

## **Carbon Emissions Reduction Target (CERT) 2008-2012, Supplier Guidance Consultation 2010**

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### **Overview:**

This document sets out Ofgem's proposals for administering the extension to the Carbon Emissions Reduction Target programme (CERT) in line with the Electricity and Gas (Carbon Emissions Reduction) Order 2008 (as amended in 2009) and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010. It explains what these amendments are and the details of how Ofgem intends to administer these. It also provides further clarification on some areas of the existing CERT supplier guidance.

We are seeking comments on the issues set out in this paper.

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## Context

Government has a range of policies to reduce the UK's carbon dioxide emissions by 80 per cent by 2050. Around a quarter of current emissions result from the energy used to heat and power our homes. This makes housing an area in need of significant attention. The Carbon Emissions Reduction Target (CERT) is one of these policies, and is currently the main policy instrument for reducing carbon emissions from the existing housing stock. Under the CERT, certain energy suppliers are obligated to deliver schemes in domestic households which achieve carbon emissions reductions.

In June the government published its decision document: "Paving the way for a Green Deal - extending the Carbon Emissions Reduction Target supplier obligation to December 2012". This outlined an extension to the current CERT programme, together with other changes to the programme, including the introduction of an Insulation Target and a Super Priority Group Target.

This document sets out Ofgem's proposals for administering the CERT as amended in 2009 and the amendments in the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010. We are seeking comments on the issues described in this paper.

## Associated Documents

- The Electricity and Gas (Carbon Emissions Reduction) Order 2008  
<http://www.opsi.gov.uk>
- The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009  
<http://www.opsi.gov.uk>
- The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010  
<http://www.opsi.gov.uk>
- Paving the way for a Green Deal: Extending the Carbon Emissions Reduction Target supplier obligation to December 2012 - Summary of consultation responses and government response <http://www.decc.gov.uk/>
- Impact Assessment: Extending the Carbon Emissions Reduction Target to December 2012. <http://www.decc.gov.uk/>
- Extending the Carbon Emissions Reduction Target: Consultation on a CERT framework for the period April 2011 to December 2012. <http://www.decc.gov.uk/>
- Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance - Version 2  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Documents1/CERT%20supplier%20guidance.pdf>
- The CERT Technical Guidance Manual  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>

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## Summary

The Carbon Emissions Reduction Target (CERT) 2008-2012 requires gas and electricity suppliers that have at least 50,000 domestic customers to achieve targets for the reduction of carbon emissions generated by the domestic sector. The Electricity and Gas (Carbon Emissions Reduction) Order 2008, The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, and The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 ("the Order") provide the statutory basis for the CERT.

For the purposes of this document The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 will simply be known as the 'Amendment Order' or referred to as the 'CERT Extension'. The programme as a whole will be referred to as the CERT.

This document is consulting on a range of issues linked to the 2010 Amendment Order and a number of other issues that have arisen since the original guidance documents were published. Among other issues, the Amendment Order increases the CERT to December 2012 and includes an insulation target and super priority group target which suppliers will also have to meet. Some measures, eg compact fluorescent lamps and halogens will be removed from the programme from 1 April 2011, and the innovation baseline has been changed to ensure that only the most innovative products receive incentives. Other issues arising include the administration of G-rated boilers and consequences of the change to the Building Regulations from October 2010.

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## 1. Introduction

This chapter introduces the contents of the document, including a summary of DECC's changes to the CERT.

There are no specific questions relating to this chapter.

1.1. Under the CERT certain gas and electricity suppliers are obligated to deliver schemes in domestic premises which achieve a reduction in carbon emissions. The Electricity and Gas (Carbon Emissions Reduction) Order 2008, and The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, provided the statutory basis for the CERT 2008-2011.

1.2. Following government consultation, on the amendments to the CERT, on 30 July 2010, the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 was signed into law. The Amendment Order amended the CERT 2008-2011. In this document 'the Amendment Order' refers to this statutory instrument specifically.

1.3. Within this document the terms 'reduction in carbon emissions', 'carbon savings' and 'carbon score' are used interchangeably to refer to the reduction in lifetime tonnes of CO<sub>2</sub> which can be attributed to a measure.

1.4. The Amendment Order provides the statutory basis for the Government's changes to the CERT. These can be summarised as follows (please note that this is only a summary. The provisions of the amendment Order takes precedent and should therefore be consulted in construing the amendment Order). The Amendment Order:

1. extended the CERT period to 31<sup>st</sup> December 2012;
2. increased the overall CER target to 293 million lifetime tonnes of carbon dioxide;
3. introduced an Insulation Obligation, set at 73.4 million lifetime tonnes of carbon dioxide, to be met through professionally installed insulation products;
4. introduced a Super Priority Group (SPG) Obligation, set at 16.2 million lifetime tonnes of carbon dioxide;
5. required suppliers, from 1 August 2010, to report on the main fuel source used to heat premises where solid wall insulation is installed;
6. removed ground source heat pumps as an eligible Priority Group flexibility measure for properties without mains gas supply, from 1 April 2011;

7. restricted the delivery of microgeneration products to SPG only, from 1 April 2011;
8. removed all CFL and halogen lamps as eligible qualifying actions, from 1 April 2011;
9. changed the Market Transformation baseline from EEC1 to EEC2, from 1 April 2011;
10. required written consumer requests for all free non-professionally installed measures, from 1 August 2010; and
11. introduced new reporting provisions.

1.5. The Order requires licensed gas and electricity suppliers, that have at least 50,000 domestic customers, (either individually or as part of a group of companies) to meet a carbon obligation. It also sets the broad framework for how this is to be achieved. The overall CER target is set by government.

1.6. Throughout this document 'target' refers to the overall targets (either on carbon emissions reduction, insulation or Super Priority Group) set by government in the statutory instrument. 'Obligation' refers to an individual supplier's specific obligation.

1.7. This document sets out Ofgem's proposals for administering the Amendment Order. It also contains clarification of some areas in the existing CERT supplier guidance, for instance areas which have come to light since version 2 of the guidance was published.

1.8. This consultation document only refers to aspects of the CERT administration which are new or will change, ie if it has not been included here there is no planned change to that aspect of the administration. Once we have had the opportunity to consider all the responses we will publish a consolidated Supplier Guidance document containing both existing and new procedures, for ease of reference.

1.9. In setting out these proposals we have had regard to the principles of Better Regulation and to the changing nature of the energy efficiency market. We have made only those proposals which we consider are, amongst other things, necessary and proportionate in order to properly administer the programme.

1.10. Ofgem is the Office of Gas and Electricity Markets Authority. The Gas and Electricity Markets Authority ("the Authority") consist of non-executive and executive members and a non-executive Chair. The Authority determines strategy, sets policy priorities and takes decisions on a range of matters, including price controls and enforcement. Within this document, we will refer to both the Authority and to Ofgem in this context.

**Timetable**

The Amendment Order came into force on 1 August 2010 with a number of provisions having immediate effect. Ofgem wrote to suppliers shortly afterwards advising as to how the programme would be administered in the period between the legislation coming into force and Ofgem's revised guidance being published.

Ofgem's consultation on the administration of this Order, details of which are contained in this document, will last for a shortened period of four weeks from the publication of this document in order to minimise the gap between the Order coming into force and this guidance being finalised. The deadline for responses is Monday 22 November 2010.



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## 2. Setting Obligations for the CERT Extension

This chapter describes how the new obligations, placed on suppliers under the Amendment Order, will be set and when.

There are no specific questions relating to this chapter.

### Increased carbon target

2.1. DECC has increased the overall CER target from 185 million lifetime tonnes of carbon dioxide (for the period 1 April 2008 to 31 March 2011) to 293 million lifetime tonnes of carbon dioxide (for the period 1 April 2008 to 31 December 2012). An increase of 108 million lifetime tonnes of carbon dioxide to be met by the end of the CERT extension period.

2.2. Within this overall CER target 40 per cent of activity must be delivered to the Priority Group. The Priority Group is defined in article 2 of the Order as someone being in receipt of certain income related benefits, tax credits (where the income threshold has not been met), or who is at least 70 years old. The relevant benefits and tax credits are listed in Schedule 2 of the Order. The income threshold for credits has been updated by the Amendment Order and is now set at £16,190.

### New targets

2.3. In addition to increasing the overall CER target, DECC has also introduced two new sub-targets: the Super Priority Group Target, and the Insulation Target.

2.4. The Super Priority Group Target is set at 16.2 million lifetime tonnes of carbon dioxide. This represents 15 per cent of the 108 million lifetime tonnes carbon dioxide increase in the CER target.

2.5. The Insulation Target is set at 73.4 million lifetime tonnes of carbon dioxide which must be met through prescribed professionally installed insulation products.

2.6. Suppliers are able to begin activity towards both of these targets from 1 August 2010. Chapters 3 and 4 describe in more detail how Ofgem proposes to administer them.

### Obligation setting

2.7. Ofgem is responsible for setting Carbon Emissions Reduction Obligations for the obligated energy suppliers, under the Order. In addition Ofgem is required to notify energy suppliers of their Insulation Obligations, Super Priority Group Obligations, and Priority Group Obligations.

2.8. The process for determining each supplier's overall Carbon Emissions Reduction Obligation will remain the same as under the existing supplier guidance and will be similar for determining Insulation, Super Priority Group and Priority Group Obligations.

2.9. The Amendment Order requires Ofgem to notify current obligated energy suppliers of their Insulation and Super Priority Group Obligations by 1 November 2010. Ofgem will do this based on the customer numbers provided by each obligated energy supplier, which were used to set the 2010 Carbon Emissions Reduction Obligations.

2.10. The formula for calculating Insulation and Super Priority Group Obligations is similar to that currently used to calculate individual supplier obligations, namely:

*average number of a supplier's domestic customers (2007-2011) / average of the total number of domestic customers supplied by obligated suppliers (2007-2011) x 73.4 (Insulation Target) and 16.2 (Super Priority Group Target) respectively*

2.11. All subsequent obligations will then be set in the February of each year, up to and including February 2012, based on customer numbers from the preceding 31 December (as set out below).

Date of domestic consumer numbers	Supplier provides domestic consumer numbers to Ofgem	Ofgem notifies suppliers of their obligations
31 December 2010	By 14 February 2011	By 28 February 2011
31 December 2011	By 14 February 2012	By 28 February 2012

## 3. Insulation Obligations

This chapter sets out how Ofgem proposes to administer the Insulation Target during the CERT Extension from 1 August 2010 to 31 December 2012.

### Question 1

Respondents are invited to comment on the proposed monitoring requirements for flat roof and under floor insulation.

### Question 2

Comments are invited on whether administering insulation obligation schemes separately is the most effective way to ensure that measures legitimately counted for both the insulation obligation and the super priority obligation are not counted twice towards a suppliers overall carbon obligation.

3.1. The overall Insulation Target is set at 73.4 million lifetime tonnes of carbon dioxide. Ofgem will set individual Insulation Obligations for each of the, currently, obligated energy suppliers by 1 November 2010, on a pro-rata basis using the formula described in chapter 2. Ofgem wrote to suppliers on 20 August 2010 advising them that they could commence, and notify Ofgem of, Insulation Obligation activity from 1 August 2010.

3.2. For the purposes of this document the term 'Insulation Target' refers to the overall target, set at 73.4 million lifetime tonnes of carbon dioxide. The term 'Insulation Obligation' refers to each supplier's share of this target, as determined by Ofgem.

3.3. The Insulation Target is defined in article 3 and article 9 to the Order. Article 9 prescribes a list of measures from which suppliers can meet their Insulation Obligations. These must be professionally installed. This list of qualifying measures is as follows:

- cavity wall insulation;
- flat roof insulation;
- loft insulation;
- solid wall insulation; or
- under floor insulation.

3.4. It is proposed that flat roof and under floor insulation will be subject to the same monitoring requirements as other insulation measures: 5 per cent technical monitoring and 1 per cent customer satisfaction. The technical monitoring questions which must be used are set out in appendix 3.

