

## Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance - Version 2



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**Target audience:** CERT obligated electricity and gas suppliers, organisations working with CERT obligated suppliers, environmental bodies, government departments and other interested stakeholders.

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### **Overview:**

This document sets out how Ofgem will fulfill its duties under the Electricity and Gas (Carbon Emissions Reduction Obligation) Order 2008 and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009. It explains what obligated gas and electricity suppliers need to do in order to comply with the Carbon Emissions Reduction Target and the timetable for doing so.

This document consolidates the guidance to obligated suppliers following the CERT 2008 Order and the CERT 2009 amending Order.

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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. As such, the government recently published a consultation on their proposed heat and energy saving strategy, setting out an aim for emissions from existing homes to be approaching zero by 2050, and the policies that will allow the UK to achieve this.

The Carbon Emissions Reduction Target (CERT) is one of these policies, and is currently the government's main policy instrument for reducing carbon emissions from the existing housing stock. Under the CERT 2008-2011 obligated suppliers are set a carbon emissions reduction target. CERT is due to run from 2008-2011, and in September 2008 the Prime Minister announced an increased target and a new community based approach to carbon reduction. This new community approach is called the Community Energy Saving Programme (CESP), and will run alongside CERT in reducing fuel bills and carbon dioxide emissions.

For the purposes of this document, the programme itself will be referred to as the CERT and the target for carbon emissions reduction as the CER target. The Department of Energy and Climate Change (DECC) is responsible for setting the CER target and the policy framework (this was formerly within Defra's remit) and Ofgem is responsible for administering the programme.

This document sets out how Ofgem will fulfill its duties, under both the Electricity and Gas (Carbon Emissions Reduction Obligation) Order 2008 and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, for administering the CERT 2008-2011. In administering the CERT, we will fulfill our duties under the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 and the Energy Act 2008. The document represents an updated version of the CERT 2008-2011 Supplier Guidance, following the publication of the amendment Order.

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## Associated Documents

- The previous version of the Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>
- The Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance Amendments - consultation document  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=206&refer=Sustainability/Environment/EnergyEff>
- Summary of responses to the Ofgem Supplier Guidance Amendments consultation  
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=206&refer=Sustainability/Environment/EnergyEff>
- The Electricity and Gas (Carbon Emissions Reduction) Order 2008  
<http://www.opsi.gov.uk>
- The explanatory memorandum for the Order <http://www.opsi.gov.uk>
- The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009  
<http://www.opsi.gov.uk>
- The explanatory memorandum for the amendment Order <http://www.opsi.gov.uk>
- The CERT Technical Guidance Manual  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>
- The CERT Market Transformation Guidance Manual  
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>
- DECC's (formerly Defra's) final energy and carbon saving scores for the EEC 2008-11 illustrative mix  
<http://www.opsi.gov.uk>
- The DECC response to the Carbon Emissions Reduction Target consultation  
<http://www.decc.gov.uk/en/content/cms/consultations/open/cert/cert.aspx>
- The DECC response to the Amendment Carbon Emissions Reduction Target consultation  
<http://www.decc.gov.uk/en/content/cms/consultations/open/cert/cert.aspx>

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## Summary

The Electricity and Gas (Carbon Emissions Reduction) Order 2008<sup>1</sup> and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009<sup>2</sup> (together referred to as 'the Order') provide the statutory basis for the current CERT. The Order sets out the overall carbon emissions reduction target to be collectively achieved by suppliers between 1 April 2008 and 31 March 2011. The target is now set at 185 million tonnes of carbon dioxide (lifetime).

The Order requires licensed gas and electricity suppliers that have 50,000 domestic customers or more (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 has been set by the government. The underlying analysis used by the government to demonstrate the feasibility of the overall target, including an illustrative mix of possible measures, is set out in the explanatory texts accompanying the Order<sup>3</sup>.

This document sets out how Ofgem will fulfil its duties under the Order including:

- setting each supplier's carbon obligation
- approving the suppliers' carbon emissions reduction actions (or 'schemes')
- determining the reduction in carbon emissions resulting from those actions, and
- where necessary, enforcing compliance with the requirements of the Order.

First published in January 2008, this document has been amended to reflect recent changes to the CERT legislation, which came into force on 21st July 2009. These changes include:

- a 20% increase in the scale of the CER target to 185 million lifetime tonnes of carbon dioxide
- the inclusion of real time displays (RTDs) and home energy advice packages (HEAs) as qualifying actions, each with a score specified in the legislation
- an increase in the innovation ring fence to 10 per cent of a supplier's obligation (or 12 per cent where at least two per cent is achieved via microgeneration)
- the provision of an incentive for the promotion of DIY loft insulation and professional loft insulation top up, where the installation takes place in the period between the Prime Minister's announcement of 11 September 2008 and 31 July 2009
- restrictions on the delivery of compact fluorescent lamp (CFL) schemes

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<sup>1</sup> SI 2008/188 [www.opsi.gov.uk](http://www.opsi.gov.uk)

<sup>2</sup> SI 2009/1904 [www.opsi.gov.uk](http://www.opsi.gov.uk)

<sup>3</sup> <http://www.opsi.gov.uk/>

This document sets out the timescales and format for suppliers to notify Ofgem of their proposed and completed schemes. The factors we will use to determine additionality are also detailed, as are the means by which suppliers must demonstrate that the stipulated percentage of their total obligation has been made in relation to consumers in the Priority Group. Consideration of additionality is important as it will be used to consider whether a scheme meets the article 10 test and to determine the carbon emissions reduction achieved by the complete scheme.

We will continue to produce a quarterly update to inform all interested stakeholders. We will also continue to report to the Secretary of State for Energy and Climate Change each year of the CERT and will make this report publicly available.

#### *Interaction with CESP*

DECC have recently consulted on the new Community Energy Saving Programme (CESP). Ofgem is, as specified in the primary legislation, the administrator of this scheme. CESP is an obligation on energy suppliers and electricity generators to deliver carbon dioxide savings to domestic energy users in areas of low income. Further details on how we will administer this programme alongside CERT, are being consulted on until 15 September 2009, with the final guidance document due to be published in November 2009.



## 1. Introduction

### **CERT 2008 - 2011**

1.1. The original CERT Order, which came into force on the 31st January 2008, and the amendment Order, which came into force on the 21st July 2009, provide the statutory basis for the CERT. Throughout this document, we will refer to 'the Order' meaning both of these statutory instruments together, except in specific circumstances where a distinction needs to be made.

1.2. The Order sets an overall target for the promotion of reductions in carbon dioxide emissions in relation to domestic customers in Great Britain from 1 April 2008 to 31 March 2011. Under the Order, suppliers will be set a carbon dioxide emissions reduction obligation, determined by Ofgem, to be achieved by 31 March 2011. For the purposes of administration this will be known as a 'carbon obligation'.

1.3. At least 40 per cent of suppliers' carbon obligations must be achieved by measures promoted to domestic consumers who are in receipt of certain income-related benefits, tax credits (where the consumer's income is under £16,040) or are 70 years old or over. For the purpose of the administration of the Order, these consumers will be known as the 'Priority Group'. Hence the programme also contributes to the government's Fuel Poverty Strategy.

1.4. Using less energy was highlighted within the government's Energy White Paper 2007 as being a cost effective way of achieving cuts in carbon emissions. Reducing energy consumption can also improve productivity and contribute to improved security of energy supply. The government is committed to the continuous delivery of carbon savings from the domestic sector using some form of supplier obligation until at least 2020. The CERT will contribute to the government's Climate Change Programme by cutting carbon emissions.

1.5. Ofgem is the Office of the Gas and Electricity Markets. For simplicity, in this document 'Ofgem' is used to mean either Ofgem or the Authority.

1.6. During the CERT period 2008-2011, responsibility for the CERT has moved from Defra to the newly created Department of Energy and Climate Change (DECC). Throughout this document, we will refer to DECC as having responsibility for the CERT, except in specific circumstances where it is necessary to refer to Defra.

### **Administration of the CERT**

1.7. Ofgem is required to administer the CERT by setting each supplier's obligation, monitoring suppliers' activity and, where necessary, enforcing compliance. This document sets out how we will fulfil our duties in administering the CERT 2008 - 2011. It sets out how we will approve suppliers' proposed actions, determine the

reductions in carbon emissions to be attributed to their completed actions and monitor suppliers' progress in meeting their obligation.

1.8. The guidelines in this document were developed in conjunction with the responses received to our supplier guidance consultation, which closed in September 2007, and the supplier guidance amendment consultation, which closed in August 2009. The summary of responses is available from the Ofgem website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). The guidelines in this document reflect the final Order approved by Parliament.

1.9. We have published a Technical Guidance Manual to provide direction on the technical aspects of delivering carbon emissions reduction measures. Suppliers will need to adhere to this to ensure that a reduction in carbon emissions will result from their schemes. Ofgem has also developed a number of tools for the administration of the CERT. These are available on Ofgem's website and have been provided to the obligated suppliers to be used for the purpose of demonstrating compliance with their carbon obligations. These tools include:

- CERT notification pro forma
- CERT scheme spreadsheet
- Communal heating spreadsheet
- Carbon reduction matrix

## **The CERT**

1.10. The CERT 2008 – 2011 follows on from the EEC2 programme which ran from 1 April 2005 until 31 March 2008. Ofgem's latest Annual Review on suppliers' progress against their current CER targets is available on our website<sup>1</sup>.

1.11. These supplier guidelines cover the three year period 2008 – 2011 reflecting the period covered by the Order, and are updated to reflect the changes resulting from the amendment Order coming into force.

## **Structure of the document**

1.12. The chapters of this document explain the following processes and concepts from the Order:

- setting carbon obligations
- qualifying action
- market transformation action
- demonstration action

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<sup>1</sup> <http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Pages/EnergyEff.aspx>

- Priority Group flexibility action
- submission of schemes
- reporting and compliance, and
- monitoring.

1.13. Supporting documents such as a table of dates for notification and declarations are in the appendices to this document.

## 2. Setting Carbon Obligations

This chapter describes the process Ofgem will follow for setting and reviewing a supplier's carbon obligation. It explains some of the definitions used in the Order.

### Definitions under the Order

2.1. The increased CER target, now the amendment Order has come into force, is 185 million tonnes of carbon dioxide (lifetime). The CER target differs from EEC2 as it relates to carbon dioxide rather than energy and is not lifetime discounted<sup>1</sup>.

2.2. Carbon obligations relate to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain, i.e. this does not include Northern Ireland.

2.3. To ensure an equitable distribution of benefits from the CERT, a supplier is required to meet its Priority Group obligation. 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 (as amended) and consequently in the declarations in Appendices 10, 11, 12 and 13. The income threshold for credits has been updated and is now £16,040. The Priority Group obligation, set out in article 13(2) of the Order, is that at least 40 per cent of each supplier's carbon obligation is met by actions carried out in the Priority Group.

2.4. A domestic customer is defined in the Order, under article 2 as "an owner or occupier of domestic premises in Great Britain who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes".

2.5. Any licensed gas or electricity supply companies that supply at least 50,000 domestic customers either individually or as part of a group of companies (i.e. including the number of customers supplied by the licensee's holding company and any wholly-owned subsidiaries of that holding company) will be set a carbon obligation by Ofgem.

2.6. A supplier is defined under article 4 paragraphs 1-3 as follows:

1. A person is a supplier if that person holds a supply licence—
  - a) under section 6(1)(d) of the Electricity Act 1989 and that person satisfies paragraph (2) or (3) in respect of the supply of electricity; or

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<sup>1</sup> Savings under EEC were lifetime-discounted. A discount rate of 3.5 per cent (in line with the HM-Treasury Green Book) was applied to each measure's annual energy saving over its lifetime.

- b) under section 7A of the Gas Act 1986 and that person satisfies paragraph (2) or (3) in respect of the supply of gas.
- 2. A person must supply at least 50,000 domestic customers on 31st December of the years 2007, 2008 or 2009.
- 3. A company that belongs to a group of companies must on 31st December of the year 2007, 2008 or 2009 supply domestic customers and the number of domestic customers of that company and of other companies in the group must be at least 50,000.

2.7. Where a person is a supplier of both electricity and gas, they will be treated as a separate supplier in respect of each. This is set out in article 4(4).

2.8. A 'new supplier' is one whose domestic customer numbers (either individually or as part of a group of companies) are less than 50,000 on 31 December 2007, but are at least 50,000 on 31 December 2008 or 2009.

2.9. For administrative purposes 'supplier' is used to mean both a supplier and a new supplier as defined in the Order, unless the context indicates otherwise and then supplier and new supplier will be treated as separate terms, as defined in the Order.

## **Carbon obligations**

2.10. The process for determining each supplier's carbon obligation will remain broadly similar to that under EEC2. This is described in article 6 of the Order and outlined below.

2.11. Suppliers must notify Ofgem in writing by 14 February 2010 of the number of its domestic customers on the previous 31 December (previous notification dates were 14 February 2008 and 14 February 2009). The notification will need to include details of the supplier's licence(s). These numbers will enable Ofgem to calculate and review suppliers' carbon obligations. Where a supplier fails to notify Ofgem of its customer numbers, article 5(2) of the Order allows Ofgem to determine that number.

2.12. Ofgem will calculate each supplier's carbon obligation once all supplier customer numbers have been received. It will set a carbon obligation for each supply licence held, even where a number of supply licence holders belong to the same group of companies. Where a person is both a gas and electricity supplier they will be set a separate, independent carbon obligation for each.

2.13. New suppliers who become suppliers on 31 December 2009 (and previously 31 December 2008) will not be set a carbon obligation until the following February, and this obligation will apply from the 1 April of that year. This is described in article 6(4) of the Order.

2.14. Under article 8(5) of the Order, a person who continues to hold a supply licence but (either individually or as part of a group of companies) ceases to supply at least 50,000 customers after 31 December 2007 will continue to be treated as a supplier.

Their carbon obligation will be adjusted annually, as described below, and will remain a relevant requirement on that supply licence.

2.15. The process for annually reviewing each supplier's carbon obligation will remain broadly similar as under EEC2, where it was referred to as 'determining targets'. New suppliers will have their carbon obligation determined as part of the review of suppliers' obligations.

2.16. Ofgem must review each supplier's carbon obligation, and determine new suppliers' carbon obligations annually, following receipt of supplier customer numbers by 14 February. Ofgem must notify suppliers of any change to their carbon obligation, or their carbon obligation (for new suppliers) by 28 February following this review. This is provided for under article 8(1) of the Order and is illustrated below.

2.17. For the calculation of the averages referred to below, a supplier's or new supplier's customer numbers will be deemed to be zero when less than 50,000<sup>1</sup> on 31 December 2007, 31 December 2008 and 31 December 2009.

### **Review of carbon obligations in 2010**

2.18. The process for determining carbon obligations will be carried out in February 2010 according to the following principles:

- Suppliers must notify Ofgem in writing by 14 February 2010 of the number of its domestic customers on the previous 31 December. The notification will need to include details of the supplier's licence. These numbers will enable Ofgem to calculate suppliers' carbon obligations.
- Ofgem will set a carbon obligation for each supply licence held using the following formula:

$$\text{Supplier's obligation} = (\text{SC} / \text{TC}) \times 185 \text{ Mt CO}_2$$

Where:

- SC is the average number of the supplier's domestic customers on 31 December 2007, 31 December 2008 and 31 December 2009;
  - TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007, 31 December 2008 and 31 December 2009.
- Ofgem will divide the overall CER target (set at 185 Mt CO<sub>2</sub> by DECC) between each obligated supplier on the basis of the number of domestic customers supplied by each supplier.

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<sup>1</sup> If part of a group of companies, the group has to have less than 50,000 customers; if not part of a group the supplier has to have less than 50,000 customers to be deemed zero.

- Ofgem will notify a supplier of its carbon obligation by 28 February 2010.
- Each supplier's carbon obligations will apply from 1 April 2010.

### **Timescale for notification of consumer numbers and carbon obligations:**

Date of domestic consumer numbers	Supplier provides domestic consumer numbers to Ofgem	Ofgem notifies suppliers of their obligations
31 December 2009	By 14 February 2010	By 28 February 2010

### **Previous determination of carbon obligations**

#### *February 2008*

2.19. The process for determining carbon obligations was carried out in February 2008 according to the following principles:

- Suppliers notified Ofgem in writing by 14 February 2008 of the number of its domestic customers on the previous 31 December. The notification included details of the supplier's licence. These numbers enabled Ofgem to calculate suppliers' carbon obligations.
- Ofgem set a carbon obligation for each supply licence held using the following formula:

$$\text{Supplier's carbon obligation} = (\text{SC} / \text{TC}) \times 154 \text{ Mt CO}_2$$

Where:

- SC is the number of the supplier's domestic customers on 31 December 2007;
- TC is the total number of domestic customers supplied by obligated suppliers on 31 December 2007.
- Ofgem divided the overall CER target (at that time being 154 Mt CO<sub>2</sub> as set by Defra) between each obligated supplier on the basis of the number of domestic customers supplied by each supplier.
- Ofgem notified suppliers of their carbon obligations by 28 February 2008.
- Each supplier's carbon obligations applied from 1 April 2008.

#### *February 2009*

2.20. The process for determining carbon obligations was carried out in February 2009 according to the following principles:

- Suppliers notified Ofgem in writing by 14 February 2009 of the number of its domestic customers on the previous 31 December. The notification included details of the supplier's licence. These numbers enabled Ofgem to calculate suppliers' carbon obligations.
- Ofgem set a carbon obligation for each supply licence held using the following formula:  
Supplier's carbon obligation =  $(SC / TC) \times 154 \text{ Mt CO}_2$   
Where:
  - SC is the average number of the supplier's domestic customers on 31 December 2007 and 31 December 2008;
  - TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007 and 31 December 2008.
- Ofgem divided the overall CER target (at that time being 154 Mt CO<sub>2</sub> as set by Defra) between each obligated supplier on the basis of the number of domestic customers supplied by each supplier.
- Ofgem notified suppliers of their carbon obligations by 28 February 2008.
- Each supplier's carbon obligations applied from 1 April 2009.



### 3. Approved qualifying action

This chapter sets out the procedures by which Ofgem will approve qualifying actions, according to the Order. The definitions of qualifying action, demonstration action, market transformation action, Priority Group flexibility action, standard action and microgeneration are explained here. This chapter covers the criteria by which reductions in carbon emissions will be assessed, and gives a top line overview of which types of measures will be accredited. For further information on technical standards for measures, please see the CERT Technical Guidance Manual.

#### Qualifying action - general

3.1. A qualifying action is an umbrella term for all subtypes of actions. Under article 2(2) of the Order, a qualifying action means:

- a demonstration action;
- a market transformation action;
- subject to article 14, a priority group flexibility action; or
- a standard action.

Article 14 states that no more than 12.5 per cent of the Priority Group obligation (that is, 5 per cent of the supplier's carbon obligation) may be achieved by promoting Priority Group flexibility actions.

3.2. These subtypes of action are defined under article 2(3) of the Order:

- a) a demonstration action is an action which is reasonably expected to achieve a reduction in carbon emissions;
- b) a market transformation action means—
  - i) the provision of solid wall insulation or microgeneration units where such provision will achieve a reduction in carbon emissions;
  - ii) the provision of a real-time display;
  - iii) the provision of a home energy advice package; or
  - iv) 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 2001 Order.”.
- c) a priority group flexibility action means<sup>1</sup>—
  - i) the provision of ground source heat pumps in respect of a property which does not have a mains gas supply; or
  - ii) the provision of solid wall insulation which lowers the U-value of the walls to 0.5W/m<sup>2</sup>K or less,

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<sup>1</sup> Subject to the 12.5 per cent limit set out in article 14

where such action is promoted to a householder within paragraph (a) or (b) of the definition of the Priority Group (the 'flexibility Priority Group, see paragraph 5.42 );

- d) a standard action means an action which—
  - i) will achieve a reduction in carbon emissions; or
  - ii) is the provision of a real-time display or a home energy advice package.

3.3. We will only consider an action as a demonstration action where it has not been possible to determine a specific carbon saving to date.

3.4. Under article 12 Ofgem must determine whether or not it approves an action as a qualifying action. In making that determination it must be satisfied that the action is promoted by a supplier for the purpose of (as set out in article 10):

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

For the purposes of administration, 'the article 10 test' will be used as an abbreviation of these grounds for approval. 'Improvements in energy efficiency' is used administratively to refer to all of these criteria in the article 10 test.

3.5. Additional tests apply for market transformation and demonstration actions. These are described in the CERT Market Transformation Action guidance document, and chapter 4 of this document, respectively.

3.6. Ofgem must notify the supplier of its decisions on the approval of all schemes and give reasons for the decisions.

3.7. For the purposes of administering the Order, this document uses the collective term 'innovative action' where it is necessary to describe both of these together.

3.8. For the purposes of administration, approved qualifying action will be referred to in this document as 'schemes'.

### **Domestic customers**

3.9. The CER target relates to reductions in carbon emissions by supplier activity in the domestic sector in Great Britain.

