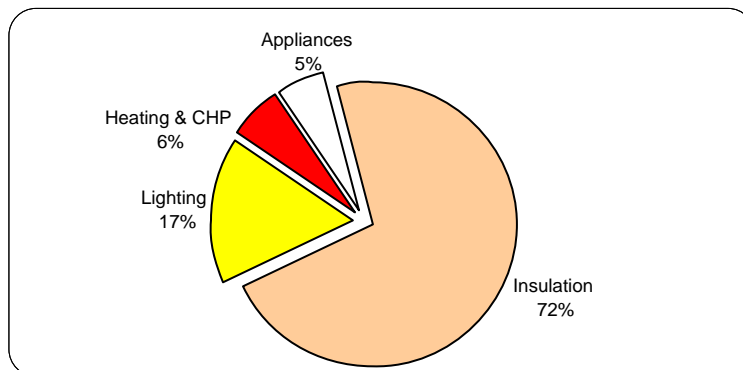
Powergen

2.45. As shown in Figure 2.1, by the end of the first year of EEC 2, Powergen has achieved half of its EEC 2 target. One fifth of its target has been met with energy savings carried over from EEC 1. A further 30 per cent has been achieved during the first year of EEC 2. Powergen has not banked any energy savings towards its target during the first year of EEC 2.

Proposed activity

2.46. During the first year of EEC 2, Ofgem approved ten schemes proposed by Powergen with the total energy savings equal to 155 per cent of the Powergen target. Figure 2.12 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

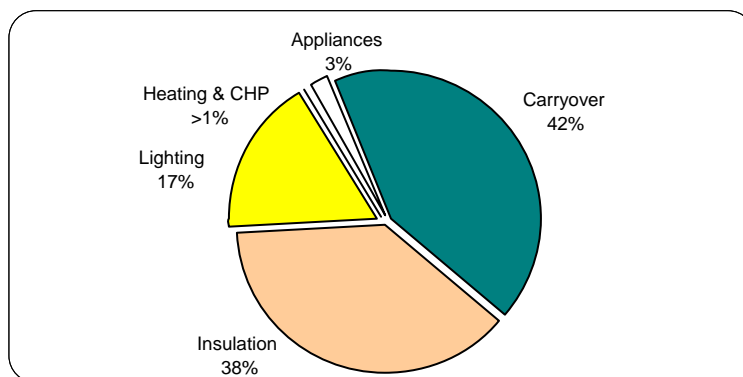
2.47. Insulation accounts for almost three quarters of Powergen's proposed energy savings. The second largest amount of savings is anticipated to come from the delivery of lighting measures with 17 per cent of the total proposed savings.

Figure 2.12 – Powergen proposed energy savings, by measure type

2.48. Powergen proposes to deliver six per cent of its energy savings from heating & CHP, with five per cent anticipated to come from appliances.

Progress so far

2.49. As shown in Figure 2.13, over a third of Powergen's achieved energy savings have resulted from the installation of insulation measures. By volume, in the first year of EEC 2, Powergen have carried out two thirds more cavity wall insulation jobs than loft insulation jobs to achieve these savings.

Figure 2.13 – Powergen achieved energy savings, by measure type and carryover

2.50. Lighting measures account for 17 per cent of Powergen's achieved savings, which is the highest proportion of lighting for any of the suppliers. These energy savings have been achieved through a combination of Powergen's retail partnerships and the delivery of free CFLs.

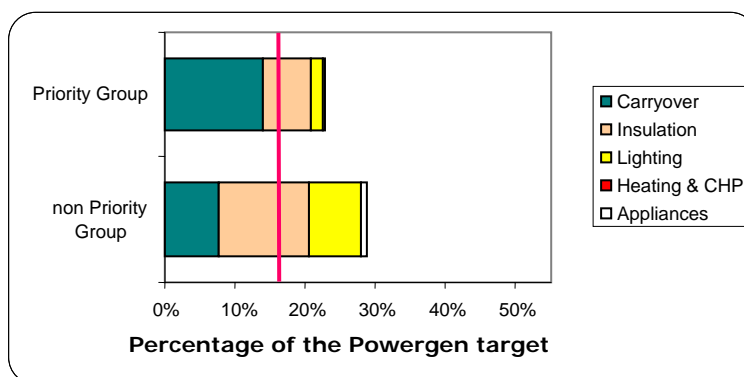
2.51. Three per cent of Powergen's achieved energy savings have come from the delivery of appliances as a result of its retail partnerships. Less than one per cent of its savings to date have been achieved through heating and CHP.

Targeting the Priority Group

2.52. In the first year of EEC 2, Powergen achieved nine per cent of its target in the Priority Group and 21 per cent in the non Priority Group. However, its energy savings

in the Priority Group have been buoyed by its carryover so that by the end of the first year of EEC 2, it had achieved 23 per cent in this sector. The red grid line on Figure 2.14 represents the indicative first year target.