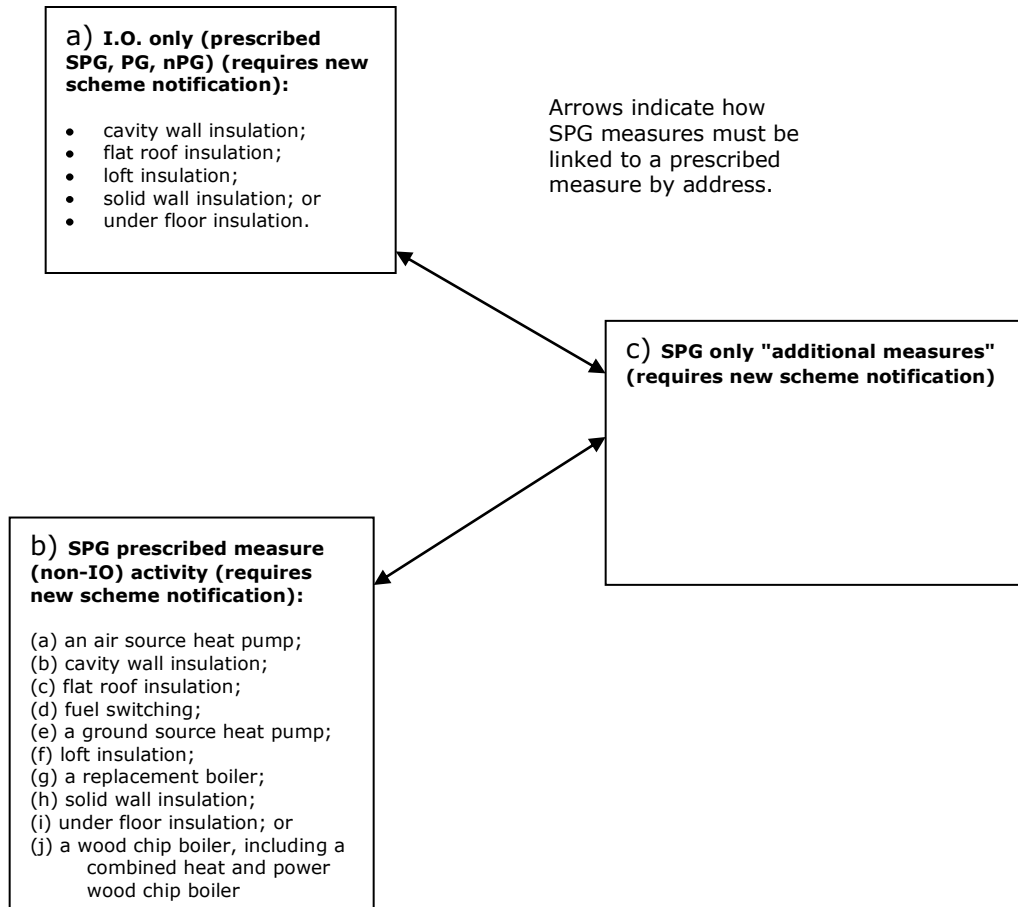
## Notifications

3.5. Article 11 of the Order requires suppliers to provide sufficient information (at notification) to show whether a supplier intends Insulation Obligation (IO) activity to be promoted to the Priority Group or Super Priority Group (or both). NB insulation obligation activity can also be promoted to the non-Priority Group.

3.6. It is proposed that in order to fulfil this requirement suppliers be required to submit new scheme notifications for any activity that they wish to count towards their Insulation Obligation (box a in diagram 3.1, overleaf). Suppliers should make clear in these notifications whether they intend promoting any of the activity, carried out under the scheme, to Priority Group and/or Super Priority group households. In the case of activity that is aimed at both the Super Priority Group and Insulation Obligation, a combined scheme may be submitted. The scheme pro forma will be adapted for this purpose.

3.7. Ofgem proposes that Insulation Obligation schemes be submitted for Insulation Obligation activity only ie only for the promotion of measures listed in article 9 that suppliers wish to count towards their Insulation Obligation. This will enable accounting for Insulation Obligation activity to be more effective and accurate for both the energy suppliers and Ofgem. As stated previously, Insulation Obligation schemes can include Priority Group, Super Priority Group, as well as non-Priority Group activity, subject to the relevant eligibility requirements being met (eg in receipt of state pension credit in order to qualify for the Super Priority Group). All Insulation Obligation eligible activity, as prescribed in article 9, is also listed in the Super Priority Group list of prescribed measures in article 13 and as such, subject to the consumer meeting Super Priority Group eligibility requirements, may be promoted and claimed under the Super Priority Group.

3.8. Ofgem has considered carefully how best to administer the Insulation Target and Super Priority Group Target, and the complex interactions between possible combinations of schemes and activity. It is paramount that any activity towards a supplier's obligation, whether this is Insulation Obligation or Super Priority Group Obligation or Priority Group, be clearly traceable toward that obligation. The diagram overleaf, which is also included in chapter 4, illustrates this. As described in chapter 4, we consider that the best way to manage this will be through separate scheme submissions, limited in the activity that they contain, and where relevant linked by provision of address data. This should streamline the banking and completions processes. We understand that this may necessitate the collation of scheme data so that one scheme spreadsheet can be submitted. If suppliers are unable to do this, it would be difficult for them to demonstrate to Ofgem that measures legitimately counted for both the SPGO and IO were not being counted twice towards their overall carbon obligation and therefore be difficult for us to approve the scheme.

**Diagram 3.1: Potential interaction of Insulation and SPG obligations**

3.9. For clarity, Ofgem is therefore proposing that suppliers submit scheme proposals for Insulation Obligation and Super Priority Group activity as follows:

- IO only:** only for those measures listed in article 9 (suppliers may claim Super Priority Group, Priority Group, and non-Priority Group under these schemes).
- Non IO for SPGO:** a Super Priority Group scheme for non-Insulation Obligation which is activity that encompasses a number (or all) of the prescribed measures listed in article 13 (this may be either for non-insulation measures or for insulation that a supplier does not wish to count towards their Insulation Obligation); or
- SPGO secondary measures:** a Super Priority Group additional measures only (ie those not prescribed in article 13) which must be linked back (through addresses) to activity in the Insulation Obligation only or Super Priority Group prescribed measure only schemes. Suppliers intending to

promote these measures must be able to demonstrate how they will link these measures taking into account that the non-prescribed measure may be installed before the prescribed measure.

## **Delivery**

3.10. Administrative requirements for the delivery of the Insulation Target, for example technical monitoring, will remain as in the more general CERT guidance for professionally installed insulation measures (subject to any further changes that are made as a result of this consultation).

3.11. Suppliers will also be able to continue with existing insulation activity which they wish to count towards the remainder of their overall obligation (other than Insulation Obligation). Chapter 7 discusses how extending existing schemes to December 2012 will be administered. Any insulation activity that suppliers wish to promote to the Super Priority Group, but that they do not wish to count towards their Insulation Obligation, will need to be submitted as a Super Priority Group prescribed measure only (non-Insulation Obligation) scheme.

## **Monitoring of Insulation Obligation activity**

3.12. The monitoring of Insulation Obligation activity will be in line with current insulation activity monitoring (subject to any further changes that are made as part of this consultation).

## 4. Priority Group Obligations

This chapter sets out how Ofgem will administer the new Super Priority Group and the changes to the Priority Group flexibility mechanism.

### Question 1

After 31 March 2011 ground source heat pumps (GSHPs) will no longer be eligible Priority Group flexibility measures under the amended legislation. Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion/banking reports for these schemes, and request a statement from the supplier by 30 April 2011 to confirm that no further measures of this type will be promoted. Comments are invited.

### Question 2

Is the proposal that suppliers submit new and separate scheme notifications for all non-Insulation Obligation Super Priority Group prescribed measure activity, and all other 'additional' Super Priority Group measure activity the most effective way of administering the Super Priority Group in terms of robustness and efficiency?

### Question 3

We invite comments on the appropriateness of the use of Super Priority Group declarations, and suggestions on alternative methods of determining whether consumers fall into this group.

### Question 4

Where a declaration is not used, as an alternative to checking birth certificates we are interested in views as to how suppliers can demonstrate that there is a child, under five, residing with a Super Priority Group Consumer (who is in receipt of a prescribed income related benefit). Personal child health record books could be used. Other proposals are to require a signed declaration from the householder that they meet the Super Priority Group criteria, or to verify document checks at technical monitoring. Views on this and other suggestions are welcomed.

## Super Priority Group

4.1. The overall Super Priority Group Target is set at 16.2 million lifetime tonnes of carbon dioxide. Ofgem will set individual Super Priority Group Obligations for each of the, currently, obligated energy suppliers by 1 November 2010, on a pro-rata basis using the formula described in chapter 2. Ofgem wrote to suppliers on 20 August 2010 advising them that they could commence, and notify Ofgem of, Super Priority Group activity from 1 August 2010.

4.2. The Super Priority Group, which represents a sub-set of the Priority Group, is defined in article 2 of the Order as the group of domestic energy users in the Priority Group where each member is in receipt of:

- (a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002);
- (b) income-related employment and support allowance, which must include a work-related activity or support component, and -
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component;
- (c) income-based job seeker's allowance and -
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component;
- (d) income support and -
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component;or
- (e) state pension credit

4.3. 'Qualifying component' is also defined in article 2 as meaning:

- (a) child tax credit which includes a disability or severe disability element;
- (b) a disabled child premium;
- (c) a disability premium, enhanced disability premium or severe disability premium;
- (d) a pensioner premium, higher pensioner premium or enhanced pensioner premium.

4.4. Article 13 to the Order prescribes a list of measures, at least one of which must be professionally installed in a Super Priority Group household before any other CERT eligible measures can be claimed under the Super Priority Group for that household. This list of qualifying measures is as follows:

- (a) an air source heat pump;



- (b) cavity wall insulation;
- (c) flat roof insulation;
- (d) fuel switching;
- (e) a ground source heat pump;
- (f) loft insulation;
- (g) a replacement boiler;
- (h) solid wall insulation;
- (i) under floor insulation; or
- (j) a wood chip boiler, including a combined heat and power wood chip boiler

## Notifications

4.5. Given the requirements of article 13 to the Order, Ofgem is proposing that suppliers be required to submit new scheme proposals for Super Priority Group activity, from 1 August 2010. These schemes would fall into one of three categories:

- a) **SPGO and IO:** a Super Priority Group scheme that a supplier wishes to count towards their Insulation Obligation which includes any of the insulation measures listed in article 13; or
- b) **SPGO for non IO:** a Super Priority Group scheme for non-Insulation Obligation which is activity that encompasses a number (or all) of the prescribed measures listed in article 13 (this may be either for non-insulation measures or for insulation that a supplier does not wish to count towards their Insulation Obligation); or
- c) **SPGO secondary measures:** a Super Priority Group 'additional measures' scheme encompassing all activity to be promoted to Super Priority Group only households who have already received a prescribed measure as listed in article 13. Suppliers intending to promote these measures must be able to demonstrate on the submission how they will link these measures taking into account that the non-prescribed measure may be installed before the prescribed measure.

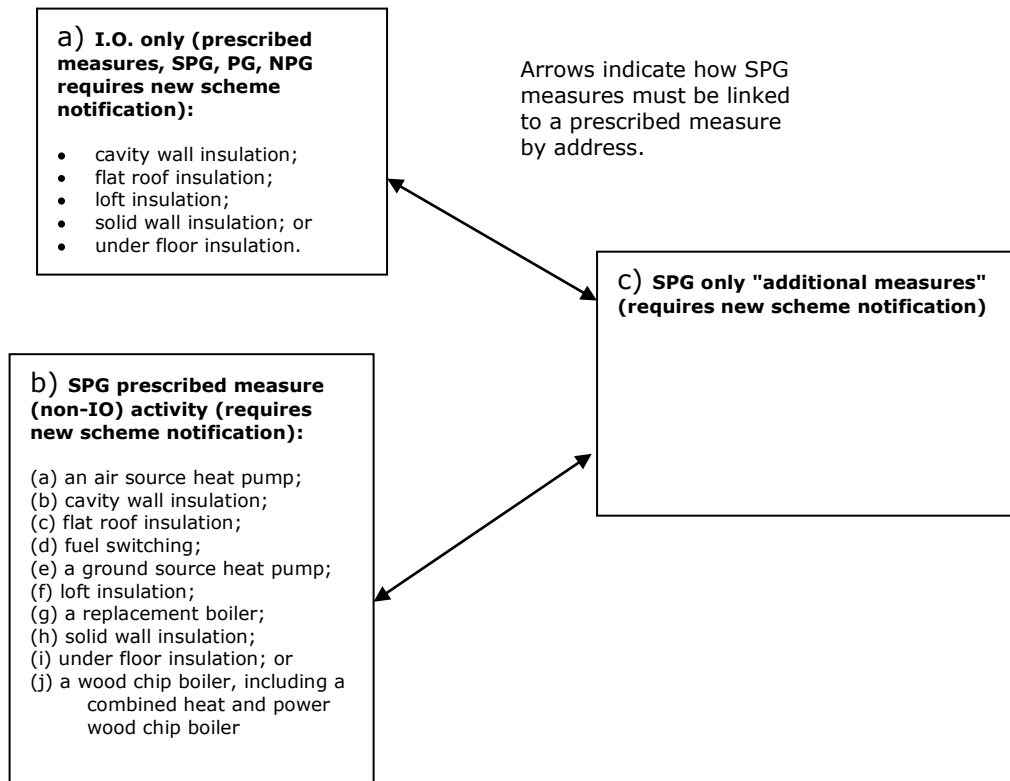
4.6. Suppliers must be able to link the relevant schemes together to demonstrate that a consumer receiving an 'additional' measure has received one of the prescribed measures under article 13 via addresses. It is therefore expected that suppliers will have address level data for all measures promoted to the Super Priority Group and will be able to demonstrate how this will be used should they intend to promote these 'additional' measures.