3.10. For an action to be counted towards a supplier's carbon obligation, Ofgem must be satisfied that the action has been promoted to domestic energy users in Great Britain<sup>1</sup>. A domestic energy user is defined in the Order as 'a person who uses energy in domestic premises in Great Britain wholly or mainly for domestic purposes'. We consider that an action which is promoted to domestic premises will be promoted to a domestic energy user. Ofgem will consider domestic premises to be self contained, permanent dwellings, mainly for domestic purposes. For these reasons, accommodation such as university halls of residence or residential care homes will not be considered domestic premises. People living within Housing of Multiple Occupation<sup>2</sup> (HMOs) will be considered to be domestic customers where the HMO is their permanent<sup>3</sup> residence and the property is used mainly for domestic purposes. For example, those in shared houses would be considered domestic customers but not those staying in temporary hostels. Measures to be installed in communal areas of, for example, flats, may be eligible depending on the individual circumstances. Ofgem will need to consider these on a case by case basis and suppliers will be required to demonstrate how these measures will be promoted to domestic energy users.

3.11. Suppliers are not limited to assisting their own domestic customers and can achieve reductions in carbon emissions in relation to any domestic consumer in Great Britain.

3.12. To ensure that domestic customers benefit from a supplier's action, when delivering certain measures in conjunction with a retail partner, the retailer should identify which sales are made through trade accounts. The supplier should ensure that the sales data provided by the retailer for accreditation in the CERT does not include any sales through trade accounts.

### **Great Britain**

3.13. Ofgem must be satisfied that the action will be carried out with respect to domestic consumers in Great Britain to count that action towards a supplier's carbon obligation. A supplier should ensure that the measure promoted will be installed or used in domestic premises in Great Britain. For the avoidance of doubt, Great Britain is England, Wales and Scotland only and does not include Northern Ireland. Suppliers are responsible for ensuring that their project partners are aware of and working within this definition. Any activity carried out in Northern Ireland will not be accredited towards suppliers' carbon obligations.

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<sup>1</sup> Article 9(1) of the Order

<sup>2</sup> HMOs are considered to be a house which is occupied by persons who do not form a single household, for example a house or flat which is the main home of at least two unrelated persons, sharing a kitchen or bathroom.

<sup>3</sup> Permanent should be read as including leased premises

3.14. If a supplier promotes measures through a retail partner, Ofgem acknowledges the impracticability of identifying the location of installation of the purchased measure(s). Ofgem will consider a measure purchased in a retail store within Great Britain as resulting in a reduction in carbon emissions in relation to domestic premises in Great Britain.

### **Measures delivered or installed**

3.15. Throughout this document, a measure refers to a single product, e.g. a low-energy light bulb or an energy efficient fridge-freezer, or to the installation of a single product, e.g. the installation of insulation within a cavity wall or loft, or the installation of an energy efficient boiler. An action or scheme refers to the scheme in its entirety, including all of the measures installed under it, rather than one individual measure.

3.16. Ofgem must be satisfied that the measures delivered through a supplier's action will result in an improvement in energy efficiency (and therefore can be presumed to result in a reduction in carbon emissions). This is dependent on the measures being appropriately and correctly installed and the measures being used properly by the consumer. Ofgem's CERT Technical Guidance Manual will provide a list of measures and the necessary standards for installation which Ofgem considers necessary for a reduction in carbon emissions to result.

3.17. If a supplier notifies an action involving a measure in relation to which Ofgem has not already assessed standard carbon savings, it must provide independent and verifiable energy saving data as part of its notification. Accreditation of any new measure will be determined on a case by case basis.

### **The delivery mechanism**

3.18. The method of achieving the reduction in carbon emissions is termed the 'delivery mechanism'. Ofgem acknowledges that a supplier may be working with different project partners, e.g. manufacturers, retailers, installers or social housing providers (SHPs), and that the measure may be delivered to the consumer in different ways, e.g. through mail-order, a retail store for self-installation or professionally installed through a third-party contractor. Note that from 1st January 2010 Ofgem can only approve compact fluorescent lamps promoted through retail outlets.

## **Establishing a scheme's reduction in carbon emissions**

### **Determining carbon dioxide savings**

3.19. The CER target is set in tonnes of carbon dioxide (tCO<sub>2</sub>) (lifetime). This will represent the reduction in carbon dioxide emissions achieved by the measure over its lifetime.

3.20. We will use the measure's lifetime as set out in DECC's illustrative mix to calculate lifetime savings, where they exist.

3.21. A lifetime carbon dioxide saving will be determined for each measure delivered, consistent with that used by DECC in its target setting model. This is the difference between the energy used before and after the installation of the measure, multiplied by the carbon dioxide coefficient of the fuel used and the lifetime of the measure.

3.22. This is illustrated as follows:

$$(\text{annual energy before} - \text{annual energy after}) \times \text{carbon dioxide coefficient} \times \text{measure lifetime} = \text{tCO}_2 \text{ lifetime}$$

3.23. The carbon dioxide coefficients are set out in schedule 3 of the Order.

3.24. For measures to which existing legal requirements apply, e.g. the Building Regulations 2000, the Building (Approved Inspectors etc) Regulations 2000 and the Building (Scotland) Regulations 2004 as amended<sup>1</sup> (the Building Regulations), the energy consumption of the consumer's property after the installation of the measure will be compared to the energy consumption of the property once compliant with the requirements. This methodology will be relevant in respect of any measure that may be required to be installed to comply with the Regulations, e.g. window glazing, to ensure that the CERT measures are additional to these requirements.

3.25. For measures which are installed into the physical fabric of a consumer's property, i.e. insulation and heating measures, Ofgem will accredit the reduction in carbon emissions based upon the type of property and the number of bedrooms the property has. Ofgem will use a disaggregation of average property sizes which is representative of the housing stock in Great Britain. The disaggregation will involve a range of property types with a varying number of bedrooms and be based upon average floor areas.

3.26. For the behavioural measures of real time displays and home energy advice packages, we will use the scores specified in the amendment Order.

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<sup>1</sup> The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc) Regulations 2000 (SI 2000/2532) as amended by The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2006 (SSI 2006/534) apply in Scotland.

## Additionality

3.27. Under CERT, article 12(2) requires Ofgem to be satisfied that the action is promoted in accordance with article 10.

3.28. In order to approve suppliers' schemes under article 12, Ofgem must be satisfied that they pass the article 10 test (improvements in energy efficiency) and that any reductions in carbon emissions that result will be over and above that which would have happened without the CERT. This principle is known as 'additionality' and is central to Ofgem's administration of the programme and determination of carbon emissions reductions for completed schemes. This chapter refers to improvements in energy efficiency for the purposes of the article 10 test, but applies equally to the determination of reduction in carbon emissions.

3.29. In order to be satisfied of additionality Ofgem will need to consider whether the improvements in energy efficiency will be made because of:

- the measure or measures to be installed;
- the way the supplier proposes to undertake the action, i.e. the 'delivery mechanism'; and
- the supplier's activity.

3.30. If improvements in energy efficiency are not due to these factors then Ofgem is unlikely to be satisfied that the article 10 test has been met. Further, if the improvement in energy efficiency is due to other legal requirements or policies then Ofgem is unlikely to be satisfied that the article 10 test has been met. In addition, the measures carried out under the schemes are unlikely to be determined to have any reduction in carbon emissions.

3.31. Ofgem must be satisfied that the way in which a supplier proposes to undertake the action will result in an improvement over and above what would have occurred without CERT, that is additional measures are installed.

3.32. Ofgem must be satisfied that the supplier's action has led to a reduction in carbon emissions and that the total improvement is not due to other factors. Therefore, suppliers must not set up any retrospective agreements to provide funding for measures already installed.

3.33. Measures installed in a commercial property will not be approved. The supplier will need to monitor where the measures are being installed in a commercial property and remove measures from their scheme as appropriate.

3.34. Measures installed in new build homes will not meet the article 10 test unless a declaration can be provided from the housing developer to confirm that the house would have met the Building Regulations without the measure and that the supplier's funding has enabled the developer to exceed the Building Regulations (Appendix 11).

**Additionality - existing regulations and legal requirements**

3.35. Ofgem must be satisfied that a supplier's notified action will result in improvements in energy efficiency which is additional to that required to be achieved as a result of other legal requirements. The Building Regulations, for example, require reasonable provision for the conservation of fuel and power in domestic premises. As there is already a legal requirement to meet the Building Regulations, a supplier's action must lead to improvements in energy efficiency above what would be achieved to meet the requirements of the Building Regulations.

- a) The Building and Approved Inspectors (Amendment) Regulations 2006 Document L1<sup>1</sup> provides guidance on compliance. Ofgem will approve actions that will result in improvements in energy efficiency which exceed the legal requirements as amended. Suppliers' action must exceed requirements in the Building Regulations in respect of:
  - (i) the efficiency of boilers installed in domestic premises (boilers will only be accredited where a D rated exception to the Building Regulations is replaced by an A or B rated boiler)
  - (ii) the rating of window glazing in domestic premises, and
  - (iii) the efficiency of new build domestic premises, where reasonable provision must be made for the conservation of fuel and power in dwellings by limiting the heat loss through the fabric of the building, providing space and hot water systems which are energy efficient and providing efficient lighting systems, and
- b) Ofgem will approve actions in Scotland that will result in improvements in energy efficiency which exceed these legal requirements in respect of:
  - (i) the efficiency of boilers installed in domestic premises, and
  - (ii) the efficiency of new build domestic premises, where reasonable provision must be made for the conservation of fuel and power in dwellings by limiting the heat loss through the fabric of the building, providing space and hot water systems which are energy efficient and providing efficient lighting systems.

3.36. Ofgem will monitor any potential changes to the Building Regulations and will discuss the implications of these on qualifying action with the suppliers. Ofgem will also have regard to any other relevant legal requirements, or changes to them, during the period of the Order.

**Additionality - action with third parties**

3.37. Where a supplier is undertaking action in partnership with third parties, Ofgem must be satisfied that the supplier's action will result in improvements in energy

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<sup>1</sup> "Approved Document L1, Conservation of fuel and power in dwellings" 2002 edition, Department of Communities and Local Government.

efficiency additional to those that would be achieved by the project partner without the supplier's funding. The following criteria will be taken into account.

#### *Social Housing Providers*

3.38. When partnering with social housing providers (SHP), a supplier must obtain written confirmation that its involvement has resulted in additional improvements in energy efficiency. A signed hard copy of the declaration in Appendix 11 should be provided by each SHP. Only where this is not possible will Ofgem accept the text of the declaration being emailed to the supplier. This declaration may be signed before the scheme commences or after it has been completed. If the declaration is signed beforehand, and any changes occur to the scheme, the SHP must sign another declaration once the action is completed. For this purpose a change will be considered to be a change in the measure types installed or a reduction in the supplier's average cost contribution of more than five percentage points. In partnering with SHPs we would expect the suppliers to put into their contracts a requirement for the SHP to notify the supplier of any change to the delivery that has occurred. Only where this is not part of the arrangement with the SHP would we expect the supplier to contact the SHP for another declaration.

3.39. Where a supplier is partnering with an SHP to deliver microgeneration measures in new build, both of the completed SHP and Microgeneration declarations will be required. This is to confirm both the Priority Group percentage, additionality of funding and the additionality of the microgeneration over and above any local planning requirement. If a supplier is partnering with an SHP to deliver microgeneration measures in existing SHP properties, only the SHP declaration is required.

#### *Manufacturers*

3.40. When partnering with manufacturers to improve the energy efficiency performance of a new measure, such as consumer electronics, at the production stage, a supplier's action must result in improvements in energy efficiency additional to mandatory requirements and to those achieved as a result of voluntary industry agreements. The manufacturer should write to confirm that the improvement in energy efficiency would not result without the supplier's action. For measures already in the market a reduction in carbon emissions above the sales weighted average or minimum standards must be demonstrated.

3.41. Where suppliers wish to partner with manufacturers, procedures may need to be put in place to ensure that the measures sold will lead to improvements in energy efficiency.

3.42. Monitoring may be necessary to avoid double counting between different suppliers' schemes. Ofgem may ask the supplier to inform the other suppliers of their partnership to help avoid double counting of measures.



3.43. Manufacturers may also have to identify if measures are installed in social housing properties. Where they have been, the SHP should sign a declaration to confirm that no other supplier has funded those measures.

*Retailers or manufacturers*

3.44. Where additionality is being determined through the change in market share, for example some consumer electronics schemes, the market share will be determined before and after the supplier activity through the use of EPoS data from the retailer.

3.45. When retailers or manufacturers are providing sales data to suppliers, a covering email or letter should be provided to confirm which period the electronic point of sale (EPoS) data covers, that these sales all took place in Great Britain and exclude trade sales. The letter should also confirm that the measures and / or marketing was subsidised by the supplier and funding has not been received for these measures from any other supplier.

3.46. For retail CFL (Compact Fluorescent Lamps) schemes, suppliers will be required to provide a marketing plan to demonstrate their proposed actions, but will not be required to increase sales by a specified percentage. They will also be expected to demonstrate within this plan the proportions of stick and decorative lamps which will be promoted.

3.47. When delivering measures through a retailer or manufacturer, a marketing plan detailing the activities the retailer or manufacturer has agreed to carry out which are funded by the supplier must be provided. This will help demonstrate that the supplier's action will lead to an improvement in energy efficiency above what would have happened without suppliers' input. This should include when and how the measures will be promoted in the store(s).

- a) When a manufacturer has produced the marketing plan, Ofgem may request evidence that the relevant retailers have seen, and agreed to, the marketing plan.
- b) These marketing plans do not initially have to be for the entire period of the scheme but must be detailed.

*With other Government programmes*

3.48. Suppliers may be able to undertake action in conjunction with other government programmes, providing that the supplier can clearly demonstrate that its action has resulted in an improvement in energy efficiency above what would have happened without its involvement. In this case:

- a) A signed letter must be provided by the relevant project partner to confirm that the supplier's actions have exceeded those of the government programme and that the measures to be accredited to the supplier could not have been installed without the supplier's input, i.e. the supplier is not claiming measures which would have been installed through the other programme anyway.
- b) There must be a clear, upfront agreement with the project partner to ensure there is no potential for double counting carbon savings between the CERT and another government programme. If the supplier is part funding measures in conjunction with another government programme, then the carbon savings accredited to the supplier will be in proportion to the funding they have provided.

3.49. Suppliers are able to integrate their activity with the government's and the devolved administration's fuel poverty programmes, providing their action involves funding for the full cost of the measures. To ensure that these partnerships are qualifying action, an agreement must be made prior to the measures being installed. The government's or the devolved administration's lead contractor(s) will be required to confirm with a written declaration that there has been no double counting between the measures paid for and attributed to CERT and those attributed to the fuel poverty programme(s). The lead contractor will be treated as any other contractor and must adhere to the relevant administration procedures outlined in the supplier guidance, including the monitoring the measures the supplier actually funds in line with the guidelines in chapter 8.

3.50. A supplier may undertake an action which is not integrated with another government / devolved administration programme but does use contractors who separately manage other government programmes, for example Warm Front. In this case Ofgem considers that a signed declaration is not needed.

**Market transformation uplift**

3.51. Further information is supplied in the separate CERT Market Transformation Action document, available from the Ofgem website.

3.52. Market transformation action will be credited with a 50 per cent uplift in savings under article 1(3)(b) of the Order.

3.53. Until the amendment order came into force, the cap on the level of this activity eligible for the uplift, detailed in article 9, paragraphs 3 and 4, was set at 6 per cent of a supplier's obligation for market transformation and demonstration action

combined. The cap on this level of activity has been raised to 10 per cent of a supplier's obligation, according to paragraph 3 of article 5 of the amendment Order. The 50 per cent uplift is applied after this 10 per cent cap.

3.54. Where at least 2 per cent of a supplier's carbon obligation is achieved by microgeneration promoted as market transformation action, the cap will now be 12 per cent. The 50 per cent uplift is applied after this 12 per cent cap. Chapter 4 provides more detail on demonstration action.

## **Measures and delivery routes**

3.55. Ofgem must be satisfied that measures will be installed and used. If a measure requiring installation is provided free of charge it must be professionally installed in the consumer's home, e.g. loft insulation or microgeneration.

3.56. For measures provided free of charge which require self-installation, e.g. intelligent mains panels, the consumer must be offered the measure and must request it either in writing or by telephone.

3.57. The behavioural measures of real time displays and home energy advice packages are eligible only if these have been requested by the consumer to which they are supplied.

3.58. If free CFLs are sent out to consumers during the interim period, a freepost address must be provided so that they can be returned if the consumers do not want them, rather than them being stockpiled or thrown away. Further detailed guidance on this delivery route can be found from paragraph 3.109 onwards. Note that from 1st January 2010 Ofgem can only approve compact fluorescent lamps promoted through retail outlets.

## **Cold appliances**

3.59. Cold appliances do not have to be accredited under the Energy Saving Trust's Energy Saving Recommended scheme but they must be A+ or A++ rated under the European Union labelling scheme. A rated chest freezers are also allowed.

3.60. Trade-in schemes are eligible if the appliances supplied are A+ or A++ rated, or A rated chest freezers.

3.61. For 'fridgesaver' schemes the existing appliance must be removed from the domestic premises and destroyed to ensure it is not reused. To support this, evidence is needed that the old appliance was indeed removed from the dwelling and destroyed. For example, Ofgem may request copies of the contracts with, or letters from, the relevant project partners. A declaration from the consumer does not provide sufficient guarantee that the existing appliance has been, or will be, removed and destroyed. The scoring protocol in Appendix 3 must be used to determine the

eligibility of each appliance before removal (see 4.15-4.24 of the CERT Technical Guidance Manual).

3.62. The carbon emissions reduction for cold appliances will be based on the difference in energy consumption between the A+ or A++ appliance promoted and the market average appliance.

### **Consumer electronics / brown goods**

3.63. The consumer electronics / brown goods market is very dynamic and to ensure that a supplier's action is additional we need to consider the market penetration of the efficient models. In order to do this, we require notifications of action to include details of the current market share, for example through the submission of EPoS data. Where the product is promoted via a partnership with retailers we require a marketing plan to be submitted to outline what the retailer and supplier plan to do to increase the market share. We will not generally require quantitative forecast sales. Actual sales data will be required as described in paragraph 3.44.

3.64. There is segmentation in the markets for different consumer electronic products which have been accredited under EEC2 - it is clear that consumer electronics cannot be considered in the aggregate. For this reason, we will consider consumer electronics for accreditation by market segment, within appliance type.

3.65. Specifically for integrated digital TVs (IDTVs), only IDLCD TVs less than 22 inches in size may be accredited in the CERT programme. This is because there is a clear distinction in market transformation between LCD TVs which are less than 22" and those 22" and over in size. In the market for larger screen TVs, integrated digital models predominate whereas less than 15 per cent of the market that is less than 22" is digital. It is possible to show that there is scope for additionality for smaller screens. However, the same cannot be said for larger screens which are unlikely to meet the article 10 test. This does not mean that we are assuming that large screen non digital LCD TVs will be traded in for smaller screen IDTVs: we expect that consumers will purchase the size of TV that they wish but where they are choosing a smaller screen model there is potential to increase the market share of integrated digital LCD models where analogue models may have been purchased in conjunction with a set top digital box.

### **Boilers and heating**

3.66. Carbon emissions reductions will be accredited for D rated exceptions to the Building Regulations which are replaced by A or B rated boilers. These savings will be based on the difference in efficiency between a D rated boiler and a boiler of market average efficiency. Future boiler innovations could also be accredited, but will need to be considered on a case by case basis. The Department of Communities and Local Government (previously the Office of the Deputy Prime Minister) has produced a boiler exception protocol which must be used to demonstrate that an installation is an exception to the Building Regulations 2000. The regulations and exception protocol covers England and Wales. The Scottish Building Standards

Agency has similar regulations and guidelines for exceptions which cover Scotland, and these should be used to determine exceptions in Scotland.

3.67. No credit will be given for replacing B rated boilers with A rated. Ofgem considers that there is very little of the B rated market left for suppliers to target (this accounts for less than 10 per cent of overall boiler sales) and latest research shows that it is not possible to calculate a robust difference between an A and B rated boiler which could be used for accreditation. Therefore it is no longer appropriate to accredit boilers based on the difference in energy consumption between an A and a B rated boiler.

#### *G rated boilers*

3.68. From 10 February 2009, the early replacement of operational G-rated boilers became an eligible measure under the CERT programme, subject to these measures being promoted in line with our Early Replacement of G rated Boilers guidance note<sup>1</sup>. This is the only provision for the replacement of working boilers.

3.69. Evidence provided by an independent assessment in the production of an Energy Performance Certificates (EPCs) provides 'independent verification' of the rating of boilers, and also that they were working prior to replacement.

3.70. Carbon reductions are accredited based on the increase in efficiency from G (65 per cent) to A/B rated (market average, 88.3 per cent). The 65 per cent figure represents G-rated efficiency of 66 per cent minus 1 per cent to account for the poor controls that are likely to accompany an old boiler. The market average efficiency is the same used by Defra (now DECC) for CER target setting purposes. These scores will be reduced by 10 per cent to account for the effect of secondary heating.