Figure 2.14 – Powergen achieved energy savings as a percentage of its target



2.53. Powergen has achieved twice as many energy savings through insulation installed in non Priority Group households than those in the Priority Group. Powergen has targeted consumers in the Priority Group through its direct programmes and by maintaining partnerships with social housing providers and Warm Front.

2.54. Most of the lighting energy savings have been delivered to consumers in the non Priority Group; four to five times the amount delivered to the Priority Group.

2.55. Just over one per cent of Powergen's target has been met with appliances delivered to the non Priority Group, with a lesser amount delivered to the Priority Group.

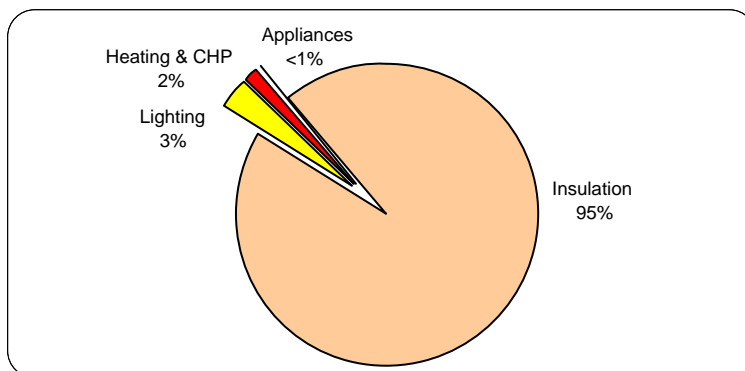
Scottish and Southern Energy

2.56. As shown in Figure 2.1, by the end of the first year of EEC 2, Scottish and Southern Energy had achieved over half of its EEC 2 target. Over a quarter of its target has been met with energy savings carried over from EEC 1. A further 30 per cent has been achieved during the first year of EEC 2.

Proposed activity

2.57. During the first year of EEC 2, Ofgem approved 12 schemes proposed by Scottish and Southern Energy with the total energy savings equal to 104 per cent of the Scottish and Southern Energy target. Figure 2.15 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

Figure 2.15 – Scottish and Southern Energy proposed energy savings, by measure type

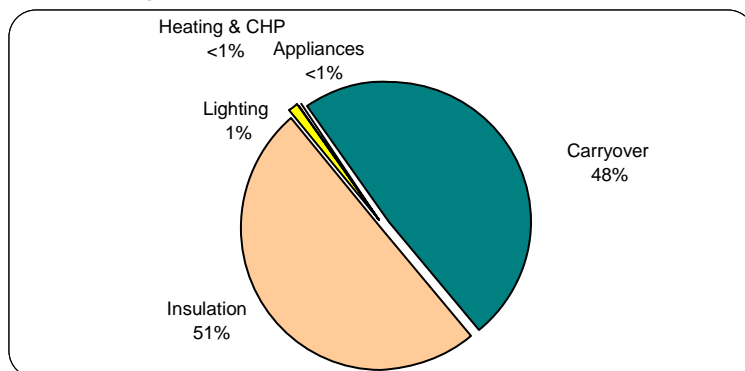


2.58. Insulation accounts for over 90 per cent of Scottish and Southern's proposed energy savings. Scottish and Southern Energy has proposed a small level of activity from the other measures types.

Progress so far

2.59. As shown in Figure 2.16, over half of Scottish and Southern Energy's achieved energy savings have resulted from insulation measures installed in the first year of EEC 2. By volume, Scottish and Southern Energy has carried out more cavity wall insulation jobs than loft insulation jobs to achieve these savings.

Figure 2.16 – Scottish and Southern Energy achieved energy savings, by measure type and carryover



2.60. Lighting measures account for one per cent of Scottish and Southern Energy's achieved savings. These energy savings have been achieved through a combination of Scottish and Southern Energy's delivery of free CFLs and mail order lighting offers.

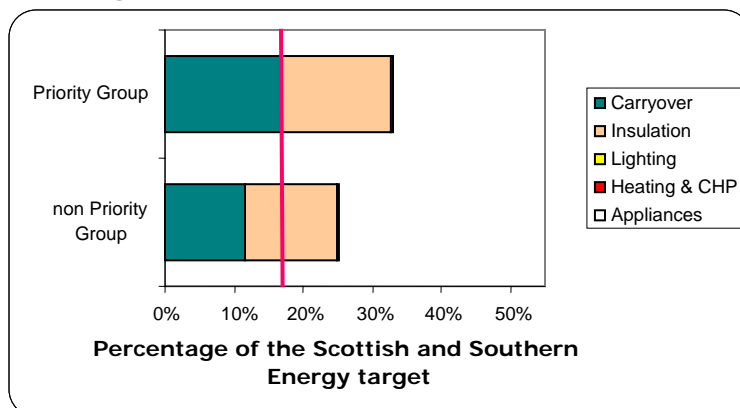
2.61. Savings achieved through heating & CHP and appliances account for less than one per cent each of the total achieved savings.

