

The Rt Hon Ed Miliband MP
Secretary of State for Energy and Climate
Change
DECC
3 Whitehall Place
London
SW1A 2HD

*Promoting choice and value for
all gas and electricity customers*

Date: 27th April 2010

Ofgem's report on the first quarter of the Community Energy Saving Programme (CESP) 2009 - 2012

This letter fulfils Ofgem's reporting duties¹ to the Secretary of State for Energy and Climate Change under the Electricity and Gas (Community Energy Saving Programme) Order 2009 (the Order). It covers the operation of the CESP for the period 1 October 2009 to 31 December 2009, the first three months of the programme. By 31 December 2009 Ofgem had received only one CESP scheme notification, from an energy supplier, and there was no reporting against this scheme notification. There is, hence, in this first CESP annual report no activity achieved to report on.

Given the lack of activity, we have provided below an update on our work setting up the administration of the CESP programme, that enabled the obligated parties to start their CESP activity.

Activity in the first quarter of CESP

Target Setting

In September 2009, 13 electricity suppliers and 12 gas suppliers, under the big six supplier groups, and 39 generators under ten generation groups, were set a carbon emissions reduction obligation under CESP. The suppliers' obligations were set according to the number of domestic customers on their licences on 31 December 2008. Each generator's obligation was set based on the amount of electricity generated in 2008. A list of obligated parties is shown in Appendix 1.

Administration

In the first quarter of CESP, we published on time our CESP Generator and Supplier Guidance document which set out how we will carry out our functions as the administrator of the CESP. We also published administrative tools to assist the obligated parties in their CESP activity. These tools and the guidance document were developed in consultation with the industry and their timely publication ensured that the obligated parties could begin activity during the 2009/10 winter.

¹ Article 19(4) to the Order requires Ofgem to report on progress towards individual carbon emissions reduction obligations, and the overall CESP target, between 1 October and 31 December 2009.

Forward look

Over the coming year, Ofgem will continue to work with the obligated parties on their CESP activity and their initial proposals and on ensuring that they comply with the CESP Order. By the end of March we had received 19 scheme notifications from four suppliers and one generator.

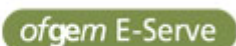
We will continue to work on the compliance reporting requirements and to put in place the IT systems to ensure the accurate monitoring of the obligated parties' completed activity. We will also put in place the reporting mechanisms to prevent and detect double counting between CESP and the Carbon Emissions Reduction Target 2008-2011.

Throughout the duration of CESP, Ofgem will monitor activity and publish data in a newsletter every six months. We will also report to you, in May 2011, on the progress that the obligated parties have made during first full year of CESP. By that time, we expect CESP activity to be fully underway and the obligated parties to have achieved a share of their CESP obligations.

Yours sincerely,

David Pimm

Group Finance Director
Group Finance Director's Office
9 Millbank
London
SW1P 3GE
Tel: 0207 901 0503
www.ofgem.gov.uk



Appendix 1

Parties obligated under the CESP Order as at 28 September 2009

Suppliers

Group name	Licence Holder	Licence Type
Centrica Plc	British Gas Trading Ltd	Electricity
	British Gas Trading Ltd	Gas
EDF Energy	EDF Customers Plc	Electricity
	Seeboard Energy Ltd	Electricity
	EDF Customers Plc	Gas
	Seeboard Energy Ltd	Gas
E.ON UK Plc	E.ON Energy Ltd	Electricity
	E.ON Energy Ltd	Gas
RWE Npower Plc	Npower Ltd	Electricity
	Npower Northern Supply Ltd	Electricity
	Npower Northern Ltd	Electricity
	Npower Yorkshire Supply Ltd	Electricity
	Npower Direct Ltd	Electricity
	Electricity Plus Supply Ltd	Electricity
	Npower Gas Ltd	Gas
	Npower Commercial Gas Ltd	Gas
	Npower Northern Ltd	Gas
	Npower Direct Ltd	Gas
	Gas Plus Supply Ltd	Gas
	Npower Yorkshire Ltd	Gas
SSE Plc	SSE Energy Supply Ltd	Electricity
	South Electricity Wales Ltd	Electricity
	Southern Electric Gas Ltd	Gas
ScottishPower Ltd	ScottishPower Energy Retail	Electricity
	ScottishPower Energy Retail	Gas

Generators

Group name	Licence Holder
Centrica Plc	Centrica Barry Ltd
	Centrica Brigg Ltd
	Centrica KL Ltd
	Centrica KPS Ltd
	Centrica Langage Ltd
	Centrica PB Ltd
	Centrica RPS Ltd
	Centrica SHB Ltd
Drax Group Plc	Drax Power Ltd
EDF Energy	Eggborough Power Ltd
	British Energy Generation Ltd
	EDF Energy (Jade Power Generation Ltd)
	EDF Energy (Sutton Bridge Power Ltd)
	West Burton Ltd
E.ON UK Plc	E.ON UK Plc
	Citigen (London) Ltd
	Enfield Energy Centre Ltd
GDF Suez SA	GDF Suez Teesside Ltd

	GDF Suez Shotton Ltd
InterGen	Rocksavage Power Company Ltd
	Coryton Energy Company Ltd
	Spalding Energy Company Ltd
International Power	Rugeley Power Generation Ltd
	Indian Queens Power Ltd
	Saltend Cogeneration Company Ltd
	Deeside Power Ltd
RWE Npower Plc	First Hydro Company
	RWE npower
SSE Plc	npower cogen trading Ltd
	SSE Generation Ltd
	SSEPG (Operations)
	Medway Power Ltd
	Keadby Generation Ltd
	Fibre Power Ltd
ScottishPower Generation Ltd	Greater Gabbard Offshore Wind Farm
	ScottishPower Generation Ltd
	ScottishPower Generation Ltd
	ScottishPower Generation Ltd