3.71. Based on the data provided by the industry, we have determined the average remaining lifetime of G-rated boilers to be 6 years.

#### Notification

3.72. Only boiler replacements identified as meeting the following criteria are eligible under CERT:

- a) identified as G-rated; and
- b) confirmed as working via an independent assessor and EPC.

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<sup>1</sup><http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Pages/InfProMngers.aspx>

3.73. A list of G-rated boilers (make and model) has been collated and is available on the Ofgem website<sup>1</sup>.

3.74. Replacement boilers must be installed in line with the technical, specific, and best practice guidelines requirements set out in paragraphs 2.6 to 2.9 of the CERT Technical Guidance.

3.75. Technical monitoring must be conducted on five per cent of installations, in line with paragraphs 8.24 to 8.28 to this document.

### **Fuel switching**

3.76. The term fuel switching is used in the CERT administration to refer to replacement of a heating system with an alternative central heating system. These will be predominantly mains gas but could also be LPG (Liquefied Petroleum Gas) or oil fired. When seeking accreditation of fuel switching schemes, suppliers will be required to show how their activity is leading to an additional increase in the uptake of fuel switching over and above that which was already happening without suppliers' intervention through the CERT.

3.77. Under EEC2, suppliers carried out fuel switching schemes with SHP partners in a number of different ways. In mixed insulation / fuel switching schemes the total savings from fuel switching were limited to 20 per cent as there were concerns over the level of deadweight. For CERT, deadweight is included in DECC's illustrative mix and so this cap can be dropped.

### **CHP**

3.78. CHP will require CHPQA (CHP Quality Assurance) accreditation to be eligible as qualifying action. This will ensure that only systems of the appropriate quality will be promoted. CHPQA is not applicable to mini and micro CHP. If the Microgeneration Certification Scheme (MCS) develops an accreditation for these measures we intend to require it for them to be eligible as qualifying action.

3.79. Reductions in carbon emissions from mini and micro scale CHP systems are highly dependent on the electrical output of the system, which in turn is dependent on the heat requirement of the property. To ensure that carbon savings are achieved from these units Ofgem considers they should only be installed with a suitably high heat load after the property has been fully insulated. Ofgem considers that fully insulated means fitted with 270mm loft insulation and where appropriate

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<sup>1</sup><http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Pages/InfProMngers.aspx>

cavity wall insulation. Further information is provided in the CERT Technical Guidance Manual, available from the Ofgem website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

3.80. Micro CHP units and installers must be accredited under the MCS, once the scheme has developed to cover these technologies.

3.81. As under EEC2, notification of CHP schemes will need to include a feasibility study and the CHP spreadsheet. This will provide the data to allow Ofgem to accurately estimate carbon emissions reductions.

## **Lighting**

3.82. The amendment Order sets out changes to the promotion of CFLs under the CERT from 1 January 2010. These changes have been made because of the large quantities of CFLs delivered during the first year of CERT via direct distribution routes, such as free give-aways. Ofgem will apply further restrictions to these changes in order to ensure that all CFLs promoted under CERT are likely to result in carbon reductions.

3.83. There is a voluntary agreement which has been established with retailers to phase out GLS (General Lighting Service) lamps. This began in 2008 and is set to progress over the next few years through to 2011. That some retailers plan to phase out these lamps has been and will continue to be made possible by the involvement of the energy suppliers through EEC2 and CERT. Further to this voluntary phase-out, EU legislation regarding energy using products will mean that a mandatory phase-out of many types of inefficient domestic lamps has now begun.

3.84. From 1st January 2010, and for the remainder of the CERT period, the amendment Order lays out that CFLs will remain a qualifying action, but that this will be restricted to those purchased via a retail outlet. Thus, supplier activity to promote efficient lighting will remain eligible for approval as qualifying action, if carried out in accordance with the supplier guidance. Determination of carbon emissions reductions will continue to be dependent on the details and additionality of suppliers' actions.

3.85. All CFLs promoted by suppliers must be accredited by the Energy Saving Trust 'Energy Saving Recommended' scheme (ESR). This is to ensure that they are of an appropriate standard to deliver the estimated savings.

3.86. In CERT we will not maintain the distinction made in EEC2 between medium / high use and low use fittings. It is no longer necessary as savings under the CERT are not discounted over the lifetime. We will use the same saving for candle lamps as ordinary CFLs.

3.87. We will maintain a separate methodology for accrediting halogens and dichroics. This is detailed in the CERT Technical Guidance Manual.

3.88. Where the delivery of luminaires is through professional installation within a household, the supplier is required to only install the luminaires in high use light fittings to achieve the carbon emissions reductions provided on the CERT scheme spreadsheet.

*Lighting - before 21 July 2009*

3.89. The guidance below is only applicable to lighting measures delivered before the coming into force of the amendment Order (21 July 2009).

Free lighting schemes

3.90. Suppliers are not required to ask consumers if they wish to receive CFLs before sending them out. Instead, a freepost address should be sent with all free CFLs which are not given out in person so that consumers can return them if they do not wish to receive them. This is to provide confidence that consumers will only accept those measures they will use, when offered them free of charge.

3.91. Four free CFLs may be sent where the recipient's name and address can be cross checked with other datasets to ensure that the recipients are not receiving more than four from one supplier. Where this cross checking is not possible for data protection reasons, e.g. working with a charity, two is the maximum number that can be sent.

3.92. Where four free CFLs are distributed in person, for example at events, the names and addresses of the consumers receiving them should be collected by the supplier to enable cross checking to be carried out. Where CFLs are given out free of charge by project partners such as charities, it may not always be possible to collect names and addresses to cross check. In such situations, no more than two CFLs can be provided per household.

3.93. The CERT supplier audits will verify that the suppliers have procedures for cross checking in place and that these checks are being carried out.

3.94. The consumer must be offered a mix of wattages or type (i.e., stick or decorative) where more than two CFLs are given out. This is to provide confidence that consumers will only accept those measures they will use, when offered them free of charge.

3.95. If suppliers are working with a project partner to deliver free CFLs, the partners must sign the CFL declaration in Appendix 8 to demonstrate compliance with this guidance.



3.96. The requirements listed above also apply where CFLs are provided free of charge with another energy efficiency measure.

3.97. When distributing sensor lamps for free, the consumer should be asked if they wish to receive a sensor lamp, with an explanation provided on how they are used. As with conventional CFL schemes, consumers should provide their name and address to confirm that they wish to receive sensor lamps. Up to four sensor lamps can be provided for free to ensure that the improvement in energy efficiency attributed is realised (this is in addition to any CFLs they may have received). A declaration is provided in Appendix 9, which should be signed by partners distributing free sensor lamps.

#### Mail Order

3.98. The maximum number of low energy CFLs which may be promoted through mail order, where the consumer is being required to pay a cost contribution, is ten per household. This, and a sufficient charge, is required to prevent stockpiling and the attributed improvement consequently not being achieved. There is no minimum price for retail CFLs to the consumer as this is something that would form part of the agreement between the supplier and the retailer. However, Ofgem have to ensure that any qualifying action will be promoted for (i) achieving improvements in energy efficiency; (ii) increasing the amount of electricity generated or heat produced by microgeneration; (iii) increasing the amount of heat produced by any plant which relies wholly or mainly on wood; or (iv) reducing energy consumption. In assessing whether a qualifying action meets these criteria, Ofgem will take into consideration the price at which the lamp is sold to ensure that proper savings have been made in accordance with the CERT programme.

3.99. For the same reasons sensor lamps sold through the mail order with customer contribution route are limited to ten per household. We do not consider a minimum charge necessary as sensor lamps are more expensive measures so stockpiling is less likely. Candle bulbs, halogens and dichroics remain limited to ten per household.

3.100. Suppliers should cross check their records to ensure that consumers do not purchase via mail order more than ten of each type of lamp (ICFL, candle bulbs, halogens or dichroics) during the period of the Order and that the correct carbon savings are claimed. These limits will maximise the possibility that the consumer will only purchase the lamps that they need and intend to use so that the anticipated improvement in energy efficiency will be achieved. To further ensure this, a choice in the wattage of the CFLs should be offered, as well as a choice in the amount, up to the maximum of ten.

*Lighting - from 21 July 2009*

3.101. The guidance below is only applicable to lighting measures delivered once the amendment to the Order had come into force (21 July 2009).

3.102. Suppliers will be required to submit evidence to Ofgem covering how they will implement the changes detailed below.

3.103. After 31 December 2009 only CFL lighting measures promoted through the retail delivery route will be a permissible action. All other CFL lighting promotions under CERT must cease. Suppliers should present a completion report for all non-retail lighting schemes to Ofgem by 1 April 2010.

3.104. A number of requirements relating to both the interim period (from the date the amendment Order comes into force until 31 December 2009), and from 1 January 2010 are described below.

*Direct promotions/give-aways*

3.105. CFL direct promotions and giveaways will not be allowed to continue under CERT from 1 January 2010.

3.106. After 31 December 2009, the promotion of CFLs via direct promotions and free give-aways, such as those promoted to consumers at an event, will not be eligible. The period between 21 July 2009 and 31 December 2009 allows suppliers to wind-down activity falling into this category which had been planned before the changes were announced.

3.107. For the avoidance of doubt, Ofgem considers that promotion by 31 December 2009 requires that all bulbs claimed are provided to householders by this date.

3.108. Ofgem will work with individual suppliers to ensure that, wherever possible, this delivery route is limited to those CFLs requested by a consumer with an appropriate level of choice offered (see paragraph 3.116).

*Direct mail-outs*

3.109. CFL direct mail-outs will not be allowed to continue under CERT from 1 January 2010.

3.110. Suppliers who have not delivered CFLs to their customer base are permitted to do so, but this type of scheme is limited to one per supplier. Due to the large volumes of lamps already distributed, any such direct mail schemes will be required

to demonstrate that lamps are highly likely to be used by consumers; Ofgem will be happy to discuss how this could be demonstrated with interested suppliers. Furthermore, any such promotion must finish before 1 January 2010.

#### Retail delivery route

3.111. In accordance to the Order, schemes may promote CFLs through the retail delivery route. This would involve the consumer's purchase of CFLs, where purchase is defined as the act of 'obtaining goods in exchange for money'. Ofgem will ensure that all CFLs promoted beyond 1st January 2010 meet this requirement.

3.112. For the avoidance of doubt, we would like to clarify that luminaires remain an eligible CERT measure.

3.113. Whilst Ofgem cannot set a retail price for bulbs, we are mindful that a reasonable definition of purchase is related to the actual price at which goods are exchanged. Retail offers at which the price is very low, such as three bulbs being offered for a nominal amount of money, we consider to constitute a 'virtual giveaway'. Suppliers must demonstrate that they pass such a 'virtual giveaway' test; the price at which a light bulb will be sold is very likely to be taken into consideration by Ofgem.

3.114. The nature of multi-purchase / multi-pack offers can be such that it may cause the consumer to purchase more bulbs than required. In order to ensure that CFLs promoted under CERT are likely to result in carbon reductions, multi-packs and multi-purchases of CFLs are restricted in their size and volume to a maximum of three bulbs.

#### Choice of CFL

3.115. All supplier CFL schemes are required to offer a choice of bulbs to ensure that the consumer can choose a product that is likely to be installed and maintained. This applies in particular to multi-purchase / multi-pack retail schemes, and for schemes which provide CFLs on request via direct promotions and giveaways.

3.116. Ofgem consider a reasonable choice in bulbs would be provided by the following:

1. Fitting types: a choice of bayonet, standard and narrow Edison screw should be promoted. Where possible, we also recommend that small bayonet cap also be promoted.
2. Light output: a range of lamps should be promoted to allow consumers to choose a bulb which provides an equivalent light output to the bulb they are replacing.
3. Lamp design: a choice should include spiral, mini stick, frosted GLS look-a-like bulbs and candle shapes. Where possible, we also recommend that other bulb

shapes should be promoted that would allow consumers to choose a lamp suitable for their home.

3.117. Ofgem requires evidence of how a supplier will provide this choice within their lighting schemes. In the approval of a scheme, and for existing schemes, we will require marketing plans to be submitted which include details of the lamps to be promoted. EPoS sales data collected at scheme banking should demonstrate that a reasonable mix of different bulbs types, in line with those outlined above, has been promoted.

3.118. Wherever possible obligated suppliers and retailers should endeavour to promote a mix of bulbs in all retail promotions. However, for the avoidance of doubt, Ofgem will not expect that all individual retail promotions reflect the full range of choice - instead, the full range of choice should be demonstrated across the scheme as a whole.

### **Insulation**

3.119. For schemes involving DIY loft or radiator panels a marketing plan should be submitted with the scheme notification to demonstrate how the supplier will ensure additionality of the sales. It is not necessary to submit sales data up front.

#### *Simplification of reporting for insulation*

3.120. Across all insulation types (including hot water tank jackets, DIY loft insulation or glazing) there will no longer be a requirement for suppliers to report on the fuel type of the dwelling as there is no longer a distinction in energy savings between fuel types. A single weighted average reduction in carbon emissions across the domestic fuel mix for Great Britain will be applied.

3.121. Ofgem requests that suppliers continue to provide data including fuel type to the Energy Saving Trust's Home Energy Efficiency Database (HEED). This will enable HEED to be a more useful resource for suppliers and other stakeholders.

3.122. In DECC's target setting methodology the reduction in carbon emissions for cavity wall insulation has been reduced by 50 per cent following the analysis of field trial results (combination of comfort taking and a correction factor). These field trials covered a large number of properties and are likely to have included properties with conservatories and properties with tile hung areas. Ofgem will therefore accredit the average carbon emissions reduction figure across all houses. We do not consider it appropriate to reduce further the carbon emissions reduction determined for properties with conservatories or with tile hung areas. However, it is important to guard against anomalous situations; this rule will apply to homes where the supplier would still expect to insulate two thirds of the wall area. If the share were to fall below this then a separate accreditation would be appropriate.

3.123. For cavity wall insulation we have removed the two property age bands for reductions in carbon emissions. An average reduction in carbon emissions will be accredited which is not dependent on the age of the property. This will simplify the reporting and accreditation of carbon emissions reductions.

3.124. For loft insulation we have rationalised the categories of insulation accredited. This change reflects the fact that there are very few properties remaining with no loft insulation at all. This will make reporting and accrediting savings simpler and more efficient. Savings will be accredited from two starting thicknesses, less than 60mm and 60mm and above, both to be topped up to 270mm. The savings are based on the mix of percentages of different starting thicknesses claimed under EEC2.

*Loft insulation installed between 11 September 2008 and 31 July 2009*

3.125. Article 3 of the amendment Order details a "loft insulation plus" uplift only applicable between 11 September 2008 and 31 July 2009. After this period no additional uplifts or incentives apply to loft insulation. This uplift applies to the following measures:

- a) the provision to a domestic energy user of loft insulation which adds to existing loft insulation which is at least 60mm in depth and where that additional insulation is installed by a person with appropriate experience or qualifications; or
- b) the promotion of loft insulation through a retail outlet.

3.126. The "loft insulation plus" uplift equates to 100 per cent for professionally installed loft insulation in the Priority Group, and 50 per cent for professionally installed loft insulation and also for DIY loft insulation. This uplift only applies for the period between 11 September 2008 and 31 July 2009, and after this period no additional uplifts or incentives to loft insulation apply.

3.127. Ofgem will accredit carbon savings to loft insulation measures achieved during these dates according to these details.

*DIY loft insulation*

3.128. Further to the uplifts outlined in the previous section, special considerations for the provision of DIY loft insulation have been set.

3.129. To reduce the potential for double counting between retail and professionally installed loft insulation schemes, Ofgem, obligated suppliers, DECC and insulation

manufacturers have agreed best practice guidelines. All obligated suppliers have signed up to the guidelines, which are available from the Ofgem website<sup>1</sup>.

3.130. In particular, Ofgem requires suppliers to reduce the potential for double counting between retail and professionally installed loft insulation schemes by adhering to the following -

- Suppliers should ensure that their professional installers are aware that loft insulation sold for DIY use should not be used for professional installations. For example, this might be through the means of a regular reminder letter to a supplier's installer network.
- Suppliers should ensure that staff at participating retail outlets are adequately trained, including appropriate refresher training as necessary.
- Suppliers should set a maximum amount of DIY loft insulation material that can be bought at participating retail outlets at any one time by any one customer. This maximum amount should be equivalent to 100 m<sup>2</sup> of material at a depth of 270mm.
- Suppliers should ensure the marking of DIY loft packaging and marketing material, along with the marking of the material itself for example 'for DIY use only' or dyed a specific colour.

3.131. Suppliers must demonstrate in their notification to Ofgem how they intend to put these guidelines into practice. Any instances where material marked 'for DIY use only' is found to have been installed professionally will be investigated thoroughly and appropriate action taken. DECC have requested that Ofgem report to them on all such cases.

### **Microgeneration**

3.132. The process for notification of proposed schemes, assessment by Ofgem, evaluation of carbon emissions reduction and response to suppliers will be the same whether or not a scheme includes microgeneration measures.

3.133. Microgeneration will only be considered eligible under CERT if the installer is accredited under the MCS set up by BERR, or an equivalent scheme. If for commercial reasons it is not possible for a supplier or their partners to use MCS accredited installers, it will be the responsibility of the supplier to propose an alternative solution which achieves the same objectives as the MCS. Ofgem will review these proposals on a case by case basis.

3.134. The microgeneration product will need to be either accredited through MCS or a recognised UK, European or international standard. This is to ensure that only good

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<sup>1</sup><http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs/Pages/InfProMngrs.aspx>

quality installations and products are promoted under CERT and that estimated reductions in carbon emissions will be realised. Further information about this is provided in the CERT Technical Guidance Manual. There are currently negotiations taking place between the MCS and European Commission regarding accreditation of products. Ofgem will monitor this situation and ensure that any outcome is taken into account when considering microgeneration schemes.

3.135. The Renewable Energy Association (REA) REAL Assurance scheme sets out high standards for companies selling or leasing microgeneration units to domestic consumers. It is linked to the MCS. We encourage suppliers to work with installers who are signed up to the REAL Assurance scheme. As described in paragraph 8.34, installers who are signed up to the scheme are exempt from CERT customer satisfaction monitoring.

3.136. Suppliers are strongly encouraged to install all eligible insulation measures in a property before promoting microgeneration to the householder. This is in line with the REAL Assurance scheme recommendations.

3.137. Where a microgeneration measure cannot be attributed a carbon emissions reduction a supplier could apply to have the measure approved by Ofgem as a demonstration action through the demonstration route.

3.138. When delivering microgeneration measures in new build domestic premises, suppliers should get a signed statement from their project partners, in the form of the declaration in Appendix 13, to confirm the percentage of onsite renewables that the supplier has funded. This will ensure that these are additional to any planning requirements regarding on site microgeneration required to obtain planning permission for the development. If these are in social housing, then the SHP declaration in Appendix 11 will also be required. This is to ensure additionality of carbon emissions reductions from microgeneration as other policies exist to encourage their use, most notably the 'Merton rule' (in order to obtain planning permission, a percentage of the energy demand of new build developments is required to be met by on site renewables). For example if the local authority required a minimum of 15 per cent of the new development's electricity demand to come from onsite renewables and the supplier's scheme was responsible for a further 10 per cent, then the declaration would state that the supplier had promoted 10 per cent of the total electricity supply for the building.

3.139. For retrofit of microgeneration in conjunction with an SHP, the SHP declaration will be required in order to ensure that no double counting with other central government schemes, e.g. SCHRI (the Scottish Community and Household Renewables Initiative), has occurred.

3.140. When offering certain measures, such as micro renewables, there may be potential for the householder to also apply for a government grant from programmes such as the Low Carbon Building Programme (LCBP) or the SCHRI. To avoid any potential for double counting, where suppliers have not planned to interact with another government programme, suppliers should:

- a) inform recipients up front that they are unable to apply for a government grant for the measure as well as the supplier funding, and
- b) monitor whether or not the recipients have in fact benefited from a government grant. This information can be collected by contacting the programme's managing agent or by surveying the recipients through consumer satisfaction monitoring. If the consumer has received a government grant, the supplier can claim a percentage share of the measure's carbon emissions reduction proportional to their financial contribution.

### **Behavioural Measures**

3.141. The Order specifies that real time displays (RTDs) and home energy advice packages (HEAs) are included as qualifying actions in the CERT programme. Unlike most other measures in CERT, a score has been set through the legislation. These measures are eligible for the 50 per cent market transformation action uplift, up to the ring fence discussed in paragraph 4.3.

3.142. RTD and HEA activity combined is capped at two per cent of a supplier's target. RTDs and HEAs are eligible as standard actions, as market transformation actions, or as a combination of both. If all HEA and RTD activity were to fall into the market transformation category, uplifts will effectively enable a supplier to meet three per cent of its obligation through these measures.

3.143. Suppliers will be able to claim for RTD and HEA measures provided to consumers from 12 September 2008 onwards.

3.144. Guidance relating to the Priority Group and monitoring of these behavioural measures is set out in chapters 5 and 8 respectively.