Targeting the Priority Group

2.62. Scottish and Southern Energy carried over 17 per cent of its target from Priority Group energy savings achieved in EEC 1 and 12 per cent in the non Priority Group. When these savings are combined with Scottish and Southern Energy's achieved savings in the first year of EEC 2, it has achieved 33 per cent of its overall target in the Priority Group.

2.63. Scottish and Southern Energy has achieved more energy savings through insulation installed in Priority Group households than those in the non Priority Group. Scottish and Southern Energy has directly targeted consumers in the Priority Group as well as maintaining partnerships with social housing providers, Warm Front and the devolved equivalents. The red grid line on Figure 2.17 represents the indicative first year target.

Figure 2.17 – Scottish and Southern Energy achieved energy savings as a percentage of its target



2.64. All of the savings achieved with heating & CHP and appliances have been as a result of measures delivered to the non Priority Group; when combined these savings account for less than one per cent of Scottish and Southern Energy's target.

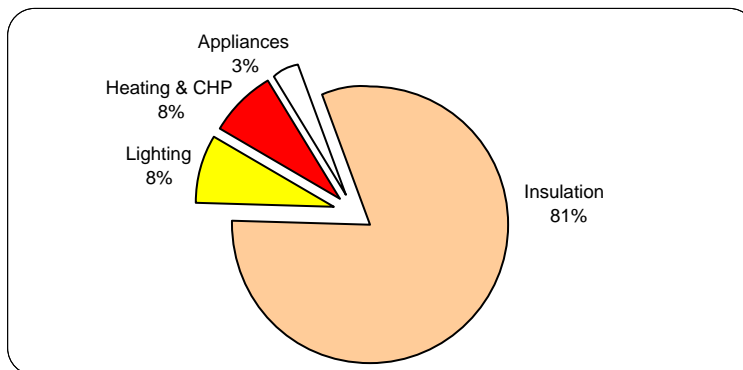
2.65. The majority of the small amount of lighting measures delivered has been distributed to the Priority Group.

ScottishPower

2.66. As shown in Figure 2.1, at the end of the first year of EEC 2, ScottishPower had achieved over 60 per cent of its EEC 2 target. One third of its target has been met with energy savings carried over from EEC 1. A further 33 per cent has been achieved during the first year of EEC 2.

Proposed activity

2.67. During the first year of EEC 2, Ofgem approved seven schemes proposed by ScottishPower with the total energy savings equal to 118 per cent of the ScottishPower target. Figure 2.18 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

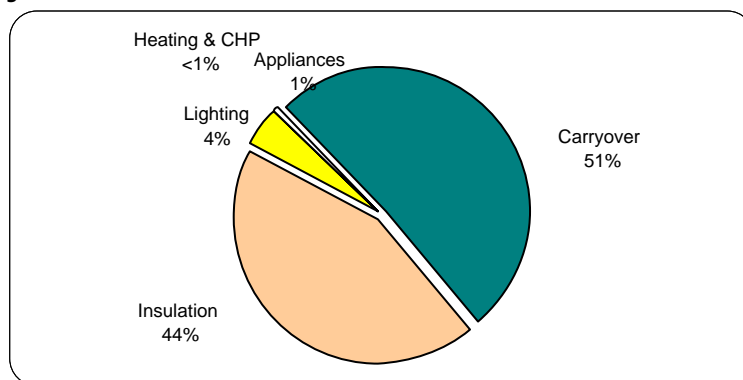
Figure 2.18 – ScottishPower proposed energy savings, by measure type

2.68. Insulation accounts for over 80 per cent of ScottishPower's proposed energy savings. This is followed in size by heating measures and lighting measures which are anticipated to achieve eight per cent each of the proposed activity.

2.69. ScottishPower proposes to deliver three per cent of its energy savings from appliances.

Progress so far

2.70. As shown in Figure 2.19, more than 40 per cent of ScottishPower's achieved energy savings have resulted from the installation of insulation measures. By volume, ScottishPower has installed more than double the amount of cavity wall insulation as loft insulation to achieve these savings.

Figure 2.19 – ScottishPower achieved energy savings, divided by measure type and carryover

2.71. Lighting measures account for four per cent of ScottishPower's achieved savings. These energy savings have been achieved through ScottishPower's framework lighting programme, which encompasses a variety of project partners.