4.7. Ofgem considers that these proposals, together with the proposal in chapter 3 for Insulation Obligation notifications, are necessary in order to allow both Ofgem and the suppliers to clearly account for measures going to the Super Priority Group and Insulation Obligation. This will avoid the complication of schemes where some of the savings are to be counted towards the Super Priority Group and some are not. In effect this is our preferred method of 'accounting'. We would not expect delivery

on the ground to be affected as a result, although we understand that this may necessitate the collation of scheme data so that one scheme spreadsheet can be submitted. If suppliers are unable to do this, it would be difficult for them to demonstrate to Ofgem that measures legitimately counted for both the SPGO and IO were not being counted twice towards their overall carbon obligation and therefore be difficult for us to approve the scheme. We would however welcome views on this.

4.8. The following diagram illustrates this (together with the Insulation Obligation notification requirements proposal outlined in chapter 3).

**Diagram 4.1: Potential interaction of Insulation and SPG obligations**



### Determining the Super Priority Group

4.9. The qualifying criteria for the Super Priority Group are set out in article 2 to the Order. Given that the Super Priority Group is a sub-set of the Priority Group, Ofgem is proposing that the administrative requirements for determining the Super Priority Group should be based on the current administrative requirements for determining the Priority Group, as outlined below.

4.10. Suitable ways of determining the Super Priority Group, in line with existing guidance, may therefore include:

- checking documents (at time of visit); and
- partner declarations (LAs/SHPs).

4.11. Where partner declarations are used, the organisation signing the declaration must have originally determined the Super Priority Group percentage through checking details of all recipients on receipt of measures. This is because address level data is required for Super Priority Group schemes to link this activity to any non prescribed measures subsequently installed.

4.12. Respondents are invited to consider the appropriateness of the use of Super Priority Group declarations, and to make suggestions on alternative methods of determining whether consumers fall into this group. Draft revised partner declarations are included in Appendices 5 and 6 to this document.

4.13. As activity in the Super Priority Group must include a professionally installed prescribed measure Ofgem does not consider that monitoring a sample of recipients is appropriate. This is consistent with how the Priority Group percentage is determined; monitoring is only permissible for Priority Group where the action does not involve a visit. Suppliers are used to the current requirements for demonstrating that consumers fall within the Priority Group. They do this, for example, by checking relevant documentation and this process could be extended to the Super Priority Group. However, where suppliers are promoting measures to those on the prescribed list of income related benefits, there is an additional requirement that will require demonstrating. In this instance suppliers will also have to demonstrate that the consumer was not only in receipt of the prescribed income related benefit but that they were also in receipt of either one of the 'qualifying components' (which could be verified through document checks) or that they have parental responsibility for a child under five, who normally resides with them.

4.14. We are considering what documents might be acceptable to determine whether a child under 5, for which the customer has parental responsibility, is resident at the address. We propose that a birth certificate or personal child health record (Red Book) would be suitable for these purposes. However this would not demonstrate that the child normally resided at that address or whether the customer has parental responsibility for that child. Ofgem is therefore inviting views from all stakeholders on whether there are any other document checks that suppliers could conduct to verify this. School registration or child benefit documentation may also be suitable if the child's date of birth and address is clearly stated. Other proposals are to require a signed declaration from the householder that they meet the Super Priority Group criteria, or to verify document checks at technical monitoring. We would not expect the child's details to be recorded but a box to be ticked to indicate which documents have been checked.

4.15. For measures other than those listed in article 13 to be counted towards their SPGO, suppliers will need to collect address data, linking these to the installation of a prescribed measure. In other words, suppliers will need the address of the property where the prescribed measure was installed, together with the address of the property where any additional measures were installed, so that the two can be linked. Suppliers will be required to demonstrate to Ofgem how they are using the

address data to ensure that a property has received a prescribed measure, if other measures are to be claimed, for the same property, under the Super Priority Group.

## **Priority Group Flexibility**

4.16. The Amendment Order introduces changes to the measures that are eligible as Priority Group flexibility actions. Under article 2, ground source heat pumps will, from 1 April 2011, no longer be an eligible Priority Group flexibility action measure. Therefore any ground source heat pump activity that suppliers wish to claim under the Priority Group flexibility mechanism must have been installed on or before 31 March 2011.

4.17. This means that under article 2 to the Order, from 1 April 2011, solid wall insulation activity (which lowers the U-value of the walls to 0.5 W/m<sup>2</sup>K or less) remains the only eligible Priority Group flexibility measure.

4.18. Solid wall insulation, promoted after 1 August 2010, will therefore be eligible for a fuel specific carbon score and an uplift under the Priority Group flexibility mechanism. For the avoidance of doubt, solid wall insulation measures promoted to the Super Priority Group (as well as those promoted to the Priority Group) qualify as Priority Group flexibility actions.

4.19. Suppliers with Priority Group flexibility action schemes that contain a ground source heat pump element should ensure that these measures are not installed after 31 March 2011. Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion reports for these schemes (or banking reports where another measure is also being delivered through the scheme). We propose that suppliers submit a statement by 30 April 2011 to confirm that no further measures of this type will be promoted.

4.20. Any ongoing Priority Group Flexibility activity delivering solid wall insulation which suppliers intend to count towards their Super Priority Group Obligation (or Insulation Obligation) will require a new scheme submission.

4.21. Priority Group flexibility actions are subject to a cap - where no more than 12.5 per cent of the Priority Group obligation can be achieved through Priority group flexibility actions. This cap percentage remains unchanged.

## 5. Qualifying Action

This chapter details the changes in the amended legislation specific to measures themselves, and sets out how Ofgem proposes to administer these changes. The following measures are affected: lighting, solid wall insulation, G-rated boilers, RTDs, microgeneration and water saving devices. For example, after 1 April 2011 compact fluorescent lamps and halogen lamps will no longer be qualifying actions under the Order.

### Question 1

Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion reports for CFL and halogen schemes, and GSHP PG flexibility schemes (or banking reports for the relevant component of combined schemes), and to require a statement to be submitted by 30 April 2011, with effect 31 March 2011 to confirm that no further measures of this type will be promoted. Comments are invited.

### Question 2

Ofgem proposes that the same multi-buy/multi-pack restrictions that are currently applied to retail CFLs be applied to LEDs ie packs of no more than three may be distributed. This is to ensure that these measures are likely to result in carbon reductions. Comments are invited.

### Question 3

The amended legislation requires suppliers to report all solid wall insulation activity from 1 August 2010 by fuel type. Ofgem propose that the scheme spreadsheet be revised and used for this purpose for all solid wall insulation reporting from this date and that both existing and new SWI schemes are reported in this way. Respondents are invited to comment.

### Question 4

Ofgem would welcome feedback as to whether the proposals outlined are rigorous enough to ensure that carbon savings are realised, whilst allowing the energy suppliers enough freedom to incentivise activity?

### Question 5

With respect to the accreditation of G rated boilers, what would be the best way to facilitate verification inspections in the time between a consumer ordering a new boiler and the new boiler being fitted?

### Question 6

Ofgem proposes to encourage early banking of RTD schemes, to ensure that the appropriate carbon scores can be given and to simplify and streamline administration. Comments are invited.

### Question 7

What evidence is there to support or change the estimated 11 million showers in GB capable of benefiting from the types of shower regulation devices currently being promoted by the suppliers?

**Question 8**

Is the list in paragraph 5.53 of the text below of methods by which a consumer can submit a written request comprehensive? Are there any other methods that could meet the written request requirement for non-professionally installed measures?

**Lighting**

5.1. Article 12 to the Order states that the Authority must not, on or after 1 April 2011, approve as a qualifying action the provision of compact fluorescent lamps (CFLs) or halogen lamps.

**Lighting before 1st April 2011**

5.2. In the light of the upcoming changes, Ofgem does not expect that suppliers will submit any new CFL, CFL luminaire, or halogen schemes for consideration.

**Lighting from 1st April 2011**

5.3. Ofgem will no longer approve as a qualifying action the provision of CFLs, CFL luminaires, or halogen lamps from 1 April 2011.

5.4. Suppliers are therefore encouraged to bank lighting activity during 2010 and will be required to stop the delivery of CFLs, CFL luminaires and halogens by 31 March 2011 at the latest. Ofgem intends to allow suppliers up to 31 July 2011 to submit completion reports for these schemes (or banking reports, where another measure is also delivered via the scheme). We propose that suppliers submit a statement to be submitted by 30 April 2011, with effect 31 March 2011 to confirm that no further measures of this type will be promoted.

**LEDs**

5.5. Subject to the upcoming DECC consultation on non insulation and heating products in CERT, Light Emitting Diode (LEDs) lamps will remain eligible for the remainder of CERT, to 31 December 2012. To be eligible under CERT LED lamps must be accredited under Energy Saving Trust Recommended (ESTR). External lamps must have passive infra-red (PIR) sensors, as these ensure that the lights are more energy efficient as they are only used when required.

5.6. As at present we will continue to assess LED lamps on a case by case basis and award carbon scores accordingly. In doing this, we will also consider the impact of the changes to the lighting market, eg the phase out of CFLs, on halogen and LED scores.

5.7. All LED lamps promoted under CERT must either be sold through a retail outlet, or be requested, in writing, by the consumer (see Written Request section of this chapter).

5.8. Ofgem is also proposing that the same multi-buy/multi-pack restrictions, that are currently applied to retail CFLs, be applied to LED promotions under CERT eg multi-buys/multi-packs be limited to three bulbs per offer/pack. This is to ensure that all LEDs delivered are likely to result in carbon reductions.

## **Solid Wall Insulation**

5.9. Article 16 to the Order requires energy suppliers to report the main fuel source used to heat the premises where solid wall insulation is installed. This provision takes effect from 1 August 2010 and refers to all types of solid wall insulation including wallpaper type.

5.10. Ofgem will therefore calculate carbon savings associated with solid wall insulation installations by fuel type from 1 August 2010 (prior to this date carbon scores were awarded on an aggregated basis). To this end, a spreadsheet containing fuel specific scores for this measure has been published on the Ofgem Energy Efficiency website, under 'Information for Project Managers' <http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Pages/InfProMngrs.aspx>

5.11. The legislation only requires suppliers to report on a fuel specific basis for solid wall insulation activity. All other insulation activity will be scored as under the current regime ie on an aggregated basis. DECC made it clear in their decision document that it was not appropriate to award fuel specific scores for other insulation activity as this would increase the risk of fraud under the programme and place a disproportionate burden on the Regulator to audit fuel types for every installation.

5.12. Solid wall insulation is a qualifying measure for the Insulation Target and the SPG Target.

## **SWI Notifications**

5.13. Suppliers may continue with existing solid wall insulation schemes however if they wish any activity, from 1 August 2010, to count towards their Insulation Obligation or Super Priority Group Obligation then, as previously discussed, these will need to be submitted in line with the processes outlined in chapters 3 and 4.

## **SWI Reporting**

5.14. From 1 August 2010 all solid wall insulation activity must be reported by fuel type, in line with the legislation. This will allow the most accurate carbon scores to

be applied to the activity. In addition to this consultation Ofgem will publish a revised CERT scheme spreadsheet to allow suppliers to report in this way.

### **SWI Monitoring**

5.15. Ofgem has also revised its declarations to capture the fuel type where solid wall insulation is installed. Revised Partners and SHP declarations can be found in Appendices 6 and 7.

5.16. All other administrative requirements in terms of delivery and monitoring will remain as under the current programme (subject to any further changes that are made as part of this consultation).

### **G-rated boilers**

5.17. The early replacement of working G-rated boilers is an eligible measure under the CERT programme. This followed extensive discussions with the industry and other interested parties. The core requirement being independent verification that the boiler was a) G-rated and b) working at the time of replacement. It was originally agreed that Energy Performance Certificates (EPCs) would be the best way of achieving this.

5.18. Since that announcement no real activity has been seen. Suppliers have indicated that it is the EPC (and its cost) that is prohibitive. In light of this Ofgem agreed to consider this and review the administrative arrangements. In the intervening period the 'Boiler Scrappage' scheme for England was delivered, and Ofgem has carefully considered that scheme and how it was administered to inform these current proposals.

### **Key criteria**

5.19. The key criteria, for the early replacement of working G-rated boilers, remains that they are independently verified as a) G-rated and b) working. This greatly reduces the risk of fraudulent claims and ensures that the carbon savings associated with this measure are realised.

### **Alternative proposals**

5.20. In addition to the use of EPCs, as a method of independent verification, Ofgem is proposing two alternative methods - one in relation to social housing and one for private housing.

5.21. For social housing Ofgem understands that many Local Authorities/SHPs/RSLs already know their boiler stock and will be able to quickly identify which are G-rated.



5.22. Social landlords should be in a position to confirm that the boilers being replaced are not only G-rated, but also working. They are required by law to carry out annual gas safety boiler inspections, and we assume that the tenant would call them to request a repair as soon as a boiler stopped working.

5.23. In other areas of CERT, suppliers are permitted to submit signed declarations from social landlords and Ofgem sees no reason why this provision could not be extended to G-rated boilers ie the social landlord would sign a declaration to confirm that the boilers being replaced were G-rated and working.