#### *Requests*

3.145. The Order sets out in Article 12 (7B) that an RTD or HEA is only an eligible measure when provided to a domestic energy user who has requested it. Suppliers will be required to demonstrate how they will address the requirement for RTDs to be supplied only when requested by consumers. This will be assessed on a case-by-case basis; however, to provide further clarity we offer the following guidance:

- For measures which are promoted individually via a purchase through a retail outlet, Ofgem believe that customers would not purchase these if they did not intend to use them. We will therefore consider this delivery route as being requested by a consumer.
- For measures provided free of charge, or promoted in conjunction with another product, the consumer must be offered the measure and must request it either in writing or by telephone. For example, a consumer might call a hotline



advertised in the press, return a voucher, or sign a declaration that they have been offered the product and accepted.

- Ofgem considers that, where the initial offer for a measure provided free of charge occurs face to face or via an outbound call, there is an additional risk that measures could be delivered in the absence of a request. Ofgem will expect to see written evidence from the householder in that the request has been made, such as a signed declaration that they have been offered the product and accepted, along with evidence of how suppliers utilising this delivery route will ensure that this risk is minimised.

### *Real Time Displays*

#### Definition of RTDs

3.146. According to article 2(2) of the Order, a “real-time display” means a device which, together with a transmitter used in connection with it, provides information to a domestic energy user relating to—

- a) that domestic energy user’s electricity consumption; and
  - b) the cost of that consumption,
- and does so at the time the consumption occurs.

3.147. In order to ensure that all RTDs promoted meet the requirements of the Order, are of a basic standard, and are suitable for the majority of UK householders and thus likely to deliver carbon savings, Ofgem require that all RTDs promoted meet the following criteria:

- 1) The display unit should clearly display electricity consumption and cost of consumption, or should be able to be easily switched between the two.
- 2) The accuracy and sensitivity of the RTD should be such that it represents a realistic reflection of that domestic energy user's consumption, and a realistic reflection of changes in that consumption such as would be sufficient to provide an insight into their electricity usage.
- 3) The transmission rate from the transmitter unit, in combination with the refresh rate of the display unit, should be fast enough to demonstrate consumption to the householder at the time which changes in that consumption occur.
- 4) The unit should comply with any relevant safety standards, such as the CE marking to demonstrate that this has met EU safety requirements.

5) The unit should be supplied with information regarding appropriate installation sites and instructions for use. Units that are professionally installed should be placed in a position that is readily accessible to the householder.

#### *RTD Battery Life*

3.148. RTD display units and their transmitters can be powered by a number of different methods. If the RTD is of a type powered by disposable battery, the notification should include evidence of independent testing for the lifetime of the battery provided - under normal conditions of use - in the specific real time display being promoted. As appropriate, this should relate to the transmitter unit, the display unit, or both.

3.149. Appendix 15 lists the information to be submitted alongside evidence of battery life. If this information is not provided then the supplier will only be able to claim savings associated with a short life battery (see paragraph 3.151).

#### RTD scores

3.150. The standard score for an RTD is specified in the Order as 0.996 lifetime tonnes of carbon dioxide. This is the equivalent of a 3.5 per cent reduction in average household electricity use over a 15 year lifetime. RTDs only provide information on electricity use and therefore are assumed only to lead to a reduction in electricity use, and not to a reduction in the use of other fuels.

3.151. The score for an RTD with a short life battery is specified in the Order as being reduced by 50 per cent, making the standard score for an RTD with short life battery 0.498 lifetime tonnes of carbon dioxide. The amendment Order defines a "short-life battery" as *"a battery which is not expected to power (a) a real-time display or (b) a transmitter used in connection with such a display for more than one year under normal conditions of use."*

3.152. RTDs are eligible to be promoted as either standard or market transformation actions, up to the ring fence discussed in paragraph 3.142.

#### Notification of RTD schemes

3.153. Suppliers must provide details of the manufacturer and the model when making an RTD scheme notification to Ofgem, and evidence that this meets the definition of an RTD as set out in the amendment Order.

3.154. Suppliers must demonstrate how they will address the requirement for RTDs to be requested by the consumer (see paragraph 3.145), and how this activity will be promoted.

3.155. If a supplier intends to promote an RTD which is powered by disposable battery they must confirm that all units will be supplied with batteries. If they wish to claim the long lifetime battery saving, they must submit independent evidence that this combination of RTD and battery will last for one year or longer (see paragraph 3.148 onwards)

3.156. Finally, suppliers must demonstrate that they will take steps to ensure that they deliver only one RTD per household (for example cross checking the recipients' addresses).

#### Partner organisations distributing RTDs

3.157. In addition to the above requirements, an RTD partner declaration should be used when a supplier is distributing RTDs via a third party (see Appendix 10 – RTD Partner Declaration).

3.158. Suppliers using RTD declarations must be satisfied that their project partners will address the requirements above; in particular, for RTDs to be requested by the consumer and that only one has been delivered per household. We expect any supplier accepting declarations as evidence of a third party's activity to satisfy themselves that the partner has robust systems in place to support this declaration. Ofgem may request details of this process, for instance as part of the CERT audits.

## Home Energy Advice

### Definition

3.159. An HEA should be provided that will enable the householder to achieve energy efficiency savings or energy savings. As defined in Schedule A1 of the Order, a home energy advice package means:

- a) a home energy survey;
- b) home energy assistance; and
- c) a home energy report;

3.160. A home energy survey means the survey of a domestic energy user's property carried out by an energy assessor with a view to providing home energy assistance.

3.161. Home energy assistance means information provided by an energy assessor to a domestic energy user, in person at the time of the home energy survey, which deals with such matters as set out below, as are applicable to that user.

- a) where programming or heating controls
  - (i) are installed, how these controls may be used more effectively to achieve energy efficiency savings or energy savings; and
  - (ii) are not installed, whether they would be appropriate for the property.
- b) where a boiler is installed to provide heating or hot water
  - (i) an assessment as to whether that boiler is working efficiently;
  - (ii) how that boiler may be used more effectively to achieve energy efficiency savings or energy savings; and
  - (iii) whether that boiler could be replaced by a more efficient model.
- c) in respect of any electrical appliances or devices, how they may be used more effectively to achieve energy *efficiency* savings or energy savings;
- d) how energy *efficiency savings or energy savings* can be achieved in relation to general hot-water use especially that connected to the use of showers, baths and washing machines;
- e) such other information which an energy assessor reasonably believes may assist a domestic energy user to achieve energy *efficiency* savings or energy savings.

3.162. A home energy report means a report that sets out in writing:

- a) the home energy assistance;
- b) a list of actions or measures which will help the particular domestic energy user to achieve energy efficiency savings or energy savings; and
- c) the contact details for the Energy Saving Trust.

and is provided to a domestic energy user within three months of the home energy survey.

3.163. Further to this definition, the meaning of "an assessment as to whether [a boiler which provides heating or hot water for the property] is working efficiently" means advice based on a visual inspection of that boiler only. This visual inspection should ascertain whether the boiler and/or hot water thermostat(s) are set at an appropriate temperature. It should also seek to ascertain whether any special features are set – for instance, a 'keep-warm' hot water feature that may be found on some combination boilers.

The contents of a home energy advice package

3.164. Ofgem considers that a home energy survey consists of a visual inspection undertaken by an energy advisor with the householder present. The purpose of this survey is to establish whether lower cost and cost-effective measures such as insulation are installed, and the nature of the space & water heating systems, lighting systems and appliances of the dwelling.

3.165. During home energy assistance, any recommendations from the energy survey should be discussed with the householder. These should be in line with current industry standards.

3.166. In addition to this, during the home energy assistance energy saving behaviours relevant to the householder should also be discussed. The topics covered and the actual advice given should be in line with current industry standards, such as that advice provided by the government's Act On CO<sub>2</sub> campaign, the Act on CO<sub>2</sub> calculator and the Energy Saving Trust. A pro forma for the behavioural advice topics to be covered during home energy assistance has been developed in conjunction with DECC, and can be found in Appendix 17. We note that, if Ofgem became aware of major changes to this standard advice, this check-list may change. In these circumstances suppliers would be notified of these changes and a new check list may be issued.

3.167. It is the behavioural advice delivered in an HEA upon which the carbon savings are based. Whilst this does not preclude advisors from providing information about 'hard measures', in order to maximise the likelihood of carbon reductions being realised:

- It is essential that sufficient time is dedicated to the energy behaviours portion of the assistance. Similar and sufficient amounts of time should be dedicated

to the recommendations from the energy survey and advice on behaviours during the assistance.

- Energy saving behaviours relevant to the householder should be identified and explained, with support and motivation provided to steer householders towards the adoption of these.
- Individual energy saving behaviours vary widely in their impact on a home's carbon dioxide emissions and the domestic fuel bill; for example, carbon savings from turning a thermostat down by one degree are significantly higher than those from unplugging mobile phone chargers. Suppliers must ensure that energy assessors understand these relative impacts and communicate these clearly during the assistance and in the resulting report.

3.168. For the avoidance of doubt, Ofgem notes that information collected in relation to the assessment of boiler efficiency (see paragraph 3.163) should be used to advise on potential energy savings only. We consider it necessary to safeguard against any potential for householders to misconstrue such advice as reassurance that their boiler is working properly and/or working safely. Suppliers should ensure that advisors clearly communicate that the visual inspection will not ascertain the safety and/or health of the boiler.

3.169. The home energy report should cover the recommendations and behaviours discussed during the advice visit. As is required in the legislation, this report should also include the contact details for the Energy Saving Trust, which should be clearly displayed. This report should be provided to the householder within a maximum of three months of the advice visit, as set out in the Order. However, we recommend to suppliers that 'good practice' should deliver the report within one month of the advice visit.

#### Home energy assessors

3.170. According to article 3 of the amendment Order, the advice must be provided by a qualified 'energy assessor'. An 'energy assessor' is defined as a person with any of the following qualifications—

- a) City and Guilds (6176) in Energy Awareness;
- b) Level 3 of the National Vocational Qualification 6049-03 (Provide Energy Efficiency Services);
- c) National Occupational Standard for Housing and Community Energy Advisers;  
or
- d) a person with an equivalent qualification that is recognised by a member State of the European Union, an EEA State or by Turkey.

3.171. Suppliers should put in place appropriate checks to ensure that energy assessors are fit and proper persons to provide advice. In doing this, suppliers should comply with standard licence condition 13.1d<sup>1</sup> with regards to recruitment of meter readers, and apply this to all energy assessors providing HEAs. This includes checking previous criminal convictions and obtaining independent character references.

3.172. Ofgem recognises that, whilst the qualifications listed in the Order should provide advisors with a basic knowledge in energy efficiency, there is a need to ensure that this knowledge is up-to-date. Energy suppliers promoting HEAs should ensure that appropriate resources are accessible to advisors so as to ensure that they are aware of any significant changes to advice. For example, the Energy Efficiency Partnership for Homes currently produces regular updates aimed at UK energy advice providers.

#### Mis-selling of energy efficiency products during advice

3.173. We consider that householders are likely to view an energy assessor performing an HEA as an expert. Ofgem therefore want to ensure that energy assessors acting on behalf of an energy supplier do not misadvise consumers on the purchase of an energy efficiency or energy-related product. Suppliers should be mindful of the conduct of energy assessors, and also the boundaries of energy assessors' expertise.

3.174. With respect of conduct, conditions and guidance already in place for the sales and marketing of energy products should be followed in the same spirit in this different context. There will be some elements of these which relate specifically to energy products and thus will not be applicable; common sense should be used.

- a) Standard Licence Condition 25<sup>2</sup> deals with marketing energy to domestic customers, and related activity before, during and after an HEA visit should be in the spirit of this condition.
- b) In our consultation on proposed retail market remedies<sup>3</sup> Ofgem proposed overarching standards to help consumers engage effectively in the energy market. These have been kept intentionally broad in order to capture the full range of supplier interactions with consumers.
- c) The Energy Sure code of practice relating to the face-to-face marketing of energy supply<sup>4</sup> is also relevant, and we encourage suppliers to adhere to the relevant elements of this code

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<sup>1</sup> Standard conditions of electricity supply licence, Ofgem consolidated 4<sup>th</sup> April 2009

<sup>2</sup> Standard conditions of electricity supply licence, Ofgem consolidated 4<sup>th</sup> April 2009

<sup>3</sup> Energy supply probe – proposed retail market remedies consultation, 15<sup>th</sup> April 2009  
[www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=97&refer=Markets/RetMkts/ensuppro](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=97&refer=Markets/RetMkts/ensuppro)

<sup>4</sup> Code of practice for the face-to-face marketing of energy supply, EnergySure 2008  
[www.energy-retail.org.uk/documents/EnergySureCodeBookwebcopyhighres.pdf](http://www.energy-retail.org.uk/documents/EnergySureCodeBookwebcopyhighres.pdf)

3.175. Whilst there are qualifications specified in the amendment Order to ensure a basic quality of advice is provided, suppliers should consider the expertise of assessors. We expect that advice on the suitability of installation is only provided by those suitably qualified. If the advisor is not suitably qualified to recommend a measure - for example, because a site survey for a microgeneration installation would be necessary - the householder should be referred to a suitably qualified person or organisation before direct sales or marketing activity is commenced.

#### Complaints Procedure

3.176. Provision of an HEA necessitates a home visit. To ensure that customers in receipt of an HEA are able to voice complaints about inappropriate or misleading advice and behaviour, Ofgem considers that all energy suppliers should have in place an HEA complaints procedure. This should include who to contact, in what way a complaint will be acted upon, and which body to contact in the event of a customer being unsatisfied with the outcome of the complaint process. Furthermore, the energy supplier promoting the HEA under CERT should be identified to the householder.

3.177. This complaint procedure should be communicated to the householder in writing. However, as the home energy report will be delivered to a householder up to three months after an advice visit, we do not consider this to be an appropriate delivery channel. The complaint procedure should therefore be communicated in writing at the time that an appointment is made for an HEA, or during the advice visit itself. For example, this could be provided in a letter confirming the appointment time, or with paperwork or information delivered at the time of the visit.

#### HEA scores

3.178. The standard score for an HEA is specified in the Order as 0.675 lifetime tonnes of carbon dioxide.

3.179. RTDs are eligible to be promoted as either standard or market transformation actions.

#### Notification of HEA schemes

3.180. To ensure that advice provided under the CERT meets the requirements of the Order and Ofgem's guidance, suppliers should provide evidence in their scheme notification of the contents and delivery of the advice package before any such scheme is approved.

3.181. Suppliers must demonstrate how they will address the requirement for HEAs to be requested by the consumer (see paragraph 3.145), and how this activity will be promoted.



3.182. Evidence that the scope and content of HEAs are in line with industry standards, and that the assistance will meet the requirements of the Order should be provided (see paragraphs 3.164 and beyond). This could be achieved by providing a sample energy survey, energy assistance pro forma (that will be used by an assessor during a home visit), along with a sample energy report, as part of the scheme notification. We note that DECC may also wish to see an anonymised sample of these surveys, pro formas and reports.

3.183. Suppliers should describe how they will ensure that suitable reports have been delivered to the advice recipient within the specified timescale.

3.184. Suppliers wishing to promote HEAs will need to be able to demonstrate that their energy assessors conform to the qualification requirements as described in the Order, and that they have in place a complaints procedure. They should provide details of who will be carrying out the assessment, and what their qualifications are (general description of the group of people and the qualification and checks that they hold, either the company or individuals as appropriate); also what checks have been performed to ensure that all assessors are fit and proper persons (see paragraph 3.170 onwards).

3.185. Finally, suppliers must demonstrate that they will take steps to ensure that they deliver only one HEA per household (for example cross checking the recipients' addresses).

3.186. Ofgem will expect that all of the above elements be fully considered and evidenced by suppliers for HEAs delivered through a partner organisation.

## 4. Demonstration action

This chapter explains what demonstration action is and sets out how Ofgem will assess the suppliers' activity under this mechanism. Further detail on the other innovation route, market transformation action, is provided in the separate document 'CERT Market Transformation Action'.

### Demonstration action

4.1. Alongside submissions to promote measures that can be attributed with a carbon emissions reduction, suppliers may submit demonstration actions, which are measures to which a firm quantified carbon emissions reduction cannot yet be attributed. Demonstration action is defined in article 2(3)(a) as 'an action which is reasonably expected to achieve a reduction in carbon emissions'.

4.2. Market transformation action, together with demonstration action essentially replaced innovative action under EEC2 and is administered in much the same way. Market transformation action is defined under article 2(3)(b) in the Order. This is explained in greater detail in the CERT Market Transformation Action guidance document.

4.3. Before the amendment Order 2009 came into force, no more than six per cent (exclusive of uplift) of a supplier's carbon obligation could be achieved by demonstration and market transformation actions. Suppliers may now meet up to 10 per cent of their carbon obligation with market transformation and demonstration actions. Where a minimum of two per cent of their carbon obligation is achieved through promotion of microgeneration, this limit is increased to 12 per cent. All uplifts are applied after the caps specified above have been met.

4.4. As demonstration actions do not have a determined carbon emissions reduction, the carbon emissions reduction accredited to a supplier for undertaking these actions will be dependent upon the cost of the activity. Details are provided below in paragraph 4.30. A translation factor, set out in article 21 of the Order will be applied to the costs in order to determine the carbon emissions reduction to be accredited to the supplier.

### Types of demonstration action

4.5. Suppliers' demonstration actions are expected to cover a wide variety of types of activity. It is expected that this activity will fall into three broad categories:

- trialling a technology,
- trialling consumer reaction to a technology, and
- trialling consumer behaviour in response to better information.

4.6. Activity to trial a technology would seek to determine whether the product does lead to a reduction in carbon emissions under normal operating conditions in the domestic environment. Where possible, the results from these trials should be normalised against the standard measures in the programme, taking account of such factors as external temperature variation, heating season, hours of use, property type and occupation pattern, etc. This will ensure that the energy saving can be attributed to the impact of the measure being trialled, and not to other factors. This is in line with how standard measures in the CERT programme have been and will continue to be assessed.

4.7. Activity to trial consumer behaviour in relation to a new technology would assess how the consumer reacts to the installation of a new technology or how the consumer operates an energy saving measure. This type of activity would be similar in nature to the trials the Energy Saving Trust is carrying out on the way consumers use their boilers to heat hot water.

4.8. Trials could be carried out investigating consumer behavioural change in response to information. This might include providing the consumers with better information about their specific energy consumption or more general information on energy consumption. This type of activity would be similar in nature to the monitoring being carried out under the Energy Demand Research Project<sup>1</sup> (EDR) that is being managed by Ofgem.

4.9. The focus of any demonstration action should be on providing a robust and useful assessment of the impact of the activity carried out. As described in paragraph 4.30 carbon emissions reduction for a demonstration action will depend on the cost of the action, not on the actual carbon emissions reduction achieved by the activity.

### **Demonstration action submissions**

4.10. Article 11 requires suppliers to submit notice of their demonstration schemes within one month of the action being commenced. Under 11(2)(d) suppliers must include sufficient information to show how they intend the action to be a demonstration action. To do this, suppliers would need to show how the action can reasonably be expected to achieve a reduction in carbon emissions.

4.11. Under article 11(3) suppliers must provide the following information with their notification:

- a)
  - (i) how the action is expected to promote a reduction in carbon emissions;

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<sup>1</sup> Previously known as the Energy Demand Reduction pilots

- (ii) the arrangements for monitoring whether the action reduces carbon emissions;
  - (iii) how the supplier will assess the effectiveness of the action at promoting a reduction in carbon emissions;
  - (iv) a justification for the scale of the proposed action; and
  - (v) the estimated cost of promoting and monitoring such an action and a breakdown of that cost; and
- b) whether or not it consents to the publication of information provided to the Authority in relation to the monitoring and assessment of the action.

4.12. In order to facilitate the notification, we have developed a series of questions covering the points in article 11(3) which should be answered by a supplier wishing to notify Ofgem of a demonstration action. This should ensure that Ofgem has sufficient information to consider a notification and approve a demonstration action. These questions are listed in Appendix 14.

4.13. The standard CERT scheme pro forma should be used to notify Ofgem of demonstration action. There is a box marked 'demonstration action' on the proposal overview and the drop down menu should be set to 'Yes'. The pro forma will then be generated listing only the demonstration action questions. A blank box will also be generated where suppliers can add other relevant information. Suppliers should note that schemes involving demonstration action must be discrete, that is they may not include other forms of action as well as demonstration.

4.14. Information from the trials needs to be robust in order to assess the effectiveness of the action at promoting a reduction in carbon emissions, as stated in article 11(3)(a)(iii). The statistical soundness of the trial design and results will be an important consideration for approval. However, trials that are unnecessarily large will not be approved.