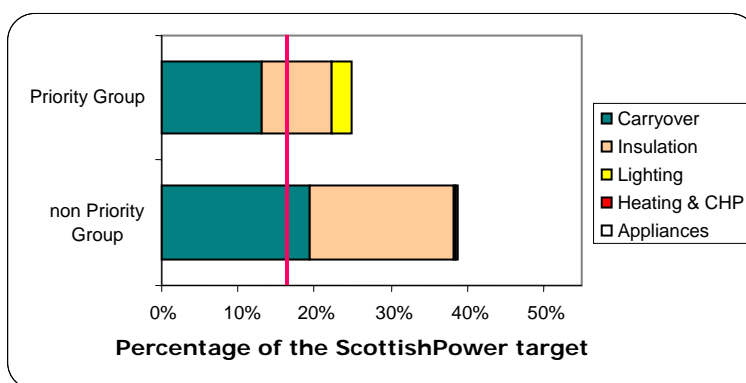
2.72. ScottishPower has achieved one per cent of its total energy savings through the delivery of appliances and less than one per cent through heating and CHP measures.

Targeting the Priority Group

2.73. In the first year of EEC 2, ScottishPower achieved 12 per cent of its target in the Priority Group and 19 per cent in the non Priority Group. However, its energy savings in the Priority Group have been buoyed by its carryover so that by the end of the first year of EEC 2 it had achieved 25 per cent of its target in this sector. The red grid line on Figure 2.20 represents the indicative first year target.

2.74. By the end of the first year of EEC 2, ScottishPower has achieved double the energy savings through insulation installed in non Priority Group households as those in the Priority Group. ScottishPower has targeted consumers in the Priority Group through its direct programmes and by maintaining partnerships with social housing providers.

Figure 2.20 – ScottishPower achieved energy savings as a percentage of its target



2.75. Almost all of the three per cent of energy savings achieved through delivering lighting measures have been achieved with consumers in the Priority Group.

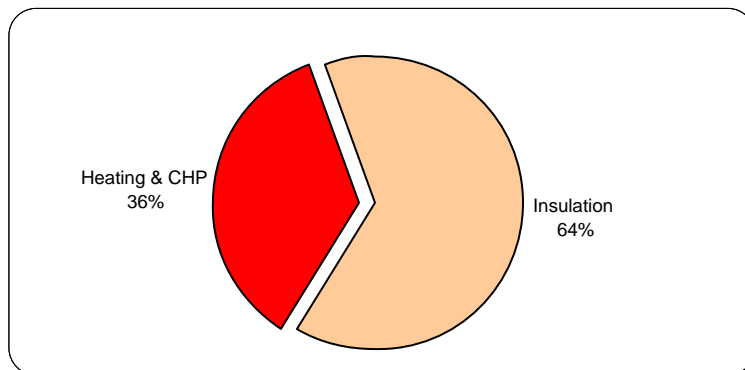
Telecom Plus

2.76. Opus Energy's customers were transferred onto the Telecom Plus' licences in December 2005. Ofgem will continue to liaise with Telecom Plus about the fulfilment of Opus Energy's EEC 2 target.

2.77. As shown in Figure 2.1, Telecom Plus have achieved a tenth of its EEC 2 target. Telecom Plus did not carry over any savings that were achieved during EEC 1.

Proposed activity

2.78. During the first year of EEC 2, Ofgem approved five schemes proposed by Telecom Plus with the total energy savings equal to 178 per cent of the Telecom Plus target. Figure 2.21 shows a breakdown, by measure type, of the energy savings proposed in the approved schemes.

Figure 2.21 – Telecom Plus proposed energy savings, by measure type

2.79. Telecom Plus proposed to deliver two thirds of its savings through the installation of insulation. The remaining third was anticipated to be delivered by the installation of replacement boilers and heating controls.

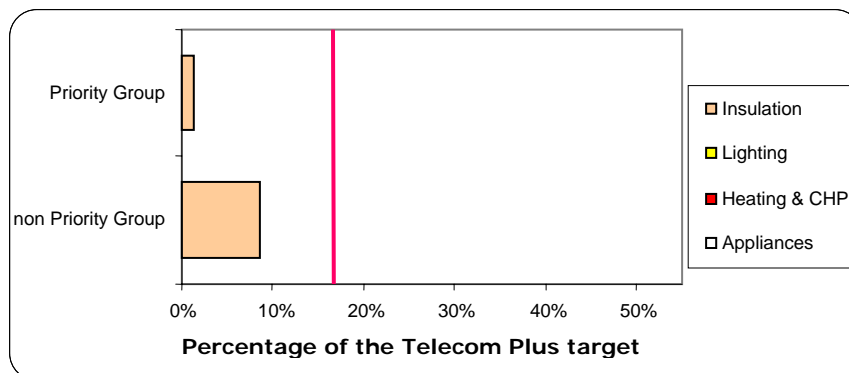
Progress so far

2.80. All of Telecom Plus' energy savings have been achieved through the installation of insulation measures.

2.81. By volume, Telecom Plus has installed two and half times more loft insulation than cavity wall insulation, although the scale of this activity is considerably smaller than for the other suppliers.