5.24. Unfortunately the proposals for social housing cannot be mapped across to private housing as there is no comparable checking system. Under the 'Boiler Scrappage' scheme, an initial assessment of the boiler was carried out by a heating engineer quoting for replacing the boiler. Following this, but before installation of the replacement, a randomly selected sample of boilers was inspected to confirm whether the initial assessment was correct. The Energy Saving Trust, who ran the 'Boiler Scrappage' scheme, considered that this provided an effective deterrent against fraudulent activity.

5.25. Ofgem is therefore considering whether a similar independent verification inspection regime could be introduced for G-rated boiler replacements in private housing. It is envisaged that suppliers would have to inspect and report on 5 per cent or a statistically significant sample of installations must be independently monitored and reported on. Ofgem would welcome views on this proposal.

5.26. Clearly the window of opportunity for such inspections would be quite narrow and Ofgem would welcome views on how inspections could be facilitated in the time between the consumer ordering a new boiler and the boiler being fitted.

5.27. It is reiterated that 'G-rated boiler' refers to the SEDBUK rating and not a measurement taken of the boiler as a spot check.

## **Real Time Displays**

5.28. Article 19 to the Order has been amended to change the way that real-time displays, which use short-life batteries, are scored. This is to bring the legislation in line with the Department's letter to suppliers on the scores applicable in this period. In general the carbon score for real-time displays which use short-life batteries remains at 0.498 lifetime tonnes of carbon dioxide, however for real-time displays using short-life batteries that were promoted between 11 September 2008 and 31 July 2009 a score of 0.747 lifetime tonnes of carbon dioxide will now be awarded.

5.29. The RTD declaration will be updated to incorporate the requirement for written requests for non-professionally installed measures, and the Super Priority Group percentage.

### **Banking of real-time display activity**

5.30. Suppliers who promoted real-time displays, using short-life batteries, in the period 11 September 2008 to 31 July 2009 should notify Ofgem, at the time of banking, of the numbers promoted during this period so that the correct carbon score can be awarded. This information will also be required at completion.

5.31. We encourage suppliers to bank these schemes as soon as possible so that any issues can be identified and addressed and so that Ofgem can be confident that the appropriate carbon scores are awarded. We note that utilisation data is currently being collected via the Energy Retail Association and will be submitted as part of this banking.

5.32. All other real-time displays promoted which use short-life batteries will be awarded a carbon score of 0.498 lifetime tonnes of carbon dioxide.

5.33. All other existing requirements relevant to the promotion of real-time displays remain.

### **Microgeneration and heating measures**

5.34. Article 12 to the Order has been amended to say that from 1 April 2011 the following microgeneration measures no longer qualify as qualifying actions, unless they are promoted to the Super Priority Group:

- an air source heat pump;
- a biomass boiler with a capacity of 300 kW or less;
- a combined heat and power plant with electrical capacity of 2 kW or less;
- a ground source heat pump;
- a hydro generating station with a capacity of 50 kW or less;
- a solar photovoltaic panel with a capacity of 50 kW or less;
- a solar thermal water heating system with a capacity of 300 kW or less; or
- a wind turbine with a capacity of 50 kW or less.

5.35. This means that up to, and including, 31 March 2011 the measures listed in article 12 can be promoted under CERT, in line with current administrative arrangements.

5.36. Suppliers promoting Ground Source Heat Pumps are currently required to determine the Seasonal Coefficient of Performance (SCoP) in order that accurate carbon savings may be determined. This may be done using appendix Q of SAP (BRE's Standard Assessment Procedure) as this is based on EN standards, which are in line with existing CERT requirements.

### **Microgeneration qualifying actions in the SPG**

5.37. In terms of activity qualifying for the Super Priority Group both prior to and post the legislative change, suppliers will be expected to submit scheme notifications in line with the proposals described in chapter 3 and 4. In order for carbon savings to qualify for the Super Priority Group, in addition to a member of the household meeting the Super Priority Group definition in article 2, a prescribed measure (as listed in article 13 of the Order and reproduced in chapter 4 of this document) must have been installed.

5.38. Not all the microgeneration and heating measures, listed in article 12 as remaining eligible in CERT for promotion to the Super Priority Group only, are included in the Super Priority Group prescribed measures list. The only microgeneration measures which are Super Priority Group prescribed measures and therefore may be promoted to the Super Priority Group in the first instance (ie which are listed in both articles 12 and 13 of the Amendment Order) are as follows:

- An air source heat pump
- A ground source heat pump
- A combined heat and power wood chip boiler with electrical capacity of 2kW or less

5.39. As such those microgeneration and heating measures, listed in article 12, that are not listed in article 13, can only be installed in and claimed as Super Priority Group where one of the Super Priority Group prescribed measures has been installed. These measures are as follows:

- a biomass boiler with a capacity of 300 kW or less;
- a combined heat and power plant with electrical capacity of 2 kW or less (unless wood chip fired);
- a hydro generating station with a capacity of 50 kW or less;
- a solar photovoltaic panel with a capacity of 50 kW or less;
- a solar thermal water heating system with a capacity of 300 kW or less; or
- a wind turbine with a capacity of 50 kW or less.

5.40. For example, micro-hydro will only be eligible under CERT if promoted to the Super Priority Group after 1 April 2011 - however, as micro-hydro is not one of the listed Super Priority Group prescribed measures a supplier would only be able to claim this activity once they had demonstrated that the consumer receiving the micro-hydro had also received one of the Super Priority Group prescribed measures eg cavity wall insulation.

### **Microgeneration from 1 April 2011**

5.41. From 1 April 2011 the measures listed in article 12 will no longer be eligible, unless they are promoted to the Super Priority Group. Ofgem will therefore require suppliers with microgeneration and heating activity that is no longer eligible to close down those schemes (or those aspects of mixed schemes). Ofgem will expect

suppliers to be able to do this by 31 July 2011. Given the requirements outlined in chapters 3 and 4 for submitting Insulation Obligation and Super Priority Group Obligation activity Ofgem would expect all microgeneration and heating activity to be promoted to the Super Priority Group to be submitted as Super Priority Group prescribed measure only activity (that is not being claimed under the Insulation Obligation) and/or Super Priority Group additional measures only activity.

## **Hot water saving devices**

5.42. Water saving devices, such as shower regulators which reduce the flow of hot water through shower heads thus saving energy, have been a recent addition to the CERT. In April this year, Ofwat introduced the Water Obligation. At the time Ofgem received a number of queries asking whether water companies and energy companies could joint fund these devices and claim under both obligations.

5.43. Ofgem has two concerns with this approach. The first is around 'additionality' ie can the energy supplier demonstrate that the measure wouldn't have been promoted anyway as part of a water company meeting their water obligation. Secondly, article 10 to the Order states that:

5.44. "An action is a qualifying action only if it is promoted for the purpose of -

- (a) achieving improvements in energy efficiency;
- (b) increasing the amount of electricity generated by heat or produced by microgeneration;
- (c) increasing the amount of heat produced by any plant which relies wholly or mainly on wood; or
- (d) reducing energy consumption.

5.45. Ofgem interprets this provision to mean that a measure cannot be promoted under any other legislation but the CERT Order, for the purposes listed above in article 10. These are the criteria for it to be a qualifying action.

5.46. From current market data Ofgem estimates there are around 11 million households with showers suitable for the types of devices currently being promoted by the energy suppliers. Ofgem will therefore monitor the numbers of devices being promoted and may curtail any further promotions if the 11 million figure is reached (or if they are removed as eligible subject to the DECC consultation, whichever is soonest).

## **Written requests for non-professionally installed measures**

5.47. Article 12 to the Order contains a new provision (7D) which requires that:

"The Authority must not on or after 1 August 2010 approve as a qualifying action the provision of a measure which will not be professionally installed unless that measure has been requested, in writing, by a domestic energy user"

5.48. This provision does not apply to professionally installed measures and as such there is no requirement for a written consumer request when a measure is professionally installed.

5.49. The provision in article 12 does however apply to non-professionally installed measures. Non-professionally installed measures are promoted primarily through two main delivery routes:

- retail - where the measure is purchased
- for free - through give-aways

5.50. In line with DECC published policy intent this provision does not apply to circumstances where a consumer purchases a measure ie through retail. It does however apply in circumstances where non-professionally installed measures are promoted for free to the consumer.

### **Written request definition**

5.51. The term 'written request' means a request made in writing by the consumer for the particular measure they wish to receive.

5.52. There are a number of ways that this provision could be satisfied. For example:

- formal written request, signed by the consumer
- voucher, completed and signed by the consumer
- an email, requesting the measure
- inputting details via the internet
- completion of a 'request' form

5.53. In all these instances it will be important for suppliers to ensure that the consumer is fully aware that they are requesting the measure. Suppliers will be expected to maintain records demonstrating that all non-professionally installed, free, measures have been requested.

5.54. This provision applies from 1 August 2010.

5.55. For all new scheme notifications, from 1 August 2010, which contain proposals for the promotion of free, non-professionally installed measures, suppliers will be required to demonstrate how they comply with this provision.

5.56. Ofgem understands that suppliers may have existing, approved, schemes that involve the promotion of free non-professionally installed measures. Where this is

the case the suppliers concerned will be expected to contact Ofgem to discuss their plans for introducing a 'written request' element to those schemes, or to winding them down.

5.57. Suppliers should keep records of all written requests for measures for audit purposes. Additionally, Ofgem may request examples of evidence as part of notification, banking or completion.

## 6. Additionality

This chapter addresses additionality, including some of the issues arising from the new Building Regulations which come in to force in October 2010. It also covers the EuP Directive.

### Question 1

Ofgem proposes to apply any changes to the administration of the CERT programme, arising from the new Building Regulations, from 1 April 2011. Comments are invited.

6.1. The CERT programme and Ofgem's administration of it, contains a number of core principles. One of these is the principle of 'additionality' where Ofgem will not award carbon savings to activity "that would have happened anyway". The Building Regulations provide a good illustration of this as Ofgem will not award carbon savings to measures that are promoted in order to comply with the Building Regulations. Both the Ofgem supplier guidance and technical guidance manuals make this clear.

### **New Building Regulations**

6.2. The Building Regulations are due to change in October 2010; therefore Ofgem is investigating how this may impact the administration of the CERT programme. The relevant sections of the new Part L are outlined in appendix 7.

6.3. Aspects of the new Regulations that are likely to impact CERT include a change in the minimum requirement for glazing (from E-rated to C-rated), a change in the minimum standard for Solid Wall insulation and the introduction of minimum standards for microgeneration including minimum requirements for heat pumps (SCoPs). All installations under CERT must comply with the revised Building Regulations, as appropriate.

6.4. Ofgem will consider the likely impacts of these changes, together with responses to this consultation. We plan to update the CERT technical guidance later in the year. Should it be necessary to make any changes to the technical guidance then it is likely that these would be implemented from 1 April 2011.

## **Eco-design for EuP Directive**

6.5. The Eco-design for EuP (Energy using Products) Directive (2005/32/EU) became law in the EU on the 11 August 2005, and was transposed by member states into national law on 11 August 2007. It became law in the UK on 15 October 2009. The implementing measures of the EuP Directive set obligations on the manufacturers of EuP with the main objective of the Directive being to bring about improvements in energy efficiency throughout a product's lifecycle.

6.6. Early in 2010, Ofgem announced its plan to part implement the EuP Directive. This meant new schemes and re-submissions of new EuP products had to comply with the EuP Directive and its implementing measures, with carbon savings awarded accordingly. This decision meant suppliers had to prove that the energy using products they promote achieve carbon savings which were over and above the minimum standards as part of the EuP Directive.

6.7. The administration of these EuP will remain, as above.

### **Future changes**

6.8. DECC's impact assessment issued in July 2010, recognises the Eco-design 1275/2008 on standby. This implementing directive specifies off mode and standby mode must not consume more than 1.00W if the product has a 'display function' ie a clock. The standby mode limit will be further reduced to 0.5W by 2012. As a result we require suppliers to continue to meet this standby requirement on all new scheme submissions and re-submissions.

6.9. The European Commission are assessing other implementing measures of the directive such as the boilers implementing measure. Once we have further information on the other implementing measures we will require suppliers' activity to be additional to what is required under the directive.

## **DECC consultation on the role of non heating and insulation products in CERT**

6.10. DECC is planning to consult soon on non insulation and heating measures in the CERT programme. It is possible that the outcome of this will place further restrictions on the accreditation of consumer electronic products and appliances within the programme and Ofgem may need to make further amendments to the CERT administrative processes accordingly.

6.11. DECC has indicated that recent Market Transformation Programme data indicate that it would be appropriate for the lifetime of standby savers to be changed from 15 years to 2.5 years. This is due to assumptions that most householders will



have replaced their old IT equipment with equipment that complies with the Eco-design Standby Directive at some stage during the next 5 years.

6.12. Ofgem considers that it would be most practical to await the outcome of DECC's consultation before considering any changes to the eligibility of these measures or to the standby saver score. If appropriate we propose to change the lifetime for standby savers, based on DECC's data, to 2.5 years which will have a knock-on effect on the lifetime carbon score. If any changes are made, we propose that they come into effect from 1 April 2011.