4.15. The monitoring referred to in article 11(3)(a)(ii) must be designed to enable suppliers to determine the carbon emissions reduction per annum of the measure, i.e. the effectiveness of the action at promoting carbon savings. As part of determining the carbon emissions reduction, it is necessary to determine the lifetime of any measure trialled as demonstration action. This will enable the overall carbon emissions reduction that will or may be achieved to be assessed and will assist in demonstrating the effectiveness of the action. For technical measures this will be the technical lifetime of the product, for behavioural measures it will be for the length of time the consumer reacts to the suppliers' interaction. Suppliers will be required to outline how they plan to determine the lifetime as part of their notification of the demonstration action under article 11(3). When reporting on the savings and lifetime in their report on the completed action, suppliers must provide reasonable justification of the lifetime.

4.16. All the costs of the demonstration action should be accounted for in the estimated cost of promoting and monitoring the action, referred to in article 11(3)(a)(v). The cost figure will be used in the formula set out in article 21, to attribute a carbon emissions reduction to the action. However, these costs need to be broken down by capital expenditure, evaluation expenditure and management /

project oversight costs in order for Ofgem to be able to be satisfied that they are reasonable. The project oversight costs can include, where appropriate, the reasonable costs for attendance at meetings with Ofgem. Ofgem emphasises that the costs that are submitted by the suppliers must be in relation to the 'promotion of the action' and cannot include any unrelated costs.

### **Additionality**

4.17. In considering the suppliers' proposals for demonstration action Ofgem will apply the additionality criteria as it does for standard measures. For example, we expect the suppliers will consider trialling a range of behavioural measures under the demonstration route, particularly how consumers will react to the provision of information about their own consumption. Only if suppliers can demonstrate that features of their proposed demonstration action may produce additional carbon emissions reductions to those achieved by Government activity may the action be eligible as a demonstration action.

4.18. We note that a number of suppliers will be running joint funded activity with the government under the EDR pilots. This activity would not be approved as demonstration action. However, an extension of this activity could be approved as demonstration action. Where a supplier plans to extend their EDR pilots Ofgem should be informed as part of the notification process.

### **Approval of demonstration action**

4.19. It is likely to be necessary to hold a meeting with the supplier to discuss their application, given that demonstration action is a new concept and we expect there will be a wide range of applications, which cannot all be covered in the guidance.

4.20. Under article 12(7) Ofgem must not approve a demonstration action unless the information provided in the notification, including costs, is reasonable, and the supplier consents to the publication of information relating to the monitoring and assessment of the action. In addition, Ofgem has to be satisfied that the article 10 test is met.

4.21. The costs will be used to determine the carbon emissions reduction to be attributed to the action, as described in paragraph 4.30.

4.22. Where evidence for a firm carbon emissions reduction for a proposed demonstration action already exists, Ofgem will approve the action as a standard action and will not consider it to be a demonstration action.

4.23. As specified in article 12(7)(b), Ofgem must not approve an action unless the supplier consents to the publication of information in relation to the monitoring and assessment of the action. Accordingly, Ofgem requires a written statement confirming that this consent has been given.

4.24. A demonstration action must meet the 'article 10 test' to be considered to reasonably be expected to promote a reduction in carbon emissions. Ofgem will use the information from suppliers' notification to determine whether the proposed action meets the article 10 test.

#### *Demonstration action reports*

4.25. Article 16(1)(b) requires the suppliers to provide Ofgem with:

- the information obtained by the supplier on whether the action is reducing carbon emissions; and
- the supplier's assessment of the effectiveness of the action at promoting a reduction in carbon emissions.

4.26. Accordingly, suppliers will be required to submit to Ofgem a comprehensive report assessing the impact of their action. This must contain the following:

- outline of the methodology of the action that was taken (including details of and significance level of sampling);
- brief summary of the results;
- interpretation of the results including potential for their repeatability on a larger scale; and
- conclusions drawn.
- the monitoring must be carried out in accordance with the information provided to Ofgem when Ofgem was notified of the action. Whether this was the case should be apparent from the report
- full results data should be provided as an annexe. This will not be published.

4.27. Providing this report is an integral part of the demonstration action. Where a report is incomplete or insufficient, Ofgem will require further information to be provided or may consider that the supplier has not complied with its obligations under article 16(3).

4.28. The trial reports must include a standardised summary report to allow comparison of data across trials. This will be a pro forma issued by Ofgem when successful bidders are notified and should be completed by the supplier with details from the trial.

4.29. Article 16(3) requires Ofgem to publish this report in a format it sees fit. In order for a demonstration action to be approved, suppliers will have consented to this publication as part of their notification (Appendix 14). All reports, including those reporting on activity which proves to have inconclusive results must be published by Ofgem. The reports will be published on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk) once they have been completed.

*Determining the carbon emissions reduction to be accredited for demonstration action*

4.30. Under article 19 Ofgem must determine the amount of carbon emissions reduction to be attributed to a demonstration action. This reduction will be accredited against a supplier's carbon obligation and will be calculated in the following way (as set out in article 21):

$$\text{carbon emissions reduction} = (x/18) \text{ lifetime tonnes of carbon dioxide}$$

Where x is the estimated cost of promoting and monitoring the action.

- the estimated cost of the demonstration action will be divided by 18, to give the reduction in carbon dioxide to be attributed to the action; this will be accredited against the supplier's carbon obligation.
- the estimated cost will be that provided to Ofgem under article 12(7)(a) as outlined above (paragraph 4.16).

4.31. The Priority Group and non-Priority Group distinction will apply to demonstration action in the same way as standard schemes. Where a proportion of this demonstration activity has been undertaken in the Priority Group, the same proportion of the resulting carbon emissions reduction will be credited towards a supplier's Priority Group obligation. The supplier will need to monitor the Priority Group in the same way as a standard scheme to claim any Priority Group savings, i.e. 5 per cent or a statistically significant sample.

4.32. To be accredited with the carbon emissions reduction for their demonstration actions suppliers need to ensure that their activity is complete, including the relevant monitoring, by 31 March 2011 and that Ofgem has been notified that the action is complete under article 19(1) by 30 April 2011. If suppliers do not comply with these dates they will not be able to claim the carbon emissions reduction for their demonstration action against their carbon obligation.

4.33. Ofgem acknowledges that the activity the suppliers carry out under demonstration action is experimental and that it is possible that at the end of a scheme the results will not be conclusive. This is the nature of this type of action, but if the supplier carries out its programme as described it will be accredited with the carbon emissions reduction in accordance with the formula in article 21.

## 5. Priority Group

This chapter sets out how suppliers should meet and monitor their Priority Group obligations. As set out in chapter 2, the Priority Group obligation is set at 40 per cent of a supplier's carbon obligation. It also outlines the Priority Group flexibility mechanism and sets out the process which suppliers should follow if they wish to utilise this.

### Priority Group obligations

5.1. Article 13(2) of the Order sets out that the Priority Group obligation is that at least 40 per cent of the supplier's carbon obligation is achieved by actions carried out in the Priority Group. The Priority Group definition is explained in chapter 2, paragraph 2.3.

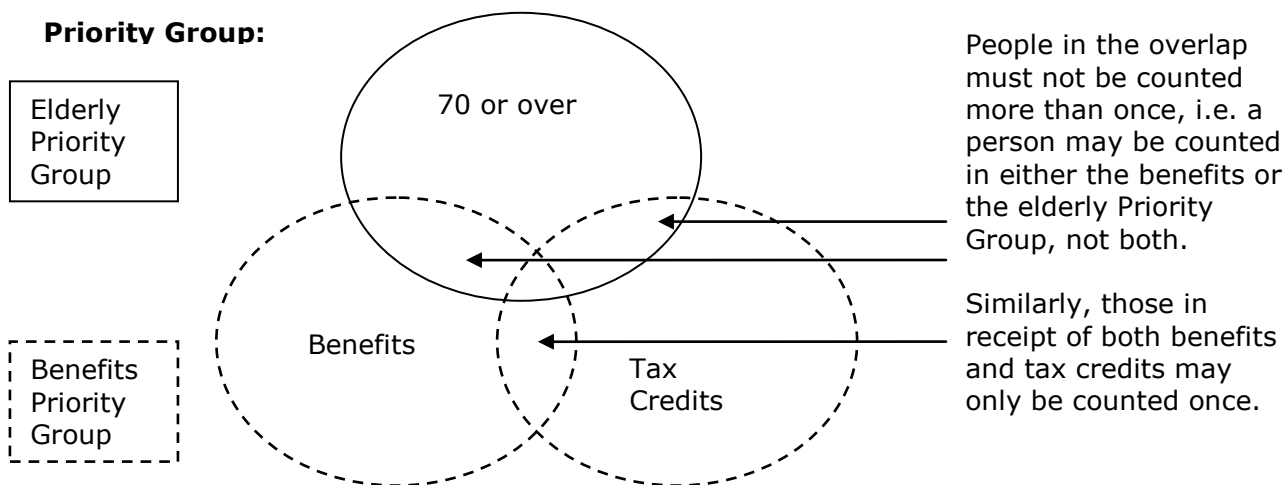
5.2. In the explanatory memorandum which accompanies the original 2008 Order, Defra (now DECC) refers to those who are in the Priority Group through receipt of the relevant benefits or credits as the 'benefits Priority Group'. This definition will be used in this document. For the purposes of administration, those in the Priority Group because they are aged 70 or over will be referred to as the 'elderly Priority Group'. There is no need to separate out those in receipt of benefits and those on tax credits, as information relating to these can generally be checked in the same way. Different proof needs to be provided for the elderly Priority Group. This is set out below.

5.3. The amendment of schedule 2 adds an income-related employment and support allowance (under the Welfare Reform Act 2007) to the list of qualifying benefits, and amends the threshold for household income for those on qualifying benefits and tax credits to £16,040 (revised from £15,592). The amended declarations are published as appendices to this document. Declarations submitted containing the updated list of benefits can only be used to declare the Priority Group percentage for measures delivered after the date that the new amendment Order was brought into force, this being 21 July 2009.

5.4. In order for Ofgem to determine whether the Priority Group obligation has been met, suppliers are required to provide evidence on the percentage of Priority Group recipients within each scheme. Notifications of actions under article 11 should indicate how the action will be carried out in the Priority Group and how this will be monitored. The results of the monitoring must then be submitted to Ofgem as part of a notification of banking or completion under article 19.

5.5. If the supplier is claiming for those in both the benefits Priority Group and the elderly Priority Group, they should ensure that the data sets have been cross checked to remove any duplicates. Suppliers cannot claim more than once for the same recipient who is 70 or over, and also in receipt of benefits / tax credits, (or who is in receipt of both benefits and tax credits). This can be illustrated as follows:





Suitable ways of determining the Priority Group percentage are:

- a) Checking documents (benefits, credits and income, or date of birth) of all recipients in receipt of measures.
- b) Monitoring a sample of recipients (only where the action does not involve a visit to the consumer's home by the supplier or the supplier's project partner; it is acceptable to monitor a random sample of recipients, rather than each one).
- c) Partner declaration - this is signed by a representative of a partner organisation which has determined the Priority Group percentage through one of the following types of evidence:
  - (i) Database, e.g. membership database for a charity where benefit information is collated
  - (ii) Checking details of all recipients on receipt of measures
  - (iii) Monitoring a statistically significant sample of recipients
  - (iv) Other, which can be suggested by suppliers

5.6. For administration purposes Ofgem can only accept one method of determining the number of Priority Group recipients per delivery route. For example, if a scheme involved distributing free RTDs at events and installing insulation it would be appropriate to check details on receipt of the insulation but to monitor the recipients of the free RTDs. A supplier may not submit, for example, an SHP declaration to cover the benefits Priority Group supplemented with monitoring for the elderly Priority Group.

#### *How to monitor a significant sample*

5.7. When monitoring recipients of a scheme, whether by telephone or by questionnaire, the full list of benefits and tax credits as stated in the Order must be cited to determine whether the recipient is in the Priority Group. If they are in receipt of tax credits then relevant income should also be requested using a list of income bands. Where it is not possible to list in full on the questionnaire the income

related benefits and tax credits, the supplier should ask whether the consumer is on income related benefits, or is over 70 years old. Recipients should be asked for their date of birth, or to choose which from a list of age bands they were in when the work was carried out.

5.8. Where suppliers are monitoring a sample of recipients to determine the Priority Group percentage, the sample size monitored by the supplier must be statistically significant, at a confidence level of 95 per cent and a confidence interval of 1. This is widely accepted as a reasonable level of statistical significance. Figure 1 illustrates the minimum sample sizes required, depending on the total number of domestic customers receiving a measure and the percentage of those expected to be in the Priority Group.

5.9. Suppliers will not have to monitor more than 5 per cent of the recipients from any one action. If a supplier demonstrates the percentage of Priority Group recipients using the minimum sample size outlined in Figure 1, the supplier may then claim for a reduction in carbon emissions in relation to the Priority Group.

5.10. For example, a supplier may believe that where an action provides one measure each to 100,000 domestic customers, 10 per cent of those consumers are in the Priority Group. Using Figure 1, if a minimum sample size of 3,342 shows that at least 10 per cent are within the Priority Group (representing a confidence level of 95 per cent and confidence interval of 1), the supplier can then claim that 10 per cent of the reductions in carbon emissions resulting from the action are in relation to the Priority Group.

**Figure 1 Calculation of Priority Group monitoring sample sizes**

Number of recipients of the action	Expected Priority Group/non-Priority Group percentage (%) of recipients					
	5/95	10/90	20/80	30/70	40/60	50/50
	Minimum sample size					
5,000	250	250	250	250	250	250
7,500	375	375	375	375	375	375
10,000	500	500	500	500	500	500
20,000	1,000	1,000	1,000	1,000	1,000	1,000
25,000	1,250	1,250	1,250	1,250	1,250	1,250
50,000	1,761	2,500	2,500	2,500	2,500	2,500
75,000	1,781	3,305	3,750	3,750	3,750	3,750
100,000	1,792	3,342	5,000	5,000	5,000	5,000
250,000	1,812	3,410	5,999	7,815	8,892	9,249
500,000	1,818	3,434	6,072	7,939	9,053	9,423
750,000	1,820	3,442	6,097	7,983	9,108	9,483
1,000,000	1,821	3,446	6,109	8,003	9,136	9,513

NB: The sample sizes in this table have not been calculated by Ofgem, they are taken from standard statistical calculations or are 5 per cent of recipients, whichever is lowest.

5.11. The sample size will need to be calculated at the time of notification. It will be based on the scale of the supplier's notified action.

Further information on Partner declarations

5.12. As described above, declarations can be used by delivery partners as proof of the Priority Group percentage. However, the declaration has to be underpinned by one of the types of evidence described in paragraph 5.5 c) above, to ensure that the organisation making the declaration has robustly determined the Priority Group percentage.

Types of permissible evidence underpinning partner declarations:

a) Database:

5.13. This needs to contain the relevant information to determine whether a recipient is in the Priority Group, that is, what benefits or credits and income they are in receipt of and / or their date of birth. If the database does not hold this information then it is not suitable for use as evidence of the Priority Group percentage. The signatory will need to state on the declaration how the benefit status / income (if relevant) / date of birth has been captured by their database (e.g. housing management database, tenants information from the Department for Work and Pensions, information received direct from the benefits service, average of the housing stock, captured at the point of application, every tenant must be a receipt of x benefit etc). If they are using more than one criterion, they should also indicate that the data sets have been cross checked to remove any duplicates (e.g. suppliers should not be able to count the same recipient more than once if they meet more than one criterion).

5.14. A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information, or where the relevant information has not been checked, will not be considered evidence.

5.15. This information may come from the organisation having previously surveyed its members or the recipients of the measures; or it may be that the partner has asked each individual to show evidence of benefit entitlement before giving them the measures.

b) Checking details

5.16. A supplier may choose to use this as evidence for use on a declaration. Where measures are being installed, all recipients should have their Priority Group credentials checked at the point of installation.

c) Monitoring of a statistically significant sample of recipients:

5.17. For measures such as free RTDs where a visit is not made to the consumer's property, a statistically significant sample may be used.

d) Other:

5.18. A supplier may suggest other methods of ascertaining the Priority Group percentage for the declaration, which will be considered by Ofgem.

### **Use of the different methods of determining Priority Group percentage**

5.19. This section describes how the general guidance on the methods of monitoring set out above (paragraph 5.13-5.18) should be used specifically for each different delivery route:

#### *Face to face*

5.20. Where an action involves a home visit by the supplier or its agent, for example to install insulation, heating measures, or provide an HEA, Ofgem expects the supplier, or its agent, to ascertain whether the recipient is in the Priority Group at the time of the home visit by asking the consumer to show relevant documentation such as a benefit book. In the case of domestic customers receiving Child Tax Credit or Working Tax Credit, the supplier should ask to be shown the latest Tax Credits Awards Notice to confirm relevant income or, where this is not possible, it should present a list of income bands and ask the recipient to state which band they fall into.

5.21. If the supplier is claiming for those in the elderly Priority Group, recipients should be asked to provide suitable evidence of date of birth, consisting of an official document such as a passport, driving licence or benefit documents. Proof of address should also be sought, if this is not on the document used for proof of age. Utility bills are acceptable for this purpose.

5.22. For actions where measures, such as RTDs, are given out person-to-person at events, suppliers should show recipients of measures the list of qualifying benefits, credits and relevant income threshold, and age bands and ask them to confirm whether they are in receipt of one of those benefits and which age band they fall into.

5.23. For HEAs, as this must involve a home visit, this is the only eligible route for determining the Priority Group percentage.

*Partnering with SHPs*

5.24. Where a supplier partners with an SHP, Ofgem will require the written declaration in the form provided in Appendix 11 to be submitted. The SHP should state the percentage of recipients that are in the Priority Group. If the SHP is unaware of the relevant income of those households receiving Child Tax Credit or Working Tax Credit, then Ofgem would expect the SHP to make all reasonable efforts to obtain this information (for example, if the scheme involves a home visit, by requesting to be shown the recipient's latest Tax Credits Awards Notice to confirm relevant income).

5.25. This declaration may be signed before the scheme commences or after it has been completed. If the declaration is signed beforehand and the proportion of recipients in the Priority Group is later found to be different, for example they may decide to carry out monitoring if they are targeting a specific geographic area, another declaration must be signed once the action is completed, or the results of that monitoring should be used. A signed hard copy of the declaration should be provided by each SHP.

5.26. The declaration included in Appendix 11 is only for use by SHPs and not their contractors or other parties such as charities. When passing declarations to project partners, suppliers should leave the Priority Group percentage blank for the partner to complete.

*Third party delivery (not SHP)*

5.27. Where project partners, such as charities, are delivering measures on behalf of suppliers they may not need to survey recipients if they already have knowledge about whether they are in the Priority Group, for example if they have recently monitored their members. In this situation the project partner should produce a signed letter stating the proportion of recipients who are in the Priority Group and detailing how this information has been established. Where CFLs are provided (up to 31 December 2009) the CFL declaration must be used for this purpose (Appendix 8); the SHP declaration cannot be used for this purpose. Where RTDs are provided, the RTD partner declaration must be used (Appendix 10). This must set out which of the methods to establish that percentage have or will be used. The methods are described in paragraphs 5.13-5.18, and are summarised below:

- A database of consumers in receipt of one or more of the relevant benefits or of age;
- Checking details directly;
- Monitoring; or
- Other details must be provided

We expect any supplier accepting declarations as evidence of a third party's activity to satisfy themselves that the partner is in a position to make the declaration, i.e. that the partner has robust systems in place to support this declaration. Any organisation that signs either the CFL declaration or the RTD partner declaration

must be able to provide on request a robust explanation for the process of determining the Priority Group percentage that it has declared. Ofgem may request to see this explanation via the audit process.

### *Retail schemes*

5.28. Where an action involves promoting measures through a retailer, Ofgem expects the supplier to survey recipients, for example by providing a questionnaire with the measure that includes a question about whether the recipient is in receipt of any of the qualifying benefits or credits and relevant income under the threshold. Where it will not be possible to detail each of the qualifying benefits within such a questionnaire, this should be made clear to Ofgem in the supplier's notice of the action.

5.29. The exception to this would be where a supplier is working with the same retailer that they worked with under EEC2 and have already collected suitable monitoring data to confirm the percentage of those in receipt of the relevant benefits and credits. In this case the supplier may choose not to carry out further monitoring and claim the Priority Group percentage claimed under EEC2. It should be noted that this percentage will not include the elderly Priority Group, or those who have come into receipt of tax credits since the relevant income threshold has increased. If suppliers intend to claim for those in the elderly Priority Group, they will need to carry out monitoring to confirm the percentage made up of this group, and the percentage of this group who are in the benefits Priority Group. These will need to be cross checked against each other so that anyone in the benefits Priority Group who is also aged 70 or over is not being counted twice.

5.30. One of the options for monitoring the Priority Group in retail schemes is to include a questionnaire within the product. Due to space limitations it may be difficult to list all of the relevant benefits, tax credits and income thresholds. Where this is not possible the supplier should inform Ofgem at scheme submission and the questionnaire should ask if the consumer is in receipt of 'income-related benefits' and relevant income under the threshold. There should be no reference to tax credits if there is insufficient room for the income thresholds to be stated.