Targeting the Priority Group

2.82. The red grid line on Figure 2.22 represents the indicative first year target.

Figure 2.22 – Telecom Plus achieved energy savings as a percentage of its target

2.83. During the first year of EEC 2, Telecom Plus has achieved one per cent of its target through the delivery of measures to the Priority Group and nine per cent to the non Priority Group.

3. Measures delivered during the first year

Chapter Summary

This chapter provides information on the types and numbers of measures that suppliers have promoted over the last year. Where appropriate, the information presented covers the measures carried over from EEC1 and those achieved in the first year of EEC2.

This chapter also provides a brief overview of the take up of the innovative action and energy service incentives.

The supplier's delivery over the first year

3.1. Suppliers use a range of delivery mechanisms to reach their target, but offering measures direct to consumers has been the main delivery route over the first year of EEC 2. Other delivery routes have included partnering with SHPs, retailers, manufacturers and linking in with the Government's Warm Front programme.

Insulation

Numbers of measures

3.2. More than 85 per cent of the total energy savings achieved to the end of the first year of EEC 2 have been through installing insulation, predominantly in lofts and cavity walls. In the first year of EEC 2, just over 430,000 households have had their cavities insulated, as shown in Figure 3.1. Suppliers have also supported the professional installation of loft insulation in just over 370,000 households.

Figure 3.1 – The number of cavity wall and loft insulation installations in Year 1

	Cavity wall	Loft
Number of measures installed in Year 1	430,000	370,000

3.3. Figure 3.2 shows the distribution of professionally installed loft insulation installed in empty lofts and provided as top-up.

Figure 3.2 – A breakdown of loft insulation installations in Year 1

Where none is present	Top-up from		
	25mm	50mm	75/100mm
33 %	8 %	38 %	21 %

3.4. As well as encouraging the professional installation of cavity wall and loft insulation, suppliers are subsidising DIY loft insulation being sold by retailers. Other insulation measures the suppliers are promoting are draught proofing, solid wall insulation and hot water tank jackets.

Delivery routes

3.5. The suppliers' main activity over the first year of EEC 2 has been promoting insulation measures direct to non Priority Group households. These types of schemes have provided the largest share of their achieved energy savings for five out of the six larger suppliers. Figure 3.3 shows the split of energy savings achieved in the Priority Group and non Priority Group. A few suppliers have continued retail partnerships from EEC 1 to deliver subsidised DIY loft insulation with national outlets.

Figure 3.3 – The contribution from installed insulation to the total achieved energy savings

	Priority Group	Non Priority Group
Contribution to total EEC 2 savings achieved in Year 1	19.7%	25.4%

3.6. Insulation measures for Priority Group households have been delivered by promoting directly to consumers, forming partnerships with SHPs and working with the Warm Front programme. SHP partnerships have remained popular because they enable suppliers to identify large numbers of Priority Group households and to lever in funding.

3.7. Some suppliers have chosen to form partnerships with the Government's Warm Front programme and its devolved equivalents. In these partnerships they fully fund insulation work (predominantly insulation for empty lofts and cavity wall insulation). The Warm Front grant can therefore focus funding on heating measures and other insulation work.

Lighting

Numbers of measures

3.8. Despite lighting measures contributing only four per cent of the energy savings achieved to date, this equates to approximately 15 million CFLs and around 560,000 luminaires. Luminaires are more expensive to deliver but are attributed a higher energy saving because they have an energy saving light bulb built into the framework of the product and there is no scope for the consumer to revert to an inefficient product.

Figure 3.4 – The contribution from lighting installed in Year 1 to the total savings achieved and an estimate of the numbers of measures installed

	Priority Group	Non Priority Group
Contribution to total EEC 2 savings achieved in Year 1	1.2%	3.3%
Estimate of numbers delivered	4,200,000	11,400,000

Delivery routes

3.9. In the first year of EEC 2, an important delivery route for promoting CFLs has been via retailers, including supermarkets, DIY outlets and other high street chains. Some work has also been done with small independent retailers who have sold CFLs and luminaires. Some suppliers have set up contracts with individual retailers and others take the approach of partnering directly with a CFL manufacturer who then works with their existing retail partners to promote the light bulbs. The majority of recipients in this group are in the non Priority Group.

3.10. Figure 3.4 shows the split of energy savings achieved and estimated number of CFLs distributed between the Priority and non Priority Groups. Almost three times more CFLs have been distributed or sold to non Priority Group consumers.

3.11. Suppliers are also distributing large numbers of CFLs for free, generally to Priority Group households. Schemes utilising SHPs, charities and other organisations to distribute CFLs remain a popular route for some suppliers.