## 7. Other administrative changes

This chapter outlines how Ofgem proposes to administer existing schemes, where the measures promoted remain eligible after 1 April 2010, that suppliers wish to extend to the end of CERT.

### Question 1

We propose to require all eligible schemes that suppliers wish to continue post 31 March 2011 to be resubmitted on the scheme pro forma in the usual way, indicating that the end date has changed. Comments are invited.

### Question 2

Ofgem proposes to allow suppliers up to 31 July 2011 to bank existing mixed schemes containing measures no longer eligible, or submit completion reports for those schemes delivering only these measures. Comments are invited.

### Question 3

Are the timescales and format, set out below, reasonable for the provision of address level data for CESP related CERT measures?

### Question 4

Comments are invited on the proposal to require more detailed data in the quarterly reporting cycle, including all activity up to 31 March 2011. Ofgem would be keen to understand how aggregated the data would need to be to address any commercial sensitivity points that this exercise may raise and whether the timescale proposed is feasible (beginning from March 2011).

## Continuation of existing schemes

7.1. Existing supplier CERT schemes, notified to and approved by Ofgem, are all planned to complete within the old CERT timeframe ie by 31 March 2011. Notwithstanding the changes arising from the Amendment Order, suppliers may have a number of schemes that will remain eligible post 1 April 2011 and that suppliers would like to extend until the end of CERT (December 2012).

7.2. Should an energy supplier wish to extend the end date to any of their existing schemes to a date not after 31 December 2012, then Ofgem will require the supplier to re-submit that particular scheme, using the usual re-submission process. Clearly only those schemes containing measures and delivery routes that remain eligible post 1 April 2011 will be eligible for approval. This is because approval was granted for the original CERT period, as stated on the approval letters, and this will need to

be amended. Any such re-submissions will need to be assessed in line with the Amendment Order and Ofgem's revised supplier guidance to ensure that they are eligible. We do not envisage this to be an onerous process.

### **Reporting of address-level data**

7.3. Under article 19(2) the authority must verify that all qualifying actions notified have not been approved as qualifying actions under the Community Energy Saving Programme (CESP).

7.4. To this end, Ofgem will request address level data from all obligated energy suppliers for measures installed under CERT that are also eligible for CESP. This should include all professionally installed insulation activity, from the start of the CERT programme, together with all other, CESP measure related CERT activity, from 1 October 2009.

7.5. This address data should be provided in spreadsheet format, as for CESP, and will be required to be submitted six monthly with the quarterly reports beginning March 2011, and again in September 2011, March 2012, September 2012 and December 2012.

7.6. Ofgem has been in discussions with energy suppliers over the past year with a view to obtaining this data, so that it can fulfil its duty to ensure that double-counting between the CERT and CESP schemes does not take place.

### **Timescales**

7.7. Suppliers should provide the information requested, initially, by 30 June 2011. This information should then continue to be supplied on a six-monthly basis.

### **Revised Quarterly reporting**

7.8. DECC has also requested that Ofgem report, to the Secretary of State, as fully as possible in 2011 on activity up to 31 March 2011 (the original end date for CERT), to help inform the design of the post CERT obligation.

7.9. In order to fulfil this request, Ofgem propose that when suppliers submit quarterly reports up to 31 March 2011, activity across all measures for the first three years of CERT should be included.

7.10. DECC has requested that the following additional data be provided in the suppliers' quarterly reports: numbers of measures split into Priority Group and non Priority Group, and data on various categories of electronic equipment. We propose that it would be reasonable to expect suppliers to include this in the quarterly reports from March 2011 onwards. We would welcome feedback on this proposal, including

what level of disaggregated data would be possible eg electronic equipment could be split into several categories.

7.11. Clearly there will be some commercial sensitivities, and as such Ofgem is keen to understand at what level suppliers feel they may be able to report on their activity in the first three years and how aggregated does the data need to be to address these concerns.

## 8. Market Transformation

This consultation sets out proposals for how Ofgem will administer new requirements under the Order for Market Transformation activity.

### Question 1

Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion reports for existing Market Transformation schemes (or bank the relevant element of mixed schemes) which are no longer eligible. Comments are invited.

### Question 2

Would it be helpful if, at banking, Ofgem could re-confirm to suppliers that activity was eligible as Market Transformation activity as described below?

8.1. Article 2 to the Order has been amended in relation to the definition of Market Transformation activity, from 1 April 2011. The change relates to the provision of actions that the Authority did not determine to be a qualifying action under previous Orders, all other criteria remain the same.

8.2. In effect the government has raised the baseline for Market Transformation activity with these changes. For activity up to, and including 31 March 2011, Market Transformation action includes those actions that the Authority did not determine to be a qualifying action under the 2001 Order (EEC1). From 1 April 2011 this benchmark has been changed to actions which the Authority did not determine to be qualifying actions under the 2004 Order (EEC2). It is the date of actual approval of the benchmark action by Ofgem which is significant, as the definition of Market Transformation action in article 2(3)(b) relates specifically to approval.

### **Market Transformation actions up to 31 March 2011**

8.3. All existing Market Transformation action schemes are permitted to continue until 31 March 2011, when some schemes will become ineligible as they will not meet the new requirements ie if the measures were promoted under the 2004 Order (EEC2) and they do not meet the 'significantly greater than' test in article 12. Any new Market Transformation action schemes will be required to meet the legislative requirements in force until 31 March 2011, and if suppliers wish to promote them after 1 April 2011 then they will be required to meet the legislative requirements that come into force from that date.

8.4. Currently, and up until 31 March 2011, Market Transformation action includes any activity that is:

- the provision of microgeneration units, between 1 April 2008 and 31 March 2011, where such provision will achieve a reduction in carbon emissions;
- the provision of solid wall insulation where such provision will achieve a reduction in carbon emissions;
- the provision of a real-time display;
- the provision of a home energy advice package;
- the provision of any other action, between 1 April 2008 and 31 March 2011, which will achieve a reduction in carbon emissions but which the Authority did not determine to be a qualifying action under the 2001 Order.

## **Qualifying Market Transformation actions from 1 April 2011**

8.5. From 1 April 2011, the final bullet changes to read:

- the provision of any other action which will achieve a reduction in carbon emissions but which the Authority did not determine to be a qualifying action under the 2004 Order

8.6. The 'significantly greater than' provision in article 12 continues to apply, which means that if a supplier can demonstrate that a measure, although similar to a measure promoted in EEC2, achieves a significantly greater carbon saving (>20 per cent) then it still qualifies as a Market Transformation action.

8.7. For those schemes that no longer qualify as Market Transformation action suppliers will still be able to continue to promote the measures should they wish (so long as they are still eligible under the Amendment Order), they will simply no longer qualify for the Market Transformation action uplift of 50 per cent. In this case, these schemes will need to be resubmitted as standard action with a new end date, as described in chapter 7.

8.8. Ofgem will meet with each energy supplier to discuss their Market Transformation action schemes and advise them accordingly as to whether or not they will still qualify post 1 April 2011.

## **Notifications**

8.9. The process for submitting Market Transformation action activity will remain as under the existing supplier guidance. When submitting Market Transformation action activity, where relevant, suppliers should consider the new requirement for a written consumer request as this applies to all free non-professionally installed measures (see paragraph 5.52).

## **Banking**

8.10. Suppliers may wish to bank activity that qualifies for Market Transformation up to 31 March 2011. Ofgem is unable to apply the Market Transformation uplift at this time (as per our previous guidance on Market Transformation activity). The uplift will be applied at completion.

8.11. Suppliers have indicated that it would be helpful if Ofgem could indicate that action undertaken and banked is eligible as Market Transformation activity. Ofgem will confirm when approving such banking that the activity is eligible subject to both the supplier choosing to claim it as Market Transformation and to the caps in the Order on Market Transformation action not being breached by the supplier (this can only be confirmed by the database at the end of the programme).

## 9. Quality and monitoring

This chapter covers issues relating to the quality of installation of insulation, and potential enhanced controls and monitoring requirements.

### Question 1

Respondents are invited to comment on whether the procedures outlined in this chapter, in conjunction with those already in place, are appropriate to ensure that robust information is submitted to Ofgem for compliance. We are interested in your view in respect of any other controls we could put in place to make the scheme more robust.

### Question 2

We consider that it is appropriate to request evidence of the independence and expertise of all monitoring agents at the scheme submission stage as well as at banking. Comments are invited.

### Question 3

Respondents are invited to comment on whether they consider the checking of priority group and super priority group status during technical monitoring to be a useful addition to our existing controls.

### Question 4

Respondents are invited to comment on whether they consider quarterly reporting of technical monitoring to be sufficient in ensuring obligated suppliers proactively manage the quality of installations with their delivery partners.

### Question 5

Respondents are invited to comment on whether they consider that this approach and the 10 per cent maximum failure rate will ensure that a good standard is achieved in professionally installed measures under the CERT.

### Question 6

Respondents are invited to comment on whether they consider the requirement for re-inspection of all major technical monitoring fails to be effective in driving quality in the CERT programme, and whether this is an appropriate control.

### Question 7

Respondents are invited to comment on whether the scope and nature of the technical monitoring questions for CERT are appropriate. Specific feedback on the questions themselves would be particularly welcome.



#### Question 8

Respondents are invited to comment on whether they consider the collection of address level data for DIY loft insulation and reporting of mystery shopping activity to be appropriate controls for this activity.

#### Question 9

We invite comments on the proposal to consider adopting industry standards for solid wall insulation and loft insulation, should these become available during the course of CERT.

#### Question 10

Respondents are invited to comment on whether the introduction of enhanced standards for information provided with DIY loft insulation and additional CU monitoring is an effective addition, and to provide evidence of what this standard could be.

9.1. Ofgem is committed to ensuring that activity delivered under CERT is in line with both the Order and the supplier guidance. Since the start of the CERT programme, the context of the programme has shifted. The energy efficiency market is now more developed and we are observing faster shifts in market penetration than in the early stages of CERT. Furthermore, the policy backdrop is now more complex and there is a need to ensure that activity is additional against other policies, for example CESP.

9.2. With the increased scale of CERT, and DECC's drive towards increasing the quality of insulation installations, Ofgem has conducted a review of the fitness of its current controls and monitoring arrangements within CERT. This chapter sets out the proposed amendments to our supplier guidance in respect of this review.

9.3. We will continue to run an audit programme of obligated suppliers. This will ensure that information submitted to Ofgem is robust and that schemes are being managed in a way that ensures any risk of false reporting in the delivery chain is minimised. We will expect suppliers to provide evidence of how they are proactively managing the delivery chains they work with to ensure this.

9.4. Respondents are invited to comment on whether the procedures outlined in this chapter, in conjunction with those already in place, are appropriate to ensure that robust information is submitted to Ofgem for compliance. We are interested in hearing evidence of any other controls we could put in place to make the scheme more robust.

## **Technical monitoring for professional installations**

### **Independence of monitoring**

9.5. Many CERT requirements rely on the use of independent monitoring, for example to assess installation quality via technical monitoring. This monitoring also acts as an effective fraud prevention control. Currently, evidence of the independence and qualification of all monitoring in the programme is required at the banking and completion stage. It may also be checked at audit.

9.6. As this is a key control within the programme, we consider that it is appropriate to request evidence of the independence and expertise of all monitoring agents at the scheme submission stage as well as at banking.

### **Evidencing the Priority Group and Super Priority Group**

9.7. Ofgem currently requires that evidence of the priority group (PG) status of a household is checked whenever professional installations occur which are to be claimed towards a priority group obligation. The Order introduces a new super priority group obligation (SPG), and as outlined in chapter 4 arrangements for checking evidence at installation will be similar.

9.8. Since independent technical monitoring is required for 5 per cent of all professional installations, there is an opportunity to introduce an additional control against false reporting of PG or SPG status by householders and/or installers.

9.9. We propose that a question is added to the list of technical monitoring questions requesting suitable evidence be shown of the PG or SPG status of the household. The full list of technical monitoring questions can be found at appendix 4.

9.10. Respondents are invited to comment on whether they consider the checking of priority group and super priority group status during technical monitoring to be a useful addition to our existing controls.

### **Quarterly reporting of technical monitoring results**

9.11. Ofgem currently requires that results of technical monitoring are provided to Ofgem at scheme banking and completion. We may also check these during the programme under our audit programme.

9.12. We consider that for this monitoring to be effective in maintaining standards this must be reported to Ofgem in a timely and sufficiently detailed manner. This will enable issues to be actively addressed with suppliers as they arise.

9.13. We propose that obligated suppliers should be required to report technical monitoring results to Ofgem for all schemes on a quarterly basis. This should be broken down into individual questions, and should also be broken down across installers companies and delivery routes. This will allow for an assessment of the consistency across CERT to be made. If only the average fail rate is provided, this could mask problems in particular areas of supplier delivery.

9.14. Respondents are invited to comment on whether they consider quarterly reporting of technical monitoring to be sufficient in ensuring obligated suppliers proactively manage the quality of installations with their delivery partners.