5.31. Another option for monitoring the Priority Group for retail schemes is to place questionnaires in-store next to the product. In this situation it cannot be assumed that all questionnaire respondents have bought the measure, particularly if there is an incentive for returning the completed form. Therefore, these questions must survey whether the consumer has purchased the subsidised measure, and if they have not, their response is not valid.

5.32. When determining the statistically significant sample sizes required for retail CFL schemes an assumption will need to be made of the number of CFLs each consumer is likely to purchase. Suppliers should assume that consumers purchase two CFLs each. However, if the nature of a scheme or promotion may dictate how many CFLs a consumer purchases, a different assumption may be made. For

example if the offering is to 'buy-two-get-a-third-free' then it can be assumed that consumers will purchase three CFLs each.

#### *Mail order*

5.33. For delivery routes such as mail-order, a questionnaire should be included in the product and this should include questions to determine whether the householder is in receipt of any of the relevant benefits or credits (and their relevant income for credits) and their date of birth. The full list of qualifying benefits and credits and income bands should be included on the questionnaire.

5.34. Suppliers should assume that consumers purchase three CFLs each when determining the statistically significant monitoring sample size required to demonstrate the number of recipients in the Priority Group for mail order schemes.

#### **General**

5.35. A supplier should notify Ofgem if its action deviates considerably from its initial notification, so that the absolute sample size can be adjusted. The minimum sample size is the number of consumers from which a completed questionnaire should be obtained. The scheme recipient is the consumer to whom the measure was delivered, or in whose house the measure was installed, or who purchased the measure.

5.36. Certain actions may provide for consumers to receive a combination of measures. The results of the monitoring for these schemes need to be applied to the reduction in carbon emissions in a transparent and auditable manner. For example an action may involve working with an SHP, who declares that 50 per cent of recipients are in the Priority Group. If each consumer has received insulation and a lighting measure, 50 per cent of the reduction in carbon emissions relating to the insulation and to the lighting can be claimed to be in relation to the Priority Group.

5.37. Where an action is delivered in such a way that it is not appropriate to survey the recipients of the measures, a supplier will not be entitled to claim a reduction in carbon emissions in relation to the Priority Group.

5.38. In the case of a supplier failing to provide a meaningful proportion of responses to any survey carried out, it may provide alternative evidence. Ofgem will decide if it is satisfactory evidence and, if so, will determine an appropriate reduction in carbon emissions to be attributed to the Priority Group.

#### **Priority Group flexibility mechanism**

5.39. This mechanism was introduced by Defra (now DECC) to provide suppliers flexibility in reaching their Priority Group target.

5.40. According to article 14(1) a supplier may use the Priority Group flexibility mechanism to meet up to 12.5 per cent of their Priority Group obligation (this is equivalent to 5 per cent of their overall carbon obligation).

5.41. Under the amendments to article 2(3) (c) a Priority Group flexibility action means the provision to a householder within paragraph (a) or (b) of the Priority Group —

- of ground source heat pumps in respect of a property which does not have a mains gas supply; or
- of solid wall insulation which lowers the U-value of the walls to  $0.5\text{W}/\text{m}^2\text{K}$  or less;

5.42. This means that to utilise this mechanism suppliers can promote ground source heat pumps or appropriate solid wall insulation to a subset of the Priority Group. For the purpose of administering the Order, these actions in this context will be referred to as flexibility measures.

5.43. This subset of the Priority Group comprises those who are in receipt of the Priority Group benefits or tax credits with income below the threshold of £16,040 (before the amendment came into force on the 21 July 2009, this value was set at £15,592), (i.e. those in the benefits Priority Group) who are also 'householders' as defined in the Order. For the purposes of administration, this group that is eligible for Priority Group flexibility actions will be called 'flexibility Priority Group'.

5.44. Householders are defined by reference to various types of ownership or tenancy in schedule 1 of the Order. In general, these cover those who are in private rental accommodation or who own their homes, but do not cover those in social housing.

5.45. Those who are in the elderly Priority Group, that is they are aged 70 years or over but are not in receipt of the relevant benefits or credits are not eligible recipients for Priority Group flexibility actions, even if they are a 'householder'.

#### Flexibility measures

5.46. Solid wall insulation which lowers the U-value of the walls to  $0.5\text{W}/\text{m}^2\text{K}$  or less may be promoted to a member of the flexibility Priority Group.

5.47. Ground source heat pumps can qualify as Priority Group flexibility action only if they are promoted to a member of the flexibility Priority Group whose home is not supplied with gas through pipes, i.e. is off the gas distribution network. For the avoidance of doubt, consumers who are connected to local Liquefied Natural Gas networks are considered to be supplied with gas through pipes, those who are connected to local Liquefied Petroleum Gas networks are not.



**Applications to use the Priority Group flexibility option**

5.48. Applications to use this mechanism should be made in a similar way to other scheme submissions. The CERT scheme notification pro forma will include a Priority Group Flexibility section. Priority Group flexibility schemes must be Priority Group flexibility action only, not a mixture of Priority Group flexibility and other types of action.

5.49. The supplier should indicate on the 'proposal overview' page of the CERT scheme notification pro forma the flexibility measures and delivery route as normal, and tick the box to indicate that the scheme is for Priority Group flexibility.

5.50. The flexibility measures as installed through this mechanism will be eligible for an increase in the reduction in carbon emissions attributed to the action. The increases to be applied to each type of action are set out in article 20(2) of the Order and are as follows:

5.51. Ground source heat pump = an increase of 245 per cent of the calculated average carbon emissions reduction

5.52. Internal solid wall insulation = an increase of 95 per cent of the calculated average carbon emissions reduction

5.53. External solid wall insulation = an increase of 175 per cent of the calculated average carbon emissions reduction

5.54. These uplifts have been calculated by DECC taking into account the cost differential between the average cost of achieving carbon emissions reduction in the Priority Group and the cost of delivering Priority Group savings using flexibility measures.

5.55. According to article 19(1) suppliers must notify Ofgem of the final number and type of actions carried out by 30th April 2011. Once this has taken place, Ofgem will calculate the carbon emissions reduction achieved by the suppliers' use of flexibility measures by applying the relevant uplifts to the carbon emissions reduction. After the application of the uplifts, the total of these savings will be calculated as a percentage of the supplier's carbon obligation. This will not be able to account for more than the 12.5 per cent of the supplier's Priority Group obligation (equivalent to 5 per cent of the supplier's carbon obligation) permitted under article 14(1).

5.56. Under article 14(2) Priority Group flexibility action that exceeds the 12.5 per cent limit is not a qualifying action. To ensure that suppliers have the flexibility to achieve the full 12.5 per cent of their final target should they choose to do so, they may submit a second scheme to Ofgem covering the same measures and delivery mechanism as their Priority Group flexibility action. This should be done prior to, or within one month of, commencing the action, and must be submitted at the same time as the Priority Group flexibility scheme. Any approved flexibility measures

promoted to members of the flexibility Priority Group over and above the 12.5 per cent could then be banked through the second scheme.

5.57. Solid wall insulation and ground source heat pumps are eligible for use by suppliers through both the market transformation and the Priority Group flexibility route, but the same measure cannot be counted twice, i.e. one ground source heat pump may either be claimed under the Priority Group flexibility route or the market transformation route.

5.58. Suppliers must be able to verify that the recipients of flexibility measures are within the flexibility Priority Group as described in article 2(3)(b) (and set out in paragraph 5.42 above)

5.59. Priority Group flexibility schemes are subject to monitoring in the same way as a standard scheme, however as the flexibility measures require a visit to the consumers home to install, monitoring a statistically significant sample is not permissible.

5.60. The following methods may be used:

- Checking on receipt of measures
- Declaration

## 6. Submission of schemes

This chapter describes the process for suppliers to submit schemes for approval under the CERT. The requirement under EEC2 to submit a scheme spreadsheet in addition to the scheme notification pro forma at approval stage has been removed. The scheme spreadsheet will only be required for reporting completed action.

### Submission of proposals

6.1. A supplier must notify Ofgem of any scheme that it intends to promote in order to meet its carbon obligation. This notification must include how the intended activity will promote a reduction in carbon emissions. In addition it should include how the intended activity will meet the article 10 test, and how it would amount to a standard action, market transformation action, demonstration action or Priority Group flexibility action, as appropriate.

6.2. Such notification must be made before or within one month of commencement of the action. Notification is made under article 11.

6.3. Notifications must be in writing, in electronic format, and be on the CERT scheme notification pro forma. The pro forma provides the format for a written description of the proposed scheme and how the carbon savings will be achieved in relation to the Priority Group. Suppliers should provide details of the scale of their scheme and where applicable how the action is a demonstration action. Priority Group flexibility scheme should not include any non Priority Group flexibility actions.

6.4. As in EEC2, each scheme should be given a unique identifier code. The format for these is provided in Appendix 15. Microgeneration schemes should be given the measures code 'R' for renewables (M is for mixed). Solar water heating and ground source heat pumps should be categorised as microgeneration, not heating.

6.5. As with EEC2, notification of CHP schemes will need to include a feasibility study and the CHP spreadsheet in addition to the pro forma. This will provide the data to allow Ofgem to accurately estimate carbon emissions reductions.

6.6. As in EEC2, the ground source heat pump calculator spreadsheet will be required to be completed for any schemes involving these measures, in order to accurately calculate and demonstrate the carbon savings.

6.7. The date notifications are received by Ofgem will be considered to be the notification date. Notifications must be made on or by the first working day of the month. A schedule is provided in Appendix 2.

6.8. See chapter 4 for information on notifying Ofgem of a demonstration action.

## Resubmissions

6.9. Should an action not be approved by Ofgem, it would not be eligible to be counted towards a supplier's carbon obligation. In this case notification of the supplier's amended scheme should be resubmitted to Ofgem for approval in the same way as any other scheme submission. In this case the notice date would be the date that resubmission notification was received by Ofgem.

6.10. Changes to an approved scheme must be resubmitted to Ofgem, by amending the original submission pro forma. Any new activity relating to these changes carried out prior to one month before the notification date of the resubmission will not be eligible to count towards the supplier's carbon obligation.

6.11. Ofgem will consider a change to be something that requires a change to the scheme notification pro forma, for example proposals to change the promotion and delivery of Compact Fluorescent Lamps (CFLs) and appliances, proposals to add another measure type or heating type, or proposals to work with another manufacturer or retailer.

## Assessment and approval

6.12. As under EEC2, in order to approve a scheme, we will check the following:

- the proposed measures are eligible
- the proposed delivery route(s) are eligible
- the correct monitoring at the correct level is proposed
- any requirements specific to demonstration activity, market transformation activity and Priority Group flexibility activity (under articles 11 and 12 ) will be met

6.13. We will also estimate (or determine, for demonstration schemes) the expected carbon savings according to the methodology in chapter 3 (chapter 4 for demonstration schemes). The eventual determinations of carbon emissions reductions may be different from the estimates provided. This may be the case where legislation changes or government initiatives are in place which affects the additionality of a measure, for example, the Building Regulations (paragraph 3.24).

6.14. Ofgem is unlikely to be satisfied and able to grant approval for the scheme unless the notification is complete. In this case further information may be requested from suppliers.

6.15. Where the approved scheme is a market transformation qualifying action, it will qualify for a 50 per cent uplift in carbon savings.

6.16. Once Ofgem is satisfied that the scheme can be approved the supplier will be notified. The supplier should then send a signed letter of authorisation to confirm

that the action will be taken. Suppliers must provide Ofgem with a list of authorised signatories for this purpose. Ofgem will aim to approve the scheme within one month, however this is dependent upon receipt of all required information. As set out in paragraph 6.2, notification of action must be made before or within one month of commencement of the action (the date of approval has no bearing on this).

### **Cost contribution to actions**

6.17. Suppliers should outline their cost contribution and that of the consumer or third party on the pro forma when notifying Ofgem of their action. Where they are working in conjunction with another government programme, e.g. Low Carbon Building Programme they will be credited with carbon savings proportional to the cost contribution, to ensure that the savings are additional and so meet the article 10 test. Where working with SHPs, as under EEC2, suppliers can claim the full savings from the action.

6.18. The percentage should relate to the cost of the actual measure (excluding indirect costs).

6.19. If a supplier wishes to include marketing or promotion costs, for example when partnering with a retailer to advertise rather than subsidise measures, it should confirm this on its notification.

6.20. If a supplier's cost contribution to a measure is very low and the cost of the measure is high, for example window glazing, Ofgem may require a separate declaration signed by the supplier's project partner to confirm that the measure could not be installed without the supplier's funding.

## 7. Reporting and compliance

This chapter covers Ofgem's final calculations of reductions in carbon emissions and its reporting duties. Carry over from EEC2, auditing of schemes, the transfer of actions between suppliers and Ofgem's reporting to the Secretary of State are also discussed here. Reporting for demonstration action is covered in chapter 4.

### Reporting and compliance

#### Carry-over from EEC2

7.1. Suppliers were able to apply to Ofgem for the equivalent carbon emissions reduction from any excess energy savings achieved surplus to their EEC2 target to be credited towards their carbon obligation under the CERT. This is called 'credit of excess action' and was enabled under article 17 of the Order. We approved applications when satisfied that the supplier had met its EEC2 obligation and had achieved surplus energy savings. The carbon emissions reduction that was accredited to these measures was based on the CERT methodology for determining carbon emissions reductions.

7.2. We calculated the reduction in carbon emissions resulting from the supplier's surplus energy savings by use of the carbon coefficients set out in Schedule 3 of the Order.

#### Start date for notification of proposed actions

7.3. We have been able to accept notification of schemes under the CERT for consideration after the first monthly deadline of 1st February 2008.

### Notification of actions and determination of reductions in carbon emissions - banking and completion

7.4. The information in this section (paragraph 7.5- 7.11) is requested by the Authority for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

7.5. For the purposes of administration, interim progress reports from suppliers on activity in schemes (including the number and type of actions) and interim estimates / determinations of the carbon emissions reduction resulting from this reported activity will be known as 'banking'.

7.6. To maintain a manageable and orderly flow of data, we strongly recommend that suppliers report progress on their completed activity to us on a regular basis (to 'bank' their schemes). We will then calculate the carbon emissions reduction

resulting from this reported activity. Progress reports will be cumulative until an action is completed in full, i.e. a completion report will need to be submitted for every scheme once all activity is complete.

7.7. We strongly recommend that suppliers bank two-thirds of their schemes by 1 September 2010. This means carrying out at least one banking on at least two thirds of their schemes, not banking two thirds of their carbon obligation or two thirds of the measures they have promoted. These schemes do not have to be completed by this point. This will enable these actions to be banked, even if the schemes themselves have not been completed by this date.

7.8. For the purposes of administration, submission of final reports to Ofgem by suppliers and determination of savings by Ofgem will be known as 'completion'.

7.9. Notifications of banking and completion should consist of the CERT scheme spreadsheet and the CERT scheme notification pro forma and must be in writing, ideally in an electronic format emailed to [cert@ofgem.gov.uk](mailto:cert@ofgem.gov.uk). Suppliers should use the CERT scheme spreadsheet to indicate which measures, and how many, they have delivered.

7.10. For both banking and completion, the CERT scheme notification pro forma provides the format for a written description of the action taken and how it was achieved in relation to the Priority Group. Monitoring results and other relevant supporting evidence will also need to be included, as set out in chapter 8 (chapter 5 for Priority Group monitoring). If all the relevant information has not been provided then the notification will not be considered to be complete and Ofgem will be unable to make a determination.

7.11. In order to demonstrate compliance with its Priority Group obligation, as described in article 13, a supplier must demonstrate which actions were achieved in relation to the Priority Group. Under article 19(2), Ofgem must determine the reduction in carbon emissions attributed to those actions which the supplier has completed. To enable Ofgem to do this, suppliers must provide Ofgem with the types of evidence of actions carried out in the Priority Group, as set out in chapter 5.

## Completion

7.12. Suppliers must submit their final report to Ofgem to notify us of the final activity completed under each scheme, no later than 30 April 2011. This is required by article 19(1). This must be on the scheme submission spreadsheet and contain the number and type of all measures completed and a breakdown of this into Priority Group and non-Priority Group actions

7.13. Once Ofgem has been able to calculate the reduction in carbon dioxide emissions attributed to a scheme, the supplier will be notified. The supplier should then send a signed letter of authorisation to confirm that the action was taken as notified. Ofgem will then make its determination of the reduction in carbon

emissions. This will be allocated against the supplier's carbon obligation in Ofgem's final determination of whether a supplier has achieved its obligation, which it must carry out under article 22(1).

7.14. Ofgem will notify the supplier of whether it has met its carbon obligation by 31 July 2011.

### **Priority Group flexibility completion**

7.15. Where a supplier has carried out Priority Group flexibility actions it must treat it as a separate scheme for administrative purposes and it should be reported on a separate pro forma and scheme submission spreadsheet.

### **Demonstration action completion**

7.16. If a supplier has undertaken demonstration action, Ofgem must have received their detailed monitoring and assessment report before the carbon emissions reduction from that action can be accredited against its carbon obligation. As set out in paragraph 4.29, this report will be published by Ofgem.

7.17. Suppliers must submit these reports to Ofgem no later than 30 April 2011.

7.18. Ofgem will determine the carbon emissions reduction resulting from suppliers' completed schemes following the methodology outlined in chapter 4.

## **Final determination and reporting of carbon savings against CER target**

7.19. Ofgem will submit a final report on the CERT to the Secretary of State by 31 July 2011. This will include whether each supplier has complied with its carbon obligation and Priority Group obligation and whether the overall CER target was met.

## **Quarterly reporting**

7.20. The information in this section (paragraph 7.20- 7.26) is requested by the Authority for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

7.21. Under article 16(4), Ofgem is required to report to the Secretary of State for Energy and Climate Change annually on the progress made by each supplier towards complying with its carbon obligation and the progress made towards achieving the overall target of 185 Mt carbon dioxide (lifetime).



7.22. Ofgem have reported to the Secretary of State on progress made under the CERT on 31 July 2009, and will report again by 31 July 2010. This will include progress against each supplier's carbon obligation and Priority Group obligation and progress towards the overall CER target. Suppliers are required to provide quarterly data which will be used for this purpose. These reports must cover the activity carried out to date on their schemes. The format of the reports will be set out in the Quarterly Progress Report pro forma. The format is similar to those used in EEC2, but includes fuel switching, CFLs, and microgeneration as well as loft and cavity insulation.

7.23. The Quarterly Progress Report pro forma will be circulated by Ofgem and suppliers are required to complete and submit it by the dates provided in Appendix 2.

7.24. In accordance with Ofgem's duties, we may periodically review the information which we receive from obligated suppliers. As a result, we may seek to request further information from suppliers within the quarterly reporting schedule or via ad hoc requests.

7.25. We will use the information collected from the quarterly progress reports to produce the CERT Update newsletter. This will be published on Ofgem's website each quarter.

7.26. We consider it important that suppliers make information available to their customers on their progress in meeting their targets. Therefore, suppliers are encouraged to publish reports on their progress towards complying with their carbon obligations.

## **Auditing**

7.27. We will audit a sample of each supplier's schemes in CERT.

7.28. The procedures for auditing will remain similar to those under EEC2. Ofgem will appoint an independent auditor to carry out the audits and two rounds of auditing will be conducted during the period of the Order, one round in 2009 and the second round in 2010. Auditing will ascertain whether:

- the proposed schemes are being delivered as notified under article 11;
- there is evidence of the actions being performed, specifically the types and numbers of measures purchased by domestic customers or installed by the supplier, and that contracts are in place with any project partners identified;
- there are accurate records management and audit trails of measures with no potential for double counting or otherwise misreporting of measures;
- there is accurate monitoring of those in relation to whom actions are taken, to determine whether they are within the Priority Group or flexibility Priority Group; and

- procedures are in place for technical monitoring or for any other monitoring required for an action.

This will enable Ofgem to determine whether suppliers have achieved their carbon obligations.

## Transfers

7.29. Under article 18 of the Order, suppliers may carry out a transfer - the carbon obligation of one supplier, the buyer, (A) may be treated as being achieved in whole or in part by qualifying action completed by another supplier, the seller, (B).

7.30. A supplier transfer must be approved by Ofgem. In order to carry out a supplier transfer, both suppliers involved must apply to Ofgem for approval, in writing, before 31st March 2011.

7.31. Notification should take the following format: Supplier B (the seller) submits a progress or completion report and obtains confirmation of the carbon emissions reduction from Ofgem (where savings have already been banked this is not necessary).

7.32. Supplier B (the seller) and Supplier A (the buyer), each write a separate letter of intent to Ofgem confirming the carbon emissions reductions to be traded, and identifying any agent authorised to act as an intermediary for this purpose (if appropriate). Both letters should contain sufficient detail of the measures being transferred and the details of both supplier's licences.

7.33. Supplier B submits a scheme spreadsheet (with the measure type set as 'T') to Ofgem including all the measures that they are selling. This detail will remain confidential and not be passed on to Supplier A.