3.12. Under EEC 1 all of the suppliers offered CFLs direct to their consumers, particularly their 'able-to-pay' consumers through their marketing literature and websites. Fewer suppliers are now taking this approach and are instead concentrating on selling CFLs in greater volumes via retailers.

Heating

Numbers of measures

3.13. Heating activity contributes around three per cent of the total savings achieved between April 2005 and March 2006, as shown in Figure 3.5. This activity includes boiler replacement, heating controls, fuel switching, ground source heat pumps, solar water heating and communal heating systems.

Figure 3.5 – The contribution from heating installed in Year 1 to the total savings achieved

	Priority Group	Non Priority Group
Contribution to total EEC 2 savings achieved in Year 1	0.6%	2.0%

3.14. Due to the range of measures being provided we are unable to estimate the numbers of measures provided over the first year. However, almost 75 per cent of heating measures have been installed in non Priority Group households.

Delivery routes

3.15. From 1 April 2005 the Building Regulations have required boiler replacements to be SEDBUK B rated boilers. Suppliers are accredited with the difference in efficiency between the legal minimum standard and that of the measure they support.

3.16. This change encouraged two suppliers to work with manufacturers to produce primarily A rated boilers. The suppliers claim energy savings for all A rated boilers

sold to existing domestic properties, provided funding has not already been received from another supplier. These schemes involve major gas boiler manufacturers and an oil boiler manufacturer.

3.17. The majority of the remainder of the boiler replacement activity has been through partnerships with SHPs, focused towards the Priority Group, and supporting the installation of boilers through installers.

3.18. Ground source heat pumps and solar water heating measures are provided in relatively small numbers at present, despite the fact that they are classed as innovative action. However, this activity is increasing. These measures are being promoted directly to private consumers or partnerships have been set up with SHPs.

3.19. A number of suppliers have set up schemes to improve the efficiency of communal heating systems. One supplier has partnered with a council to seek Community Energy funding for a CHP unit and other suppliers have installed some small scale CHP units. Other communal heating schemes have been targeted at improving how these systems are controlled.

Appliances

Numbers of measures

3.20. Energy savings from appliance sales make up two per cent of the total achieved in the first year. Despite this very small proportion, due to the low energy savings per measure, large numbers have been sold. Figure 3.6 estimates the number of appliances supported in EEC 2 based on the mix of wet and cold appliances supported in EEC 1. The estimates assume that the appliances sold have all been A rated, sales of A+ and A++ cold appliances have been modest.

Figure 3.6 – Estimate of the number of appliances installed in Year 1

	Cold	Wet
Estimate of A rated incentive appliances	1,200,000	1,700,000
Estimate of A rated trade in appliances	230,000	100,000

Delivery routes

3.21. The main delivery route used by suppliers to promote appliances is through national retailers. Monitoring of the recipients shows that the majority are in the non Priority Group.

Figure 3.7 – The contribution from appliances installed in Year 1 to the total achieved savings

	Priority Group	Non Priority Group
Contribution to total EEC 2 savings achieved in Year 1	0.2%	1.5%

3.22. Suppliers have also submitted appliance schemes with smaller retailers, online retailers and with Fridgesaver requirements but these only represent a small fraction of the appliance activity to date.

3.23. Some suppliers have also promoted energy efficient consumer electronic appliances, such as a measure that curbs the stand-by consumption of a computer's peripherals, and IDTVs (integrated digital televisions). As these products are new, the suppliers have been partnering directly with the manufacturers, and linking in with trade associations, to set up schemes and bring these products to the market.

Innovative action

3.24. The EEC 2 Order provides an incentive for suppliers to deliver innovative action by increasing the energy savings from those measures by 50 per cent. This incentive is capped to ten per cent of a supplier's target to limit the amount of carbon lost from the programme.

3.25. Innovative action is defined as:

- a) Any measure which was not used under the EEC 2002 – 2005, or
- b) A method for providing a measure which was used under EEC 1 where the energy savings from it are significantly greater than a similar measure used under EEC 1. The method for providing a measure is, for example; the type of insulation material fitted, or
- c) A micro CHP unit with a maximum capacity below 50kWe.

3.26. Ofgem has so far approved the following measures as being innovative; ground source heat pumps, A+ and A++ rated cold appliances, Intelligent Mains Panels for computers and peripherals, Powersafer to control standby on televisions, integrated digital TVs and CHP.

3.27. Some suppliers have also presented us with other measures which could be considered innovative. We are awaiting verification of the energy savings of these measures before they can be approved.

Energy service action

3.28. Suppliers are incentivised to deliver measures as part of an energy service scheme. Four suppliers have set up energy service schemes.

3.29. To qualify for the 50 per cent increase in energy savings, the scheme must:

- offer an audit of the consumer's property,
- provide advice, and
- offer the consumer a deferred payment for the cost of the measures.