### **Pass rates**

9.15. Obligated suppliers should ensure that pass rates for technical monitoring are high. We expect suppliers to aim for 100 per cent pass rates in the management of their CERT schemes.

9.16. We are aware that some installers are achieving a pass rate of 95 per cent. We propose that if the average technical monitoring fail rate for a scheme increases beyond 10 per cent then we will need to see evidence of the steps taken to correct mistakes and improve the quality of those measures already installed. We will expect suppliers to demonstrate how individual installers are meeting this standard.

9.17. For the avoidance of doubt, we will expect to see evidence, for example at quarterly reporting of technical monitoring, that suppliers are taking steps to manage pass rates towards 100 per cent.

9.18. Respondents are invited to comment on whether they consider that this approach and the 10 per cent maximum failure rate will ensure that a good standard is achieved in professionally installed measures under the CERT.

### **Re-inspections of all major fails**

9.19. Currently, all technical monitoring fails which are classified as 'Major-safety' are required to be rectified and re-inspected. The cost of this work is often met by the original installer. We understand that it is common practice for suppliers to require all major fails to be rectified and we consider that by introducing this as a requirement this would provide a clear incentive to installers to improve standards.

9.20. Respondents are invited to comment on whether they consider the requirement for re-inspection of all major technical monitoring fails to be effective in driving quality in the CERT programme, and whether this is an appropriate control.

### **Technical monitoring questions**

9.21. For technical monitoring to be effective, the scope and accuracy of the questions provided must be correct. Some questions have been added and the technical monitoring questions have been expanded to cover measures such as flat roof and under floor insulation (using the questions from the CESP). The proposed questions are reproduced at appendix 3.

9.22. Respondents are invited to comment on whether the scope and nature of the technical monitoring questions for CERT are appropriate. Specific feedback on the questions themselves would be particularly welcome.

### **Enhanced monitoring and reporting for DIY loft insulation**

9.23. As described in chapter 3, only the professionally installed insulation measures listed in article 9 of the Order can be counted towards an obligated supplier's insulation obligation. However, DECC's impact assessment<sup>1</sup> indicates that DIY loft insulation could account for a significant proportion of the remaining CER target.

9.24. All obligated suppliers have signed up to the Energy Retail Association best practice guidelines for DIY loft insulation, available from the Ofgem website [www.ofgem.gov.uk/cert](http://www.ofgem.gov.uk/cert). We consider that these guidelines have to date provided a robust control and have been an effective tool for the CERT programme to minimise the possibility of double counting and so maintain integrity of carbon savings. Some of these controls such as dyeing of insulation material to mark it for DIY use only were added to the CERT guidance in 2009.

9.25. As a result of changes made by the Amendment Order, we propose to make two amendments to our controls in this area. This will ensure that delivery of DIY loft insulation is robust and our guidance is in line with that for professionally installed loft insulation.

9.26. Firstly, the best practice guidelines include a requirement for suppliers to carry out mystery shopping. Ofgem considers this to be an effective control to ensure that suppliers' retail partners are complying with best practice guidelines and not, for example, allowing customers to purchase more than 100m<sup>2</sup> of product. This is currently a scheme requirement for the promotion of DIY loft products.

9.27. To ensure that we have adequate oversight of this control, we propose that reports of this mystery shopping should be reported to Ofgem every six months.

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<sup>1</sup> 'Consultation Stage Impact Assessment on extending the Carbon Emissions Reduction Target to December 2012', Annexes D-G. Published 3 December 2009.

Suppliers should demonstrate to Ofgem that this is being carried out with a suitable level of independence.

9.28. Secondly, we propose that all purchases of DIY loft insulation should be accompanied by the address of the householder who intends to install the product in their domestic property. Suppliers should collect this information and report it to Ofgem at the same time as they provide addresses of the professionally installed measures.

9.29. This will act as a deterrent against DIY insulation being purchased by non-householders which could then be double counted, and enable detection if this were to occur. Suppliers would be expected to check this data before it is submitted to Ofgem. This would involve actions such as checking against a list of existing addresses, to ensure that a fake address had not been supplied, and also removing households with a duplicate record. Furthermore, reporting of this information to Ofgem would allow us to check measures against installations of CERT and CESP professional loft insulation.

9.30. Respondents are invited to comment on whether they consider the collection of address level data for DIY loft insulation and reporting of mystery shopping activity to be appropriate controls for this activity.

## **Insulation standards**

### **Solid wall and loft insulation**

9.31. The Solid Wall Insulation Guarantee Agency has been launched (SWIGA) to provide a 25 year guarantee on solid wall insulation. Should the SWIGA guarantee be launched during the remainder of the CERT programme, Ofgem intends to require that this or another 25 year guarantee is provided for each installation.

9.32. Unlike some other professionally installed insulation measures such as cavity wall insulation, Ofgem has not been able to identify a single accepted standard across the industry for loft insulation that we could reference in our technical guidance documents. We propose that, should such a standard be adopted by the industry, we would consider whether it would be appropriate to require CERT installations to meet this standard.

### **DIY loft insulation**

9.33. Currently, suppliers are required to ensure that installation guidelines are available to consumers at the place of purchase. If these are not supplied with the product, the consumer should be informed where they are located.

9.34. It has been suggested that technical monitoring should be required in addition to this for DIY loft insulation. Ofgem have considered this option carefully. The possible issues would be gaining access to consumers' homes to carry the technical monitoring out on a measure that they have bought and fitted themselves.

9.35. We consider that enhanced standards for the information provided with DIY loft products would be effective in ensuring that householders are able to install DIY loft insulation products to a sufficient standard. We propose to reference such standards in our technical guidance.

9.36. Customer utilisation (CU) monitoring is currently a scheme requirement for DIY loft insulation. Therefore, to monitor that any such enhanced standards provide an effective guide for householders when they install loft insulation, we propose additional CU questions regarding this. The proposed questions are reproduced at appendix 4.

9.37. Respondents are invited to comment on whether the introduction of enhanced standards for DIY loft information and additional CU monitoring is an effective addition, and to provide evidence of what this standard could be.

## Appendices

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<b>Appendix</b>	<b>Name of Appendix</b>
1	Consultation Response and Questions.
2	Timescales for quarterly reporting.
3	Standard technical monitoring questions.
4	Customer utilisation questions for DIY loft.
5	Summary of monitoring requirements.
6	SHP declaration.
7	RTD declaration.
8	Summary of Part L of the Building Regulations 2010.
9	The Authority's powers and duties.
10	Glossary.
11	Feedback questionnaire.

## Appendix 1 - Consultation response and questions

1. Ofgem would like to hear the views of interested parties in relation to any of the issues set out in this document.
2. We would especially welcome responses to the specific questions which we have set out at the beginning of each chapter heading and which are replicated below.
3. Responses should be received by 22 11 2010 and should be sent to:

Emily Flatt  
Energy Efficiency Manager  
Environmental Programmes  
Group Finance  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Email: [emily.flatt@ofgem.gov.uk](mailto:emily.flatt@ofgem.gov.uk)  
Telephone: 020 7901 7361  
Fax: 020 7901 7478

4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.
6. Next steps: Having considered the responses to this consultation, Ofgem intends to publish a Supplier Guidance document and summary of consultation responses, once the Order comes into effect. Any questions on this document should, in the first instance, be directed to:

Emily Flatt (contact details above).



**A summary of the questions in each chapter:****CHAPTER: One**

There are no specific questions relating to this chapter.

**CHAPTER: Two**

There are no specific questions relating to this chapter.

**CHAPTER: Three**

## Question 1

Respondents are invited to comment on the proposed monitoring requirements for flat roof and under floor insulation.

## Question 2

Comments are invited on whether administering insulation obligation schemes separately is the most effective way to ensure that measures legitimately counted for both the insulation obligation and the super priority obligation are not counted twice towards a suppliers overall carbon obligation.

**CHAPTER: Four**

## Question 1

After 31 March 2011 GSHPs will no longer be eligible PG flexibility measures under the amended legislation. Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion/banking reports for these schemes, and request a statement by 30 April 2011 from the supplier to confirm that no further measures of this type will be promoted. Comments are invited.

## Question 2

Is the proposal that suppliers submit new and separate scheme notifications for all non-Insulation Obligation Super Priority Group prescribed measure activity, and all other 'additional' Super Priority Group measure activity the most effective way of administering the Super Priority Group in terms of robustness and efficiency?

## Question 3

We invite comments on the appropriateness of the use of Super Priority Group declarations, and suggestions on alternative methods of determining whether consumers fall into this group.

**Question 4**

Where a declaration is not used, as an alternative to checking birth certificates we are interested in views as to how suppliers can demonstrate that there is a child, under five, residing with a Super Priority Group Consumer (who is in receipt of a prescribed income related benefit). Personal child health record books could be used. Other proposals are to require a signed declaration from the householder that they meet the Super Priority Group criteria, or to verify document checks at technical monitoring. Views on this and other suggestions are welcomed.

**CHAPTER: Five****Question 1**

Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion reports for CFL and halogen schemes, and GSHP PG flexibility schemes (or banking reports for the relevant component of combined schemes), and to require a statement to be submitted by 30 April 2011, with effect 31 March 2011 to confirm that no further measures of this type will be promoted. Comments are invited.

**Question 2**

Ofgem proposes that the same multi-buy/multi-pack restrictions that are currently applied to retail CFLs be applied to LEDs ie packs of no more than three may be distributed. This is to ensure that these measures are likely to result in carbon reductions. Comments are invited.

**Question 3**

The amended legislation requires suppliers to report all solid wall insulation activity from 1 August 2010 by fuel type. Ofgem propose that the scheme spreadsheet be revised and used for this purpose for all solid wall insulation reporting from this date and that both existing and new SWI schemes are reported in this way. Respondents are invited to comment.

**Question 4**

Ofgem would welcome feedback as to whether the proposals outlined are rigorous enough to ensure that carbon savings are realised, whilst allowing the energy suppliers enough freedom to incentivise activity?

**Question 5**

With respect to the accreditation of G rated boilers, what would be the best way to facilitate verification inspections in the time between a consumer ordering a new boiler and the new boiler being fitted?

**Question 6**

Ofgem proposes to encourage early banking of RTD schemes, to ensure that the appropriate carbon scores can be given and to simplify and streamline administration. Comments are invited.

**Question 7**

What evidence is there to support or change the estimated 11 million showers in GB capable of benefiting from the types of shower regulation devices currently being promoted by the suppliers?

**Question 8**

Is the list in paragraph 5.53 of the text below of methods by which a consumer can submit a written request comprehensive? Are there any other methods that could meet the written request requirement for non-professionally installed measures?

**CHAPTER: Six****Question 1**

Ofgem proposes to apply any changes to the administration of the CERT programme, arising from the new Building Regulations, from 1 April 2011. Comments are invited.

**CHAPTER: Seven****Question 1**

We propose to require all eligible schemes that suppliers wish to continue post 31 March 2011 to be resubmitted on the scheme pro forma in the usual way, indicating that the end date has changed. Comments are invited.

**Question 2**

Ofgem proposes to allow suppliers up to 31 July 2011 to bank existing mixed schemes containing measures no longer eligible, or submit completion reports for those schemes delivering only these measures. Comments are invited.

**Question 3**

Are the timescales and format, set out below, reasonable for the provision of address level data for CESP related CERT measures?

**Question 4**

Comments are invited on the proposal to require more detailed data in the quarterly reporting cycle, including all activity up to 31 March 2011. Ofgem would be keen to understand how aggregated the data would need to be to address any commercial sensitivity points that this exercise may raise and whether the timescale proposed is feasible (beginning from March 2011).

**CHAPTER: Eight****Question 1**

Ofgem proposes to allow suppliers up to 31 July 2011 to submit completion reports for existing Market Transformation schemes (or bank the relevant element of mixed schemes) which are no longer eligible. Comments are invited.

**Question 2**

Would it be helpful if, at banking, Ofgem could re-confirm to suppliers that activity was eligible as Market Transformation activity as described below?

**CHAPTER: Nine****Question 1**

Respondents are invited to comment on whether the procedures outlined in this chapter, in conjunction with those already in place, are appropriate to ensure that robust information is submitted to Ofgem for compliance. We are interested in your view in respect of any other controls we could put in place to make the scheme more.

**Question 2**

We consider that it is appropriate to request evidence of the independence and expertise of all monitoring agents at the scheme submission stage as well as at banking. Comments are invited.

**Question 3**

Respondents are invited to comment on whether they consider the checking of priority group and super priority group status during technical monitoring to be a useful addition to our existing controls.

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#### Question 9

We invite comments on the proposal to consider adopting industry standards for solid wall insulation and loft insulation, should these become available during the course of CERT.

#### Question 10

Respondents are invited to comment on whether the introduction of enhanced standards for DIY loft information and additional CU monitoring is an effective addition, and to provide evidence of what this standard could be.