7.34. Ofgem would review the spreadsheet and confirm whether the transfer should proceed. Under article 18(4) Ofgem must not approve a transfer where it is reasonable to believe that if the transfer were approved, supplier B's carbon obligation would not be achieved. If satisfied with the transfer, Ofgem will notify the suppliers or their intermediary of the carbon emissions reduction that has been deducted from Supplier B's qualifying actions and added to Supplier A's qualifying actions.

7.35. Following receipt of the letters of intent from each Supplier and a complete transfer scheme spreadsheet from Supplier A, the process of the transfer of savings and notification of the suppliers / intermediary should take 15 working days.

7.36. The completed qualifying action transferred will not count towards the carbon obligation placed on supplier B, as they transferred it to supplier A.

## **Enforcement**

7.37. Under article 23 of the Order, any requirement placed on a supplier under the Order is a relevant requirement for the purposes of part 1 of the Gas Act 1986 and part 1 of the Electricity Act 1989. Ofgem will take action if it is satisfied that a supplier is contravening or is likely to contravene a relevant requirement. Such action may be by way of an order for securing compliance and / or, where a supplier has contravened, by the imposition of a penalty.

## 8. Monitoring

This chapter sets out the monitoring which must be carried out by a supplier after a measure has been sold or installed. This will be used by Ofgem to confirm that measures have been installed correctly and are being used by recipients, to ensure that carbon emissions reductions are being realised and can be attributed to the supplier.

### Determining a reduction in carbon emissions

8.1. In order to ensure that the reduction in carbon emissions estimated in relation to a notified action has actually been achieved, Ofgem needs to be satisfied that the measures have been installed and conform to the relevant quality standards. The following monitoring will be required for certain actions:

- technical monitoring of a sample of households of recipients is necessary for certain measures to ensure that the relevant quality standards have been met. Suppliers should adopt appropriate quality standards with their project partners and contractors before commencing projects. Further guidance on the relevant technical standards and quality standards for common energy efficiency and microgeneration measures is provided in Ofgem's Technical Guidance Manual.
- customer satisfaction monitoring is required when installing measures such as heating and insulation in homes. It is not required when working in conjunction with an SHP as they are likely to be aware of any issues which may arise. Although it is not necessary to monitor satisfaction in relation to other actions, suppliers are encouraged to monitor consumer satisfaction over the course of the CERT so that they can offer the best possible service to consumers.
- customer utilisation monitoring is required for certain measures such as free CFLs (only eligible until 31 December 2009) or consumer electronics, to ensure that the measures are being used and that carbon emissions reductions are therefore being realised.
- evaluation monitoring will be required for RTDS and HEAs. As these measures have been provided for in the Order with set carbon scores, this will enable Ofgem and DECC to monitor the savings resulting from the delivery of these measures.

8.2. Measures installed under the Priority Group flexibility option should be monitored in the same way as other qualifying actions.

8.3. Once Ofgem has received notification under article 19 of the number and type of qualifying actions which a supplier has completed, Ofgem must determine what reduction in carbon emissions should be attributed to the completed actions. This is set out in chapter 3 (and chapter 4 for demonstration actions) of this guidance. If monitoring results are not included with the supplier's notification (known as 'banking' and 'completion' reporting), Ofgem will not be satisfied that the reduction

in carbon emissions will actually result from the notified action so will not be able to attribute any reduction in carbon emissions to the action. Suppliers should provide a summary of the monitoring results and sample consumer satisfaction, quality monitoring and evaluation questionnaires as relevant. If these include personal details such as a consumer's name and address, these details should be blanked out before being submitted to Ofgem.

8.4. The monitoring requirements can be summarised as follows (Priority Group monitoring is covered separately in chapter 5):

- One per cent customer utilisation for electrical items (or as agreed with the supplier), DIY loft insulation and DIY radiator panels provided to householders for free. For CFLs this is capped at 1000 maximum. The Ofgem standard questions from Appendix 5 must be used.
- Five per cent technical monitoring for professionally installed insulation and heating measures. The Ofgem standard questions from Appendix 4 must be used.
- Technical monitoring is not required for microgeneration measures installed under the MCS.
- One per cent customer satisfaction monitoring for professionally installed insulation, heating measures and microgeneration measures. Questions will be approved on a case by case basis.
- Five per cent - or a statistically significant sample, whichever is smaller - utilisation monitoring of RTDs and HEAs to monitor usage patterns. The Ofgem standard questions from Appendix 5 must be used.
- Five per cent - or a statistically significant sample, whichever is smaller - evaluation monitoring of RTDs and HEAs. The Ofgem standard questions from Appendix 5 must be used.

This is summarised visually in the table in Appendix 6.

It should be noted that should a supplier wish to demonstrate a Priority Group percentage for a CFL scheme by linking Priority Group monitoring with customer utilisation monitoring, the sample needs to be of the appropriate size in line with figure 1, chapter 5. If only 1,000 recipients are monitored, the appropriate Priority Group percentage will only be able to be claimed for up to 20,000 recipients.

In the monitoring of RTDs and HEAs, a statistically significant sample means one which delivers 95 per cent confidence at an interval of 1. For the avoidance of doubt, this method of determining sample size becomes smaller than five per cent when around 183,000 RTDs or HEAs have been distributed. For an indication of the required sample sizes above this level of distribution, see the final column of figure 1 (headed '50/50').

8.5. Suppliers are encouraged to provide data to the Energy Saving Trust for the HEED database on the measures that they deliver for the purpose of meeting their obligations under the Order.

## Technical monitoring

8.6. The technical monitoring questions are divided into major and minor failures. While we expect that minor failures will be addressed and minimised, a supplier will only fail an inspection for major failures and only these should be included in the percentage reported to Ofgem. These relate to safety, legal requirements or major impacts on savings.

8.7. The rate of major failures for technical monitoring must remain under 25 per cent. Any issues discovered should be raised with the contractor in question and rectified and where appropriate further monitoring could be required. Where technical monitoring failures are over 25 per cent, banking of measures will not be accepted until the failures have been rectified. Should this situation arise, Ofgem will ask what action the supplier has taken to improve the performance of its contractors.

8.8. We consider that it is appropriate to re-inspect all installations which fail on safety grounds to ensure that the safety problems have been adequately rectified. This monitoring is in addition to the standard monitoring rates. Types of failure are explained in Appendix 4.

## Standard monitoring questions

8.9. To ensure consistency between suppliers and clarity of administration, suppliers or their project partners and contractors are required to use the standard technical monitoring questions provided in Appendix 7.

## Monitoring requirements by measure type

### Insulation

*Professionally installed cavity wall, loft, internal and external insulation and draught proofing*

8.10. Technical monitoring is necessary for cavity wall, loft, internal and external insulation and draught proofing which is professionally installed. A suitably qualified person should monitor a minimum of 5 per cent of the dwellings of recipients in an independent manner to ensure that the installation meets the correct standards. Ideally, the monitoring should be conducted within two months of installation and should cover each of the delivery mechanisms and contractors involved in an action. Draught proofing need only be monitored where another major insulation measure has been installed, such as loft insulation.

*DIY loft insulation*

8.11. Suppliers should monitor the consumer utilisation of DIY loft insulation to determine whether, and to what standard, the measures have been installed.

Suppliers should monitor 1 per cent of the recipients of DIY loft insulation using the monitoring questions in Appendix 8. DECC has applied an adjustment factor to sales of DIY loft insulation to take account of the fact that not all sales will necessarily lead to a reduction in carbon emissions. Therefore, the results of this monitoring will be used by Ofgem to determine additionality rather than in determining carbon reductions under article 19(2).

#### *Radiator panels*

8.12. Radiator panels do not need to be monitored where they have been professionally installed.

8.13. Suppliers should monitor the consumer utilisation of DIY radiator panels to determine whether the measures have been installed. Suppliers should monitor 1 per cent of the recipients of DIY radiator panels using the monitoring questions in Appendix 8. Ofgem will apply an adjustment factor to sales of DIY radiator panels to take account of the fact that not all sales will necessarily lead to a reduction in carbon emissions.

#### *Hot water tank jackets*

8.14. No monitoring is necessary for installations of hot water tank jackets.

### **Lighting**

8.15. Technical monitoring of CFLs is not required. Suppliers can only deliver CFLs which are accredited under the Energy Saving Trust's ESR programme and the Energy Saving Trust already monitors samples of these bulbs.

8.16. For those suppliers promoting direct schemes (only eligible until 31 December 2009), the reduction in carbon emissions that will result from the delivery of CFLs is dependent on them being installed by the consumer. Therefore suppliers should monitor a sample of recipients of 'direct' CFLs (those that are distributed direct to consumers, i.e. free and mail order) using the monitoring questions set out in Appendix 5. Suppliers will not be expected to reduce their scores; this information will inform DECC's evaluation of the impact of the CERT.

8.17. The requirement for utilisation monitoring for direct CFLs is 1 per cent, or 1,000 per supplier, whichever is lowest. This will provide adequate data to monitor any changes in utilisation patterns. Suppliers can decide whether to split this across their schemes or monitor one scheme. This monitoring is separate from Priority Group monitoring, as outlined in paragraph 8.4.

8.18. Monitoring will not be required for retail CFL schemes as it is assumed that the consumer making the decision to purchase the CFLs will install and use them.

8.19. The standard questions in Appendix 8 should also be used where the consumer has purchased halogen lights, dichroic lamps, sensor lights or candle bulbs.

8.20. Customer satisfaction monitoring is not considered necessary for lighting products for the purposes of the Order.

## **Appliances**

### *Cold appliances*

8.21. Suppliers are able to deliver appliances which are rated A + and A++ under the European Union Energy Labelling Scheme (and A rated chest freezers). This scheme involves self-certification by the manufacturers of the appliances; accordingly, technical monitoring of these appliances is not considered necessary.

8.22. Ofgem also considers that it is not necessary to monitor the satisfaction of recipients of cold appliances for the purposes of the Order.

### *Brown goods*

8.23. The monitoring requirements for brown goods / consumer electronics will be determined on a case-by-case basis when a supplier notifies action to Ofgem. Suitable monitoring requirements will be required depending on the actual measure and how it is marketed and delivered.

## **Heating**

### *Boilers, ground source heat pumps, solar water heating and fuel switching*

8.24. Technical monitoring is necessary for boilers and fuel switching. A suitably qualified person should monitor a minimum of 5 per cent of the dwellings of the recipients of an action in an independent manner to ensure that the installation meets the correct standards. Ideally, the technical monitoring should be conducted within two months of installation and should cover each of the delivery mechanisms and contractors involved in an action. The requirement to conduct technical monitoring includes boilers sold through retailers.

8.25. If technical monitoring identifies that a measure has not been installed to the correct standards, the contractor must rectify this otherwise Ofgem will not be able attribute a reduction in carbon emissions to that measure.

8.26. The Department of Communities and Local Government (previously the Office of the Deputy Prime Minister) has produced a boiler exception protocol which must be used to demonstrate that an installation is an exception to the Building Regulations 2000. This covers England and Wales. The Scottish Building Standards



Agency has similar regulations and guidelines for exceptions which cover Scotland, and these should be used to determine exceptions in Scotland.

8.27. Consumer satisfaction monitoring should also be conducted on at least 1 per cent of recipients of each action.

8.28. When monitoring consumer satisfaction for private household fuel switching, suppliers are asked to survey recipients to determine whether they have only been able to do this work because it was subsidised by the supplier.

#### *Heating controls*

8.29. Where heating controls such as Thermostatic Radiator Valves (TRVs) are installed with a boiler, the controls should be included as part of the technical monitoring requirements for boilers as detailed above.

8.30. Where heating controls are installed without a new boiler, monitoring is not required.

#### *CHP*

8.31. Technical monitoring of CHP installations will be demonstrated by the provision of a CHP Quality Assurance (CHPQA) certificate. Ofgem considers that it may not be necessary to monitor consumer satisfaction of the recipients of a CHP installation in every case as this information may not influence the reduction in carbon emissions that will result.

8.32. CHPQA does not cover mini and micro scale CHP. Mini systems are subject to the 5 per cent monitoring requirement, using the questions provided in Appendix 4. Micro CHP will be covered by the MCS.

#### **Microgeneration**

8.33. Technical monitoring is not necessary for microgeneration measures. Use of MCS accredited installers and products will ensure a suitably high standard of installation.

8.34. Ofgem considers that the customers' reaction to and satisfaction with these new technologies should be monitored. We therefore require that customer satisfaction monitoring be carried out on 1 per cent of recipients, in line with requirements for energy efficiency measures. Where an installer is a member of the REAL Assurance code or equivalent, customer satisfaction monitoring is not required.

**Demonstration action**

8.35. Monitoring is an integral part of any demonstration action undertaken. This is discussed in detail in chapter 4.

**Behavioural measures**

8.36. Both utilisation and evaluation monitoring is necessary for RTDs and HEAs. This is in order to monitor usage patterns and resultant behavioural change in domestic energy use. Monitoring should be conducted independently.

8.37. The sample size monitored by the supplier should be five per cent or a sample of 1,800, whichever is smaller. This upper limit is calculated for the UK population in order to be statistically significant, at a confidence level of 95 per cent and an interval of 1. This sample size would need to be calculated at the time of the supplier notification.

8.38. This monitoring should be conducted independently and might, for example, take the form of a short telephone survey, online questionnaire or feedback form.

8.39. To ensure consistency between suppliers and clarity of administration, suppliers or their project partners and contractors are required to use the standard utilisation monitoring questions provided in Appendix 5.

8.40. In order to evaluate activity once any changes in behaviour have been established, evaluation activity should occur between 3-5 months after completion of the measure. In the case of HEAs, completion would be after the delivery of the energy report. Furthermore, in order to establish attribution it is important that evaluation is initiated before the householder is reminded of the HEA visit or RTD provision. Therefore, this monitoring should be conducted before utilisation monitoring.

8.41. Ofgem considers that an effective evaluation monitoring study could be conducted across all suppliers as a whole, and that this would require a smaller total sample size than if each supplier monitored activity separately. Evaluation monitoring should be conducted either by using the standard evaluation monitoring questions provided in Appendix 5, or by means of an in-depth, joint monitoring exercise with other suppliers. Any such joint monitoring will need to be agreed with Ofgem before it commences.

## Appendices

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## Appendix 1 - Dates for notification of schemes and responses

<b>Month</b>	<b>If notification is received from a supplier under Article 11 (1) of the Order by this date</b>	<b>Ofgem will respond to the supplier by this date</b>	<b>Supplier to respond to any further information requests by this date</b>	<b>Ofgem notifies the supplier by this date</b>
August 2009	Monday 3rd	Friday 14th	Friday 21st	Monday 31st
September 2009	Tuesday 1st	Monday 14th	Monday 21st	Wednesday 30th
October 2009	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
November 2009	Monday 2nd	Friday 13th	Friday 20th	Monday 30th
December 2009	Tuesday 1st	Monday 14th	Monday 21st	Thursday 31st
January 2010	Monday 4th	Friday 15th	Friday 22nd	Friday 29th
February 2010	Monday 1st	Friday 12th	Friday 19th	Friday 26th
March 2010	Monday 1st	Friday 12th	Friday 19th	Wednesday 31st
April 2010	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
May 2010	Tuesday 4th	Monday 17th	Monday 24th	Friday 28th
June 2010	Tuesday 1st	Monday 14th	Monday 21st	Wednesday 30th
July 2010	Thursday 1st	Wednesday 14th	Wednesday 21st	Friday 30th
August 2010	Monday 2nd	Friday 13th	Friday 20th	Tuesday 31st
September 2010	Wednesday 1st	Tuesday 14th	Tuesday 21st	Thursday 30th
October 2010	Friday 1st	Thursday 14th	Thursday 21st	Friday 29th
November 2010	Monday 1st	Friday 12th	Friday 19th	Tuesday 30th
December 2010	Wednesday 1st	Tuesday 14th	Tuesday 21st	Friday 31st
January 2011	Monday 3rd	Friday 14th	Friday 21st	Monday 31st
February 2011	Tuesday 1st	Monday 14th	Monday 21st	Monday 28th
March 2011	Tuesday 1st	Monday 14th	Monday 21st	Thursday 31st
April 2011	Friday 1st	Thursday 14th	Thursday 21st	Friday 29th

## Appendix 2 - Timescales for quarterly reporting

<b>Quarter</b>	<b>Ofgem provides the pro forma to suppliers</b>	<b>Suppliers return the completed pro forma</b>
1 July – 30 September 2009	28 September 2009	10 October 2009
1 October – 31 December 2009	27 December 2009	10 January 2010
1 January – 31 March 2010	29 March 2010	10 April 2010
1 April – 30 June 2010	28 June 2010	10 July 2010
1 July – 30 September 2010	27 September 2010	9 October 2010
1 October – 31 December 2010	27 December 2010	10 January 2011
1 January – 31 March 2011	27 March 2011	9 April 2011

### Appendix 3 - Fridgesavers scoring protocol system

<i>Fridge Freezers</i>	<i>Score</i>
Fridge compartment	
<b>Door</b>	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
<b>Body (walls excluding door)</b>	
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
Thermostat not working / missing / damaged	2
Fittings damaged / missing (e.g. shelves / vegetable box)	1
Icing up	1
Freezer compartment	
<b>Door</b>	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
<b>Body</b>	
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
<i>Refrigerators</i>	
<i>Score</i>	
<b>Door</b>	
Minor damage to seal	1
Major damage to seal	2
Door not closing properly	2
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
<b>Body (walls excluding door)</b>	
Major Internal damage (not cosmetic)	1
Major External damage (not cosmetic)	1
Thermostat not working / missing / damaged	2
Fittings damaged / missing (e.g. shelves / vegetable box)	1
Icing up	1
<b>Icebox</b>	
Icebox door missing	3
Icebox door does not close	2
Icebox door has crack / hole	2

## Appendix 4 - Standard technical monitoring questions

### 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)	Gas		Oil
	Electric		LPG
	Solid		Specify other

<b>Cavity Wall Insulation</b>	<b>Type</b>	<b>Classification</b>
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
Does the drill pattern suggest that cavity brushes were used, if appropriate?	Savings	Minor
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 particularly those for combustion appliances clear of insulation material?	Safety	Major

<b>External wall insulation</b>		<b>Type</b>	<b>Classification</b>
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 particularly those for combustion appliances clear of insulation material?		Safety	Major

<b>Internal wall insulation</b>		<b>Type</b>	<b>Classification</b>
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

<b>Loft Insulation</b>	<b>Type</b>	<b>Classification</b>
Was the insulation marked 'for DIY use only' or dyed a specific colour?	Info.	Major

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 two thirds or more of the total loft area been insulated? <ul style="list-style-type: none"> <li>▪ If not, approximately what proportion has been insulated?</li> </ul>	Savings	Major
Why was the whole loft not insulated (tick one): <ul style="list-style-type: none"> <li>▪ Inaccessible due to immovable objects e.g. water tank?</li> <li>▪ In use for storage (customer would only take up offer of insulation if storage space could be maintained)?</li> </ul>	Info.	Minor
Have any areas been partially insulated e.g. insulation pushed under crawl boards (if yes provide details)?	Info.	Minor
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 (to prevent damp) / Customer sat.	Major
Have additional vents been fitted if required?	Safety (to prevent damp) / Customer sat.	Major
Have the pipes and tanks been insulated to an adequate standard?	Safety (to prevent burst pipes)	Major

<b>Draught-proofing</b>	<b>Type</b>	<b>Classification</b>
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)		
Do the draught strip materials comply with British Standard 7386: 1997?	Savings	Major

Have all locations been draught-proofed correctly, leaving all doors 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 (e.g. kitchens and bathrooms)?	Customer Sat. (damp)	Minor
Is there adequate ventilation for all open flued appliances?	Safety	Major

<b>Replacement windows</b>	<b>Type</b>	<b>Classification</b>
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>

<b>Fuel switching, Boilers and Controls</b>	<b>Type</b>	<b>Classification</b>
What was the replacement boiler?	Info.	Major
What is the fuel type of the boiler?	Info.	Major
What is the SEDBUK efficiency of the boiler?	Info.	Major
If the SEDBUK rating is unknown, the following details must be collected from the label on the boiler or the instruction manual.		
Make / Manufacturer	Info.	Major
Model		
Model qualifier		
Model Identity		
Other Please specify		
Does the installation meet the ODPM's boiler exception protocol relating to the Building Regulations in England and Wales?	Savings / legal requirement	Major
Was the installer a member of an industry body (e.g. CORGI, OFTEC)?	Legal requirement / Customer sat.	Major
Did the installer measure the property?	Savings / Customer sat. (appropriate installation)	Minor
Did the installer inspect or enquire about the levels of insulation in the property?	Savings	Minor

Has the pipe work between the boiler and the hot water taps been insulated where practical? [Only necessary where central heating has been installed, not just boiler upgrades]	Savings	Minor
If boiler is a regular one (i.e. not a combi) has primary pipe work between boiler and hot water cylinder been insulated with a minimum of 20mm insulation?	Savings	Minor
If boiler is a regular one, has any other pipe work directly connected to cylinder (e.g. vent pipe) been insulated for at least one metre? (NB The feed pipe need not be insulated)	Savings	Minor
If required what new controls were installed?		
Time switch or programmer	Legal (building regs.)	Major
Cylinder thermostat for a regular boiler	Legal) building regs.)	Major
Thermostatic radiator valves (TRVs) throughout the dwelling	Info.	Minor
Room thermostat	Legal (building regs.)	Major
Load or weather compensator	Info.	Minor
Delayed start thermostat	Info.	Minor
Time and temperature controls	Info.	Minor
Boiler interlock	Legal (building regs.)	Major
Where there is a boiler interlock, are all the controls wired up so that the pump and boiler are switched off when there is no demand for heat?	Savings	Major
Was a new hot water tank installed? (Only necessary where central heating has been installed, not just boiler upgrades)	Info.	Minor
If 'yes' was the tank a high performance one as specified in General Information Leaflet 59?	Info. / Savings	Major

<b>CHP (Community scale)</b>	<b>Type</b>	<b>Classification</b>
Is the scheme certified by CHPQA?	Savings	Major
If yes, has a copy of the certificate been obtained?	Savings	Major

---

Is the equipment installed as set out in the notification / feasibility study?	Savings	Major
Has the equipment been appropriately commissioned and is it fully operational?	Savings	Major
Do the contractors reports and other information confirm the system's performance and that the forecast energy savings should be achieved?	Savings	Major
If you have answered 'no' or 'not known' to any question, please provide a full explanation.		