3.30. The measures must save 13 per cent of the household's consumption. As with innovative action the uplift is capped to 10 per cent of a supplier's target. Savings have been achieved through energy service activity in the first year but the uplift can only be applied once the final target has been set in January 2007.

4. Emerging issues

Chapter Summary

This chapter highlights some of the key issues for consideration that have arisen during the first year of EEC 2.

The progress in the first year

4.1. Suppliers have continued to increase their levels of energy efficiency activity from the end of EEC 1 into the first year of EEC 2. The energy savings achieved by the suppliers show that each supplier is well on track to meet its obligation and that in some cases, if they maintain their current level of activity, they will have complied with their obligation at least a year early.

4.2. Supplier activity in the first year of EEC 2 has been more focused to those in the non Priority Group, but the current high level of activity suggests that the suppliers will comply with the Priority Group part of their obligation by the end of the EEC 2 period.

4.3. By the end of the first year of EEC 2, suppliers had achieved more than 75 TWh of energy savings leaving 55 TWh of the target remaining, an average of less than 7 TWh per quarter for the remaining two years of the programme. This is roughly 30 per cent less than what was achieved on average in the first year of the EEC 2 programme, 10 TWh achieved per quarter, and roughly half what was achieved during the second half of the year, where suppliers achieved on average just less than 14 TWh of energy savings per quarter. Based on the average installation rate achieved by the suppliers throughout the first year of EEC 2, it would suggest that all the suppliers will meet their EEC 2 targets at least six months early.

4.4. The different strategies employed by the suppliers to meet their EEC2 targets have led performances to vary considerably across the suppliers. Some have carried out activity early, while others consider it better to build up their activity through the three years of the programme. Including the activity that was carried forward one supplier, by the end of the first year of EEC 2, had achieved more than 80 per cent of its target. Of the other suppliers one supplier had not reported any activity by the end of the first year of EEC 2.

Measures the suppliers have used

4.5. Insulation measures have dominated the energy savings achieved by the suppliers. This activity has primarily been split between cavity wall insulation and loft insulation. Of the other measures that are being promoted by the suppliers the volumes are high, but because the energy savings per unit are small the energy saving achieved from these other measures relative to the target is quite low.

4.6. At the beginning of EEC 2 there was some concern that the change in the methodology for the accreditation of low energy lamps might mean that the suppliers would not carry out lighting schemes. This concern has not been realised and the energy saving from the measures claimed to date suggests that the suppliers have distributed roughly 15 million low energy lamps. However, the energy saving

accredited to lighting measures is for a lamp with an average wattage and roughly a 10,000-hour lifetime. Evidence from the suppliers' schemes suggests that while some suppliers are promoting lamps with a long lifetime, others are promoting lamps with a much shorter one.

4.7. The scale of EEC 2 and the incentive for innovative action has encouraged the suppliers to consider new measures in their schemes. In the first year, suppliers have explored the use of energy efficient brown goods to comply with their targets and increased the scale of innovative heating measures. While the level of activity supporting these new measures is still at quite a low level, it is higher than it was under EEC 1.

4.8. The scale of EEC 2 has also encouraged the suppliers to consider new delivery routes for measures. Several suppliers are working with manufacturers to improve the energy efficiency of products produced. Another supplier is working with many small retailers to promote low energy lamps.

Targeting the Priority Group

4.9. Suppliers' activity for the Priority Group has been dominated by the provision of insulation measures. The delivery of these measures has predominantly been through forming partnerships with SHPs and also delivering measures direct to the owner occupier sector. At a lower level, some suppliers have also integrated with the Government's and the devolved administrations' energy efficiency programmes aimed at tackling fuel poverty. The energy savings achieved from the other measures have been at quite a low level. Nevertheless, the suppliers' data suggests that they have distributed roughly 4 million low energy lamps to the Priority Group.

The forthcoming year

4.10. Ofgem will continue to work closely with the suppliers on their schemes, overseeing their progress and working with them to ensure that their banking and completion reports demonstrate that they have complied with the legislation. Ofgem will also continue to work closely with Defra in preparation for the statutory consultation in the spring of 2007, using the information gathered through its role as the administrator. Over the coming year Ofgem will also consider the changes that might be necessary to the administration procedures following Defra's consultation on the implementation of the Carbon Reduction Target provision in the Climate Change and Sustainable Energy Act.