## Appendix 2 - Timescales for quarterly reporting

Quarter	Ofgem provides the pro forma to suppliers	Suppliers return the completed pro forma
1 January – 31 March 2011	28 March 2011	8 April 2011
1 April - 30 June 2011	27 June 2011	8 July 2011
1 July - 30 September 2011	27 September 2011	7 October 2011
1 October - 31 December 2011	27 December 2011	9 January 2012
1 January – 31 March 2012	27 March 2012	6 April 2012
1 April - 30 June 2012	26 June 2012	6 July 2012
1 July - 30 September 2012	25 September 2012	6 October 2012
1 October - 31 December 2012	27 December 2012	7 January 2013

## Appendix 3 - Standard technical monitoring questions

In line with the rest of this document, the only measures included below are those where changes are proposed. New sections have been added for under floor and flat roof insulation (questions are the same as those used for CESP TM) and some new questions added. These are in bold. For clarification, the cavity wall question relating to air vents has been split into two, relating to combustion appliances and other vents respectively.

### General questions

Survey company			
Name of surveyor completing form			
Name of householder			
Address of householder			
Date of installation			
Date of inspection			
Was the energy efficiency work on a new dwelling?	Yes		
	No		
	Not known		
What is the dwelling type?			
End Terrace		Detached Bungalow	
Mid Terrace		Semi Bungalow	
Semi Detached		Flat	
Detached			
How many bedrooms does the property have?	1		4
	2		5
	3		Specify other
Which fuel is used for heating? (Not required for insulation measures <i>apart from SWI</i> )	Gas		Oil
	Electric		LPG
	Solid		Specify other

### Cavity Wall Insulation

	Type	Classification
Is the work guaranteed by a CIGA warranty?	Customer sat/safety	Major
If not, has another form of guarantee for 25 years been provided?	Customer sat/safety	Major
What insulation was used? [This question is for the installer to complete or can be checked by the inspector from the CIGA guarantee]	Savings/Customer sat. (damp)	Minor
Is the use of this insulation material appropriate to the exposure zone of the dwelling?	Customer sat. (damp)	Minor
Does the drilling pattern used ensure that the insulation material is distributed as evenly as possible throughout the cavity?	Savings	Major
Have the injection holes been made good?	Customer sat/savings	Major
Do the materials match the existing wall finish?	Customer sat. (appearance)	Minor
Are all the air bricks and eaves vents clear of insulation material?	Safety	Major
Have the air bricks been sleeved to prevent material moving in the cavity and blocking the vent at a later date?	Safety	Major
Are all air vents for combustion appliances clear of insulation material?	Safety	Major
Are all other air vents clear of insulation material?	Safety	Major

### External wall insulation

	Type	Class'n	Type
Nature of original wall	Cavity or Solid?	Savings	Major
	Thickness (mm)		
	Description		
What insulation was used? (Choose one)	Expanded polystyrene (and render)	Info	Minor
	Extruded polystyrene (and render)		
	Mineral wool slab (and render)		
	Urethane foam (and render)		
	Other Please specify		
	Not known		



What is the thickness of the insulation?	mm	Savings	Major
Are all the air bricks and eaves vents clear of insulation material?		Safety	Major
Are all air vents for combustion appliances clear of insulation material?		Safety	Major
Are all other air vents clear of insulation material?		Safety	Major
<i>Air infiltration through air bricks and vents/service penetrations</i>		<i>Savings</i>	<i>Major</i>
<i>Air movement due to convection in the cavity - thermal bypass effect</i>		<i>Savings</i>	<i>Major</i>

### Internal wall insulation

Nature of original wall	Cavity or Solid?	Savings	Major
	Thickness (mm)		
	Description		
What insulation was used? (Choose one)	Phenolic foam (and plasterboard)	Info	Minor
	Urethane foam (and plasterboard)		
	Mineral wool quilt (timber battens and plasterboard)		
	Extruded polystyrene (and plasterboard)		
	Other Please specify		
	Not known		
What is the thickness of the insulation (mm)?		Savings	Major
Is the insulated dry lining continued at least 300mm along any party walls?		Savings	Major
If ground floor is suspended timber, is the insulated dry lining bedded on a strip of pre-compressed expanding foam nailed to the floor?		Savings	Major
If ground floor is suspended timber are air bricks clear?		Safety / Cust sat. (damp)	Major
<i>Have all service penetrations/ducts been sealed to prevent moist air moving into any cavity present behind the insulation?</i>		<i>Cus sat (condensation) /Savings</i>	<i>Major</i>

<i>Are all air bricks/vents required to provide combustion air for open flued appliances clear of insulation material and sleeved through insulation/cavity?</i>		<i>Safety</i>	<i>Major</i>
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### Loft Insulation

	<b>Type</b>	<b>Class'n</b>
What insulation was used?	Info.	Minor
Does the material comply with BS 5803 Part 1: 1985?	Savings	Major
Thickness of original insulation (mm)	Info.	Major
Total thickness of insulation (mm)	Info.	Major
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.	Savings	Major
Has the loft hatch been fitted with effective draught seals?	Savings	Major
Has the loft hatch been insulated?	Savings	Major
Is the roof space adequately ventilated?	Safety / Customer sat. (damp)	Minor
Have additional vents been fitted?	Safety / Customer sat. (damp)	Minor
Have the pipes and tanks been insulated to an adequate standard?	Safety	Major
<i>Are any down lighters fitted through the existing ceiling? If yes have the following provisions been included:</i>		
<i>Have patent down lighter caps been fitted and insulation installed over? or</i>	<i>Safety/Savings</i>	<i>Major</i>
<i>If not fitted with patent caps, has insulation been kept clear of the down lighters so that they can safely dissipate heat?</i>	<i>Safety/Savings</i>	<i>Major</i>
<i>Have any measures been taken to prevent air leakage around down lights into roof void?</i>	<i>Cust. Sat (condensation) /savings</i>	<i>Major</i>
<i>Have the existing lighting/mains electrical circuit cables been lifted as not to be under the newly laid insulation?</i>	<i>Safety</i>	<i>Major</i>

### Draught-proofing

Draught-proofing external doors, thresholds (including letter box) and windows in all rooms. The sealing of loft hatches is covered in the 'Loft insulation' section.

	Type	Class'n
Do the draught strip materials comply with British Standard 7386: 1997?	Savings	Major
Have all locations been draught-proofed correctly, leaving all door and windows fully operational?	Savings	Major
If trickle ventilators are not present, has a gap been left around one window to provide background ventilation in 'wet' areas (eg kitchens and bathrooms)?	Customer Sat. (damp)	Minor
Is there adequate ventilation for all open flued appliances?	Safety	Major

### Replacement windows

What is the form of the glazing units? e.g. secondary, double, triple	Savings	Major
Are the glazing units kite-marked to British Standard 5713?	Savings	Major
What is the area of replacement windows installed within the property?		m <sup>2</sup>
<i>Is the glazing covered by a BFRC rating certificate?</i>	<i>Savings</i>	<i>Major</i>

### Flat roof insulation

	Type	Classification
What insulation was used?	Info.	Minor
Does material comply with BS 13163:2008?	Savings	Major
Thickness of insulation installed (mm)	Info.	Major
Have existing walls been built up to underside of new insulated decking to prevent cold bridging?	Safety/Savings	Major
Have existing cavity trays been raised and/or new ones provided at abutment of roof and wall (cavity walls only)	Safety	Major

**Under-floor insulation**

<b>Suspended Timber Floor Insulation</b>	<b>Type</b>	<b>Classification</b>
What insulation was used?	Info.	Minor
Does material comply with BS 13164:2008?	Savings	Major
Thickness of insulation installed (mm)	Info.	Major
Has insulation been supported in accordance with the manufacturer's requirements?	Info.	Minor
Have any/all previous issues relating to dampness below the floor been rectified?	Safety	Major
Is the floor void below the insulation deep enough to allow for cross ventilation (at least 150mm)?	Safety	Major
Have additional vents been fitted if required?	Safety	Major
Has all pipework (radiators/water service) been suitable insulated where it remains below the insulation?	Safety/Savings	Major
Has insulation also been installed in the gap between the last joist and an external wall?	Safety	Major
Have all service penetrations and floor edges been sealed adequately?	Savings	Major
<b>Solid Concrete Floor Insulation</b>	<b>Type</b>	<b>Classification</b>
What insulation was used?	Info.	Minor
Does material comply with BS 13164:2008?	Savings	Major
Thickness of insulation installed (mm)	Info.	Major

## Appendix 4 – Customer utilisation questions for DIY loft

Please note that questions 14 and 15 - in bold- are the proposed additional questions.

1. How many rolls of insulation did you purchase?
2. Which product was it?
3. What thickness(es) of insulation did you purchase?
4. If none of the insulation has been installed yet, do you intend to install it?
5. Did you use the insulation to insulate domestic or business premises?
6. If domestic premises, did you use the insulation to insulate: the whole loft space, part of the loft space, walls, floors, garages, out buildings or conversions or elsewhere?
7. Was the insulation installed in a new extension to your house?
8. If the insulation has been used in a loft space, was there any insulation in the loft before you put the purchased insulation in? If yes, how thick?
9. Did you single lay or double lay the insulation?
10. Did you have any insulation left over?
11. If so, was any remainder part of a roll or a whole roll?
12. Has any of the remaining insulation been returned to the retailer?
13. If not, what do you intend to do with it?
14. **Was information provided with the insulation about how to install the product properly? Yes/No**
15. **Was this information helpful? Please use a scale of 1 to 5 where 1 is not at all helpful and 5 is very helpful.**

## Appendix 5 - Summary of monitoring requirements

Measure	Technical monitoring 5 per cent	Customer Satisfaction monitoring per cent	Utilisation monitoring 1 per cent
Cavity wall insulation	✓	✓	
Loft insulation	✓	✓	
Internal and external insulation	✓	✓	
Flat roof insulation	✓	✓	
Under floor insulation	✓	✓	
Hot water tank jackets			
Prof installed radiator panels			
Draught proofing	✓	✓	
DIY loft insulation			✓
DIY radiator panels			✓
Boiler upgrades	✓	✓	
Boiler upgrades - exceptions or exemptions	✓	✓	
Heating controls only			
Ground source heat pumps	✓	✓	
Solar water heating	✓	✓	
Fuel switching	✓	✓	
CHP	✓	✓	
Appliances			
Electrical goods eg IDTVs			
Consumer electronics provided for free			✓
Wood burning stoves (sec)	✓	✓	
Wood chip boilers (prim)	✓	✓	
PV (2.5 kWp)	✓	✓	
SWH (4m <sup>2</sup> )	✓	✓	
mWind (1kWp, 14.5% LF)	✓	✓	
mHydro (0.7kWp, 50% LF)	✓	✓	
mCHP	✓	✓	

## Appendix 6 - SHP declaration

The SHP declaration can be signed before or after an action is taken. The following declaration is for SHPs to sign before an action commences.

For the purposes of the declaration, the following applies:

Organisation (Social Housing Provider): \_\_\_\_\_

Name of signatory, authorised to sign the declaration for and on behalf of  
the Organisation \_\_\_\_\_

Position in the Organisation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ Post Code \_\_\_\_\_

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

Email address: \_\_\_\_\_

Supplier: \_\_\_\_\_

Energy Saving Project: [enter the name of the project, a brief description, or list  
the main measures involved] \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Energy Saving Project timescales,

from \_\_\_\_ / \_\_\_\_ / \_\_\_\_ to \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Specified Priority Group percentage: \_\_\_\_\_ %

Specified Super Priority Group percentage  
[only if paragraph 5 is applicable]: \_\_\_\_\_ %

On behalf of the Organisation, I declare and confirm the following:

- 1) The Supplier has agreed to provide the Social Housing Provider with funding for the purpose of the Energy Saving Project.
- 2) This funding will not count towards measures which were installed prior to this agreement being made.
- 3) The Energy Saving Project will not be able to proceed without the funding provided by the Supplier for the purpose of the Energy Saving Project, and such funding is not available from the Social Housing Provider itself or from any other third party.
- 4) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:
  - a) is in receipt of at least one of the following benefits: Council tax benefit, Housing benefit, Income support, Income-based job seekers allowance, Income-related employment and support allowance, Attendance allowance, Disability living allowance, War disablement pension which includes either a mobility supplement or constant attendance allowance, Disablement pension which includes constant attendance allowance State pension credit,  
or
  - b) is in receipt of at least one of the following credits: Child tax credit where the relevant income is £16,190 or less Working tax credit where the relevant income is £16,190 or less  
or
  - c) is at least 70 years old
- 5) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Super Priority Group percentage [only if applicable] fall within at least one of the following categories:
  - (a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002(1));
  - (b) income-related employment and support allowance, which must include a work-related activity or support component, and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
    - (ii) is in receipt of a qualifying component;
  - (c) income-based job seeker's allowance and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
    - (ii) is in receipt of a qualifying component;
  - (d) income support and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or



(ii)is in receipt of a qualifying component;  
or  
(e)state pension credit;”

- 6) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).
- 7) Where consumers are known to be in receipt of Working tax credit or Child tax credit only, they will be monitored to determine their relevant income for the duration of the Energy Saving Project.
- 8) The Social Housing Provider will provide the Supplier with the information necessary for the Supplier to complete the CERT Spreadsheet (the CERT Spreadsheet information) as soon as practicable after completion of the Energy Saving Project, and by no later than 31 December 2012.
- 9) The Social Housing Provider agrees that the CERT Spreadsheet information can be passed to Ofgem for the purposes of demonstrating the Supplier’s compliance with their carbon emissions reduction obligations under the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010.
- 10) If there is a material change to the Energy Saving Project agreed with the Supplier, a new declaration will be signed by the Organisation once the scheme has been completed. A material change is considered to be where the Specified Priority Group Percentage changes, if a different measure type is added or if the supplier’s average cost contribution decreases by 5 or more percentage points.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_

The following declaration is for SHPs to sign once an action has been completed.