Appendices

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Appendix 1 – Supplier licences

1.1 Table of the supplier groups and their licences that have been set a target for the Energy Efficiency Commitment 2005 - 2008

Supplier group	Licence	Fuel
British Gas	British Gas Trading Ltd	Gas
	British Gas Trading Ltd	Electricity
EDF Energy	London Energy Plc	Gas
	London Energy Plc	Electricity
	Seeboard Energy Ltd	Gas
	Seeboard Energy Ltd	Electricity
Npower	npower Commercial Gas	Gas
	npower Direct Ltd	Electricity
	npower Direct Ltd	Gas
	npower Gas Ltd	Gas
	npower Ltd	Electricity
	npower Northern Ltd	Gas
	npower Northern Supply Ltd	Electricity
	npower Yorkshire Supply Ltd	Electricity
	YE Gas Ltd	Gas
Opus Energy	Opus Energy Ltd	Electricity
Powergen	Powergen Retail Ltd	Gas
	Powergen Retail Ltd	Electricity
Scottish and Southern Energy	Southern Electric Gas Ltd	Gas
	SSE Energy Supply Ltd	Electricity
ScottishPower	Scottish Power Energy Retail Ltd	Gas
	Scottish Power Energy Retail Ltd	Electricity
Telecom Plus	Telecom Plus Plc	Gas
	Telecom Plus Plc	Electricity

Appendix 2 – The Authority's Powers and Duties

2.1. 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).

2.2. 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 and the Energy Act 2004, 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.²

2.3. 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 accordingly³.

2.4. 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 consumers, present and future, 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.

2.5. 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 them⁴; and
- The interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.⁵

2.6. 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:

² entitled "Gas Supply" and "Electricity Supply" respectively.

³ 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.

⁴ 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.

⁵ The Authority may have regard to other descriptions of consumers.

-
- Promote efficiency and economy on the part of those licensed⁶ 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;
 - Contribute to the achievement of sustainable development; and
 - Secure a diverse and viable long-term energy supply.

2.7. 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 on social and environmental matters issued by the Secretary of State.

2.8. 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 Regulation⁷ 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.

⁶ or persons authorised by exemptions to carry on any activity.

⁷ Council Regulation (EC) 1/2003

Appendix 3 - Glossary

Accreditation – the determination of the energy savings attributable to measures under the EEC.

BREDEM - Building Research Establishment Domestic Energy Model.

CFLs - Compact fluorescent lamps (energy efficient light bulbs).

CHP - Combined Heat and Power.

dCHP - Domestic Combined Heat and Power.

Defra - Department for Environment, Food and Rural Affairs.

DIY – Do-it-yourself

DTI – Department of Trade and Industry

EEC 1 - Energy Efficiency Commitment, 1 April 2002 – 31 March 2005.

EEC 2 - Energy Efficiency Commitment, 1 April 2005 – 31 March 2008.

EESoP 1 – Energy Efficiency Standards of Performance 1 April 1994 – 31 March 1998

EESoP 2 – Energy Efficiency Standards of Performance 1 April 1998 – 31 March 2000

EESoP 3 – Energy Efficiency Standards of Performance 1 April 2000 – 31 March 2002

EST – Energy Saving Trust

Fuel-standardised energy savings – energy savings that have been adjusted according to the carbon concentration of each fuel. These coefficients are set out in the EEC Order and are as follows: coal 0.557, electricity 0.801, gas 0.353, LPG 0.398 and oil 0.464.

GWh - Giga watt hour (1 million kilo watt hours).

HEES – Home Energy Efficiency Scheme

HRE – the Heat Replacement Effect

Lifetime discounted – the projected energy savings for measures (as set out in Defra's target setting model) were discounted over the lifetime of the measure by the standard Treasury rate of 3.5% per year.

LPG - Liquid petroleum gas.

MtC – million tonnes of carbon

The Order - The Electricity and Gas (Energy Efficiency Obligations) Order 2004
Statutory Instrument number 3392.

Priority Group - defined in the EEC Order as those household receiving one of the follow benefits: council tax benefit, housing benefit; income support; an income-based jobseeker's allowance, an attendance allowance, a disability living allowance, a war disablement pension together with a mobility supplement or a payment under constant attendance allowance; industrial injuries disablement benefit where it includes constant attendance allowance and state pension credit. Child tax credit and working tax credit are included where the household's relevant income is less than £14,600.

SEDBUK – Seasonal efficiency database of boilers in the UK.

SHP - Social Housing Provider, a Local Authority or a Registered Social Landlord.

Supplier activity - energy efficiency work undertaken by suppliers to meet their energy efficiency targets.

Target setting model - Defra's assumptions and the calculations used in setting the overall EEC target, as set out on their website: www.defra.gov.uk.

TWh - Tera Watt hours (1,000 GWh).

Appendix 4 - Feedback Questionnaire

4.1 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:

- Does the report adequately reflect your views? If not, why not?
- Does the report offer a clear explanation as to why not all the views offered had been taken forward?
- Did the report offer a clear explanation and justification for the decision? If not, how could this information have been better presented?
- Do you have any comments about the overall tone and content of the report?
- Was the report easy to read and understand, could it have been better written?
- Please add any further comments?

Please send your comments to:

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