For the purposes of the declaration, the following applies:

Organisation (Social Housing Provider): \_\_\_\_\_

Name of signatory, authorised to sign the declaration for and on behalf of  
the Organisation \_\_\_\_\_

Position in the Organisation \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_ Post Code \_\_\_\_\_

Telephone number: \_\_\_\_\_ Fax number: \_\_\_\_\_

Email address: \_\_\_\_\_

Supplier: \_\_\_\_\_

Energy Saving Project: [enter the name of the project, a brief description, or list  
the main measures involved] \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Energy Saving Project timescales,

from \_\_\_\_ / \_\_\_\_ / \_\_\_\_ to \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Specified Priority Group percentage: \_\_\_\_\_ %

Specified Super Priority Group percentage  
[only if paragraph 5 is applicable]: \_\_\_\_\_ %

On behalf of the Organisation, I declare and confirm the following:

- 1) The Supplier has provided the Social Housing Provider with funding which has all been used for the purpose of the Energy Saving Project.
- 2) This funding was not counted towards energy efficiency measures which were installed prior to the agreement being made with the supplier, ie there has been no retrospective funding of measures.
- 3) The Energy Saving Project could not have proceeded without the funding provided by the Supplier for the purpose of the Energy Saving Project, with such funding not being available from the Social Housing Provider itself or from any other third party.
- 4) To the best of the Social Housing Provider's knowledge, information and belief the Specified Priority Group Percentage of recipients of measures delivered under the Energy Saving Project are in receipt of at least one of the following:
  - Council tax benefit
  - Housing benefit
  - Income support
  - Income-based job seekers allowance
  - Attendance allowance
  - Disability living allowance
  - War disablement pension which includes either a mobility supplement or constant attendance allowance
  - Disablement pension which includes constant attendance allowance
  - State pension credit
  - or
  - Child tax credit where the relevant income is £16,190 or less
  - Working tax credit where the relevant income is £16,190 or less
  - Or
  - Is at least 70 years old.
- 5) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage (only if applicable) fall within at least one of the following categories:
  - (a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002(1));
  - (b) income-related employment and support allowance, which must include a work-related activity or support component, and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
    - (ii) is in receipt of a qualifying component;
  - (c) income-based job seeker's allowance and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
    - (ii) is in receipt of a qualifying component;
  - (d) income support and—
    - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii)is in receipt of a qualifying component;  
or  
(e)state pension credit;”

- 6) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).
- 7) Where consumers are known to be in receipt of working tax credit or child tax credit only, they were monitored to determine their relevant income.
- 8) The Social Housing Provider has provided the Supplier with the information necessary for the Supplier to complete the CERT Scheme Spreadsheet (the CERT Spreadsheet Information) as soon as practicable after completion of the Energy Saving Project, and by no later than 31 December 2012.
- 9) The CERT Spreadsheet Information can be passed to Ofgem for the purposes of demonstrating the Supplier's compliance with their carbon emissions reduction obligations under the Electricity and Gas (Carbon Emissions Reduction Order) (Amended) 2010.

Signed ..... Date.....

Print Name.....

## Appendix 7 – RTD partner declaration

For the purposes of the declaration, the following applies (all fields MUST be completed):

Organisation: .....

Name of signatory, authorised to sign the declaration for and on behalf of the Organisation: .....

Position in the Organisation.....

Address: .....

.....

.....Post Code .....

Telephone number: .....

Fax number: .....

Email address: .....

Supplier:.....

Energy Saving Project: [enter the name of the project and a brief description]

.....

Energy Saving Project timescales from: ...../...../..... to ...../...../.....

Priority Group Percentage:.....

Number of Real Time Displays (RTDs) delivered to, and distributed by, the Organisation ('the specified number of RTDs'):.....

On behalf of the Organisation, I declare and confirm the following:

1) The Supplier has provided the Organisation with the specified number of RTDs which have all been distributed to domestic customers for the purpose of the Energy Saving Project.

2) All RTDs were requested in writing by the householder receiving them.

3) All RTDs were provided with the batteries of the appropriate length and evidenced lifetime.

4) Steps have been taken by the Organisation to ensure that each household has received no more than one RTD.

5) All recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:

a) is in receipt of at least one of the following benefits:

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Income-related employment and support allowance

Attendance allowance

Disability living allowance

War disablement pension which includes either a mobility supplement or constant attendance allowance

Disablement pension which includes constant attendance allowance

State pension credit

or

b) is in receipt of at least one of the following credits:

Child tax credit where the relevant income is £16,190 or less

Working tax credit where the relevant income is £16,190 or less

or

c) is 70 years old or over

6) The supporting data sets have been cross checked with each other to ensure that no recipient has been counted more than once (anyone who is 70 or over and in receipt of the relevant benefits / credits should only be counted once).

7) The Specified Priority Group Percentage has been determined in the following way(s), tick as appropriate:

a) Partner's Database\*

b) Monitoring a significant sample by post / telephone

c) Asked recipient directly

d) Other (please specify)

.....

\* A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, eg membership database for a partner organisation which checks this information. A database not containing the relevant information will not be considered evidence.

- (a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002(1));
- (b) income-related employment and support allowance, which must include a work-related activity or support component, and—
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component;
- (c) income-based job seeker's allowance and—
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component;
- (d) income support and—
  - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
  - (ii) is in receipt of a qualifying component; or
- (e) state pension credit;"

For all responses, further details must be provided if requested.

8) This declaration can be passed to Ofgem for the purposes of its assessment of whether 40 per cent of the total reduction in carbon emissions resulting from the supplier's actions have been made in relation to the Priority Group as required by the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010.

Signed ..... Date .....

Print Name .....

## Appendix 8 – Building Regulations, Part L, 2010

	Current min. standard*	New min. standard*	Scotland
<b>Insulation</b>			
SWI (W/m2K)	0.35	0.30	0.70+
CWI (W/m2K)	0.55	0.55	0.70+
LI (ceiling level) (W/m2K)	0.16	0.16	0.35+
FRI (W/m2K)	0.25	0.18	0.35+
UFI (W/m2K)	0.25	0.25	0.70+
G (WER - window energy rating)	E	C	U = 3.3+
DP	Not covered	Not covered	Not covered
<b>Heating</b>			
Gas boilers (SEDBUK rating)	86%	88% (2009)/ 90% (2005)	90%++
LPG CH			90%++
Oil CH	86%	Combi – 88% (2009)/ 90% (2005) Non-combi – 86% (2009)	90% (86% for Combi)++
Heating controls - general	Boiler inter lock	Boiler inter lock	Boiler inter lock
Heating controls – optional, ie weather/load compensation or delayed start, and smart metres	None required	None required	None required
Temperature zone control (min 2 zones – zone 1 is living area)	Stat and TRV's	Stat and TRV's	Stat and TRV's
Time and temp. zone control	Mandatory over 150m2	Mandatory over 150m2	Mandatory over 150m2
Communal heating	N/A	Not included	Not included
<b>Microgen</b>			
Biomass boilers	N/A	75%	75%++
Heat pumps (CoP)	N/A	2.2 (space) 2.0 (water)	2.2 (space)++ 2.0 (water)++
Solar thermal circulation pump	N/A	<50W or <2% of peak thermal power of collector whichever is higher	<50W or <2% of peak thermal power of collector whichever is higher++
PV	N/A	Not included	Not included
Micro CHP – Electrical power output < 5 kWe	N/A	Heat-led Capable of exporting to grid No heat dumping	

\*Current and new min. standards as per APL1B 2006 and 2010: "Renovation of thermal elements" (tables 5 and 3 respectively) and "Domestic Building Services Compliance Guide" (2010)

+Technical Handbook (2010) section 6.2.11

++ Technical Handbook (2010) section 6.3



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## Appendix 9 – The Authority’s powers and duties

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

1.2. The Authority's powers and duties are largely provided for in statute (such as the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002 and the Energy Acts of 2004, 2008 and 2010) as well as arising from directly effective European Community legislation.

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.<sup>2</sup> Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This appendix must be read accordingly.<sup>3</sup>

1.4. The Authority’s principal objective is to protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases and in the security of the supply of gas and electricity to them.

1.5. The Authority is generally required to carry out its functions in the manner it considers is best calculated to further the principal objective, wherever appropriate by promoting effective competition between persons engaged in, or commercial activities connected with,

- the shipping, transportation or supply of gas conveyed through pipes;
- the generation, transmission, distribution or supply of electricity;
- the provision or use of electricity interconnectors.

1.6. Before deciding to carry out its functions in a particular manner with a view to promoting competition, the Authority will have to consider the extent to which the interests of consumers would be protected by that manner of carrying out those functions and whether there is any other manner (whether or not it would promote competition) in which the Authority could carry out those functions which would better protect those interests.

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<sup>2</sup> Entitled “Gas Supply” and “Electricity Supply” respectively.

<sup>3</sup> 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.

1.7. In performing these duties, the Authority must have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>4</sup>; and
- the need to contribute to the achievement of sustainable development.

1.8. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>5</sup>

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

- promote efficiency and economy on the part of those licensed<sup>6</sup> under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems;
- protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
- secure a diverse and viable long-term energy supply,

and shall, in carrying out those functions, have regard to the effect on the environment.

1.10. In carrying out these functions the Authority must also have regard to:

- 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.

1.11. The Authority may, in carrying out a function under the Gas Act and the Electricity Act, have regard to any interests of consumers in relation to communications services and electronic communications apparatus or to water or

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<sup>4</sup> 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 Acts in the case of Electricity Act functions.

<sup>5</sup> The Authority may have regard to other descriptions of consumers.

<sup>6</sup> Or persons authorised by exemptions to carry on any activity.

sewerage services (within the meaning of the Water Industry Act 1991), which are affected by the carrying out of that function.

1.12. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>7</sup> and therefore part of the European Competition Network. The Authority also has concurrent powers with the Office of Fair Trading in respect of market investigation references to the Competition Commission.

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<sup>7</sup> Council Regulation (EC) 1/2003.

## Appendix 10 – Glossary

Amendment Order	The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010.
Banking	The process of suppliers submitting interim activity reports and Ofgem estimating their savings before the end of the programme.
BRE	The Building Research Establishment.
Carbon obligation	Each supplier's carbon emissions reduction obligation.
CERT	Carbon Emissions Reduction Target, the name of the programme.
CER target	The overall target for carbon emissions reduction set by DECC under the Order.
CFLs	Compact Fluorescent Lamps (energy efficient light bulbs).
CHP	Combined Heat and Power.
CO <sub>2</sub>	Carbon dioxide.
Completion	Submission of final scheme reports to Ofgem by suppliers and determination of savings by Ofgem.
CU monitoring	Customer utilisation monitoring.
DECC	Department of Energy and Climate Change.
EEC	Energy Efficiency Commitment.
EEC2	EEC 2005-2008.
EPCs	Energy Performance Certificates.
EuP	Energy using Products (Directive).
GSHP	Ground Source Heat Pump.
IDTV	Integrated digital television.
IO	Insulation Obligation.
Lifetime	The estimated lifetime for measures (as set out by DECC).
LPG	Liquefied Petroleum Gas.

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New supplier	Defined in the Order in article 4(2).
Obligation	Each supplier's own obligation.
Order	The Electricity and Gas (Carbon Emissions Reduction) Order 2007. SI 2008/188.
Priority Group (PG)	Defined in the Order in article 2.
SCoP	Seasonal Coefficient of Performance of a heat pump.
Super Priority Group (SPG)	Defined in the Order in article 2.
SPGO	Super Priority Group Obligation.
Super Priority Group Prescribed Measures	Measures listed in article 13(2) which can be promoted to the Super Priority Group as stand alone measures.
Schemes	Suppliers' schemes for delivering their qualifying action.
SHP	Social Housing Provider – a Local Authority or a Registered Social Landlord.
Supplier	Defined in the Order in article 4(1).
Target	Overall target set by DECC under the Order.
TM	Technical Monitoring (of measures installed).
tC	Tonnes of carbon.
TRVs	Thermostatic radiator valves.

## Appendix 11 – Feedback questionnaire

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

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

Please send your comments to:

**Andrew MacFaul**

Consultation Co-ordinator

Ofgem

9 Millbank

London

SW1P 3GE

[andrew.macfaul@ofgem.gov.uk](mailto:andrew.macfaul@ofgem.gov.uk)