<b>Mini CHP</b>	<b>Type</b>	<b>Classification</b>
Is the equipment installed as set out in the notification / feasibility study?	Savings	Major
Has the equipment been appropriately commissioned and is it fully operational?	Savings	Major
Do the contractors reports and other information confirm the system's performance and that the forecast energy savings should be achieved?	Savings	Major

## Appendix 5 - Standard consumer utilisation and evaluation monitoring questions

The list below sets out the consumer utilisation monitoring questions for DIY loft insulation, DIY radiator panels, direct CFLs, RTDs and HEAs.

### **DIY Loft insulation**

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?

### **DIY Radiator panels**

1. How many radiator panels have been purchased?
2. How many radiator panels have been installed?
3. Have the radiator panels been fixed to the wall behind the radiators?
4. How many of the panels have been installed behind radiators on external walls on the house?
5. How many of the panels have been installed behind radiators on internal walls on the house?
6. Does the property have solid walls or cavity walls?
7. If it has cavity walls, are they filled with insulation or unfilled?

### **CFLs direct (for those suppliers with direct schemes still to promote before 31 December 2009)**

These new monitoring questions should be in place by 1 October 2009

1. How many free CFLs have been received?
2. Of these, were any broken?
3. How many of these free CFLs have been installed?
4. How many of these free CFLs will be installed and used at a later date?
5. How many of these free CFLs will never be used?
6. How many CFLs did you already have fitted within your house before you received these free ones?

**HEAs**

## Utilisation monitoring questions

1. Do you remember receiving a home visit to advise you on energy saving and energy efficiency? Yes/No
2. Did you request this advice visit? yes/no/don't remember
3. A whole energy advice package consists of a survey of your home, a discussion and assistance from an energy advisor, and a paper report. Have you received more than one of these whole packages at your current address? Yes/No
4. Did the advisor discuss no-cost energy savings with you, such as turning off lights?
  - Yes, no-cost energy savings were discussed
  - Yes no-cost energy savings were discussed, and we also discussed actual installations of things, for example like draught-proofing and insulation
  - No, we only discussed actual installations of things, for example like draught-proofing and insulation
5. {if yes to Q4} Approximately how much time was spent discussing no-cost energy savings?
6. Were you satisfied with the advice package you received?
  - Yes, very satisfied
  - Yes, quite satisfied
  - No, not very satisfied
  - No, very unsatisfied
7. {If no at Q5} Why were you unsatisfied with the advice package you received?

**RTDs**

## Utilisation monitoring questions

1. A real time display - or RTD - is a unit which is connected to your electricity supply. A separate display screen allows you to see how much electricity you have used, how much this electricity costs, and how this changes when different lighting and appliances are used. Do you have a real time display unit - or RTD - in your home? Yes/No
2. {If yes at Q1} When you received this real time display, was this working? Yes/No
3. {If yes at Q2} Is the RTD still working?
4. When you received this RTD, did you have any other RTDs in your home, or have you received anymore since?
5. Are you satisfied with your RTD?
  - Yes, very satisfied
  - Yes, quite satisfied
  - No, not very satisfied
  - No, very unsatisfied
6. {If no at Q5} Why were you unsatisfied with the advice package you received?

The list below sets out the evaluation monitoring questions for RTDs and HEAs. In order to evaluate activity once any changes in behaviour have been established, evaluation activity should occur between 3-5 months after completion of the measure. In the case of HEAs, completion would be after the delivery of the energy report.

It is important that evaluation is initiated before the householder is reminded of the HEA or RTD. Therefore, this monitoring should be conducted before utilisation monitoring.

## HEAs

### Evaluation monitoring questions

1. In the last 6 months, have you undertaken any energy saving behaviours?
2. Have you undertaken any of the following energy saving behaviours? {these should be asked on a 'tick rotate start'}
  - Turned heating thermostat down by one degree
  - Turned off lights when they weren't needed
  - Turned appliances such as TVs and games consoles off standby
  - Only boiled as much water in the kettle as needed
3. You mentioned that you had undertaken the following energy saving behaviours. How often did you do these? {Ask for those behaviours which were undertaken}
  - All the time
  - Some of the time
  - Occasionally
  - Never
4. Do you remember receiving an advice visit?
5. {If yes} To what extent was this advice visit helpful in you starting these behaviours {Ask for those behaviours which were undertaken}
  - Very helpful: I would not have changed my behaviour if it were not for the advice visit
  - Quite helpful: I might have changed my behaviour, but the advice visit helped
  - Not at all helpful: I would have changed my behaviour anyway
6. What would have made the advice visit more helpful to you? {verbatim answer}

## RTDs

### Evaluation monitoring questions

1. In the last 6 months, have you undertaken any energy saving behaviours?
2. Have you undertaken any of the following energy saving behaviours? {NB the order of these should be rotated on an even basis across respondents}
  - Turned off lights when they weren't needed
  - Turned appliances such as TVs and games consoles off standby



- Only boiled as much water in the kettle as needed
3. You mentioned that you had undertaken the following energy saving behaviours. How often did you do these? {Ask for those behaviours which were undertaken}
    - All the time
    - Some of the time
    - Occasionally
    - Never
  4. Do you remember receiving a real time display unit? This is a unit which is connected to your electricity supply. A separate display screen allows you to see how much electricity you have used, how much this electricity costs, and how this changes when different lighting and appliances are used.
  5. {If yes} To what extent was this real time display unit visit helpful in you starting these behaviours {Ask for those behaviours which were undertaken}
    - Very helpful: I would not have changed my behaviour if it were not for the real time display unit
    - Quite helpful: I might have changed my behaviour, but the real time display unit helped
    - Not at all helpful: I would have changed my behaviour anyway
  6. What would make the real time display unit more helpful to you?

### Appendix 6 - Summary of monitoring requirements

Measure	Technical monitoring 5 per cent (Appendix 4)	Customer Satisfaction monitoring 1 per cent (not SHP schemes)	Utilisation monitoring 1 per cent (Appendix 5)
Cavity wall insulation	✓	✓	
Loft insulation	✓	✓	
Internal and external 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	✓	✓	
CFLs – direct (only eligible until 31 December 2009)			✓
CFLs – retail			
Appliances			
Electrical goods, e.g. IDTVs			
Consumer electronics provided for free			✓
Wood burning stoves (sec)			Required if installer not registered with REAL Assurance code.
Wood chip boilers (prim)			" "
PV			" "
SWH			" "
mWind			" "
mHydro			" "
Heat pumps			" "
mCHP			" "
RTDs			Utilisation and evaluation required at statistically significant levels
HEAs			

## Appendix 7 - Summary of declarations

The table below provides a summary of when each declaration should be used.

Form	Signatory	Purpose	Delivery route
CFL, Appendix 8	The partner organisation distributing the measures	To confirm that all the requirements for distributing free CFLs / sensors by a third party have been / will be met (2 or 4 per household, names and addresses) and to confirm the Priority Group percentage.	When provided free of charge via a 3rd party.
Sensor Lamps, Appendix 9	The partner organisation distributing the measures	To confirm that all the requirements for distributing free CFLs / sensors by a third party have been / will be met (2 or 4 per household, names and addresses) and to confirm the Priority Group percentage.	When provided free of charge via a 3rd party.
RTD, Appendix 10	" "	To confirm that all the requirements for distributing RTDs by a third party have been / will be met and to confirm the Priority Group percentage.	When working with a 3rd party.
SHP, Appendix 11	SHP	To confirm the additionality, exclusivity, that there has been / will be no retrospective installations and to determine the Priority Group percentage	When working with an SHP and claiming a Priority Group share.
New build, Appendix 12	SHP or housing developer	To determine that measures are additional to Building Regulations and any other requirements or policies	When working in new build.
Micro-generation, Appendix 13	Housing developer	To determine the proportion of savings which are additional to any other planning requirements	When working with microgeneration in new build.

## Appendix 8 - Free CFLs - declaration for distributing partners

This declaration must be signed by all project partners distributing CFLs for free (this action is only eligible until 31 December 2009).

For the purposes of the declaration, the following applies:

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, a brief description, or list the main measures involved]

.....

Energy Saving Project timescales

from: ...../...../.....

to ...../...../.....

Priority Group Percentage:.....

Number of Compact Fluorescent Lamps (CFLs) delivered to, and distributed by, the Organisation ('the specified number of CFLs'):

.....

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

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

2) a) No more than four CFLs were provided to each person. All mailed out CFLs were provided with a freepost return address so that consumers could return them if they wished. Recipients details were cross checked with other datasets accessible to the Organisation to ensure that no recipient received more than four.

Or

b) it was not possible to cross check / collect names and addresses of recipients. No more than two CFLs were provided to each recipient.

[delete delivery route (a) or (b) above as appropriate]

3) Steps have been taken by the Organisation to ensure that each person has received no more than four / two [delete as appropriate] CFLs.

4) 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 £16,040 or less

Working tax credit where the relevant income is £16,040 or less

or

c) is at least 70 years old

5) 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).

6) 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, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information will not be considered evidence.

7) 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) Order 2008.

8) Measures have only been provided when these have been requested by the customer in receipt of these, and suitable evidence of this request has been collected.

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

Print Name.....

## Appendix 9 - Free sensor lamps - declaration for distributing partners

For the purposes of the declaration, the following applies:

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, a brief description, or list the main measures involved]

.....

Energy Saving Project timescales

from: ...../...../..... to ...../...../.....

Priority Group Percentage:.....

Number of Sensor Lamps delivered to, and distributed by, the Organisation ('the specified number of Sensor Lamps'):

.....

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

- 1) The Supplier has provided the Organisation with the specified number of sensor lamps which have all been distributed to domestic customers for the purpose of the Energy Saving Project.
- 2) Each recipient was asked if he wished to receive Sensor lamps and an explanation was provided to each consumer on how to use Sensor lamps in their home.
- 3) Where a consumer confirmed that they wished to receive Sensor lamps he provided his name and address to confirm this.
- 4) Steps have been taken by the Organisation to ensure that each person has received no more than four Sensor lamps.
- 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 £16,040 or less
    - Working tax credit where the relevant income is £16,040 or less
  - or
  - c) is at least 70 years old
- 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) Asked recipient directly
- c) Monitoring a significant sample by post / telephone
- d) Other (please specify)

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

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) Order 2008.

9) Measures have only been provided when these have been requested by the customer in receipt of these, and suitable evidence of this request has been collected.

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

## Appendix 10 – RTD Partner Declaration

This declaration must be signed by all project partners distributing RTDs for free.

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 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 £16,040 or less

Working tax credit where the relevant income is £16,040 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, e.g. membership database for a partner organisation which checks this information. A database not containing the relevant information will not be considered evidence.

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 2009.

9) Measures have only been provided when these have been requested by the customer in receipt of these, and suitable evidence of this request has been collected.

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

Print Name .....

## Appendix 11 - 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 ...../...../.....

Priority Group Percentage:.....

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 £16,040 or less
    - Working tax credit where the relevant income is £16,040 or less
  - or
  - c) is at least 70 years old
- 5) 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).

6) 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.

7) 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 March 2011.

8) 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) Order 2008.

9) 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.

<p>For the purposes of the declaration, the following applies:</p> <p>Organisation (Social Housing Provider):.....</p> <p>Name of signatory, authorised to sign the declaration for and on behalf of the Organisation: .....</p> <p>Position in the Organisation.....</p> <p>Address: .....</p> <p>.....</p> <p>..... Post Code .....</p> <p>Telephone number: .....</p> <p>Fax number: .....</p> <p>Email address: .....</p> <p>Supplier:.....</p> <p>Energy Saving Project: [enter the name of the project, a brief description, or list the main measures involved]</p> <p>.....</p> <p>Energy Saving Project timescales</p> <p>from: ...../...../..... to ...../...../.....</p> <p>Priority Group Percentage:.....</p> <p>On behalf of the Organisation, I declare and confirm the following:</p> <p>1) The Supplier has provided the Social Housing Provider with funding for the purpose of the Energy Saving Project.</p> <p>2) This funding was not counted towards measures which were installed prior to this agreement being made.</p> <p>3) The Energy Saving Project could not have proceeded 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.</p>
--

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 £16,040 or less

Working tax credit where the relevant income is £16,040 or less

or

c) is at least 70 years old

5) 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).

6) Where consumers are known to be in receipt of Working tax credit or Child tax credit only, they have been monitored to determine their relevant income for the duration of the Energy Saving Project.

7) The Social Housing Provider has provided 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 March 2011.

8) 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 2008.

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

Print Name.....



## Appendix 12 - New build declaration

This declaration must be signed by all SHPs or housing developer partners of suppliers promoting measures in new build developments.

For the purposes of the declaration, the following applies:

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:.....

Local authority granting planning permission for the development:

.....

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

.....

## Energy Saving Project timescales

from: ...../...../.....

to ...../...../.....

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

- 1) The measures promoted by the scheme are additional to any other government programme.
- 2) The installation exceeds the requirements of the Building Regulations\*
- 3) The measures will not be used to demonstrate compliance with the Building Regulations\*, i.e. each dwelling would have met building regulation if the supplier funding / measure had not been provided.

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

Print Name.....

\* The Building Regulations 2000 (SI 2000/2531) and The Building (Approved Inspectors etc) Regulations 2000 (SI 2000/2532) as amended by The Building and Approved Inspectors (Amendment) Regulations 2006 (SI 2006/652). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2006 (SSI 2006/534) apply in Scotland.

## Appendix 13 - Microgeneration additionality declaration

This declaration must be signed by all local authority partners of suppliers promoting microgeneration in new build developments.

For the purposes of the declaration, the following applies:

Organisation (Local Authority) .....

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 ...../...../.....

Percentage of onsite micro generation provided though this project required / supported by local or central government initiatives (other than the Electricity and Gas (Carbon Emissions Reduction) Order 2008) (the 'Standard Percentage') :

.....

Percentage of onsite micro generation provided though this project in addition to that required / supported by local or central government initiatives (other than the Electricity and Gas (Carbon Emissions Reduction) Order 2008) (the 'Additional Percentage'):

Provide details of any policies or programmes relating to the Standard Percentage:

<b>Percentage</b>	<b>Name of policy</b>
E.g.: 10 per cent	'Merton rule' required for planning permission from London Borough of Merton

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

- 1) The supplier has only funded the additional percentage
- 2) The measures accounting for this are additional to any local or central government requirement or scheme
- 3) The installation exceeds the requirements of the Building Regulations and the measures will not be used to demonstrate compliance with the Building Regulations; i.e. each dwelling would have met the requirements of the Building Regulations even if a) the supplier funding had not been provided, or b) the microgeneration measure had not been promoted.

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

Print Name.....

\* The Building Regulations 2000 (SI 2000/2531) as amended. These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) as amended apply in Scotland.

## Appendix 14 - Demonstration action submissions

The following information will need to be provided by suppliers as part of their notification of demonstration action, using the CERT pro forma. The information is numbered to indicate how it relates to the criteria in article 11(3), below:

- a)
  - i) how the action is expected to promote a reduction in carbon emissions;
  - ii) the arrangements for monitoring whether the action reduces carbon emissions;
  - iii) how the supplier will assess the effectiveness of the action at promoting a reduction in carbon emissions;
  - iv) a justification for the scale of the proposed action; and
  - v) the estimated cost of promoting and monitoring such an action and a breakdown of that cost;
  
- b) whether or not it [the supplier] consents to the publication of information provided to the Authority in relation to the monitoring and assessment of the action
  - The name and contact details of the proposed bid / project manager
  - (i) Is this a trial considering:
    - New technology
    - Consumer behaviour relating to a technology
    - Consumer behaviour relating to information
  - (i) How is your action expected to promote a reduction in carbon emissions i.e. describe what exactly you are proposing to do, including the following:
    - What is the rationale for this project, why does this trial need to be carried out?
      - If trialling a measure, details of the measures to be trialled and why they need to be trialled
      - If the trial involves investigating consumer behaviour / reaction, details of what measures will be installed in households and how consumers reaction will be monitored need to be clearly provided as the monitoring itself could be an important influence on consumers' subsequent behaviour
  - (i) Is there any overlap with other trials the supplier is involved with or any other similar work that it has undertaken? If so please provide details.
  - (ii) Provide details of any project partners you plan to work with.
  - (ii) As monitoring is part of the demonstration action, the notification will need to contain the following information detailing how the supplier proposes to monitor the action:
    - If the project involves trialling a combination of carbon emissions reduction measures, the samples will need to be split to distinguish the effects of providing the different types of measures and if appropriate separate impacts on gas and electricity consumption. For example, if innovative billing is provided alongside advice, different groups of customers will need to receive different combinations of information

- Where possible a control group must be part of the trial design in order to compare the consumption of trial participants to the current situation. This will help to eliminate the effect of factors such as weather and energy costs on consumption
  - A breakdown of observed reductions in carbon emissions between those that are a result of the way in which energy consumers use heating, lighting and appliances etc, those that are a result of specific carbon emissions reduction measures (such as installing insulation, etc) and those that are a result of other factors (such as changes in the size of households)
  - An assessment of the impacts on different households (number of inhabitants and property size) and different customer groups (such as working couples, pensioners or family with a parent and children at home all day). It is particularly important for this assessment to consider whether the effect of the measure varies between Priority Group and other households.
  - (ii) Confirm that you agree to produce top-line summary progress reports when required by Ofgem.
  - (iii) How will you assess the effectiveness of the action at promoting a reduction in carbon emissions?
  - (iii) How will you use the monitoring data?
  - (iv) Provide a top-line project plan indicating key activities and key dates (both external and internal), including a brief overview of determination of risks and appropriate controls and contingencies, etc.
  - (iv) How will you clearly demonstrate the statistical soundness of the sampling? Provide a justification of the appropriateness of this number e.g. should a proposal be to trial a measure in 1000 homes, a justification needs to be provided as to why 1000 is an appropriate sample and not, for instance, 200 or 2000. An independent validation of this aspect of the proposal should be provided.
  - (v) Provide details of the finance / resources to be committed by the supplier, including a breakdown of the expected expenditure, including estimated costs between capital costs, evaluation costs and management / project oversight costs and when these expenditures are likely to occur
- b) Provide a statement confirming that the supplier consents to the publication of information in relation to the monitoring and assessment of the action. As specified in article 12(7)(b), Ofgem must not approve an action unless this has been given.

## Appendix 15 - Scheme notification codes

When making a notification to Ofgem regarding a proposed or completed action, a unique code must be provided on the notification pro forma. This code will identify the supplier involved, the year of notification, the measures employed and the sequential scheme number. The format of the code shall be as follows:

AAAA BB C DD E

Where:

AAAA is the supply licensee code

BB is the year of notification. For example, 2008 is 08

C is the measure type

DD is the sequential scheme number. For example the first scheme submitted will be 01, the second 02 etc.

E is the CERT scheme spreadsheet type (which will not be required for scheme notification)

The supplier codes will be provided to each licensee individually when Ofgem writes to inform it of its carbon target.

The scheme measure types are as follows:

A Appliances	R Micro Renewables
H Heating	M Mix of measure types
I Insulation	O Other
T Transfer of energy savings	E EEC 2005 – 2008 carry-over
L Lighting	B Behavioural Measures

Each CERT scheme spreadsheet must have a unique code. The spreadsheet code essentially follows the notification code format, with one extra character at the end. The unique CERT scheme spreadsheet characters are as follows:

C	A conventional delivery route
D	Demonstration action
P	Priority Group flexibility action
T	A trade of qualifying action between suppliers

## Appendix 16 - RTD battery life evidence

When a supplier intends to promote an RTD which is powered by a disposable battery, they should provide to Ofgem evidence of the lifetime of the battery to be included. The following evidence should be provided in support of a supplier declaration that a battery in an RTD will last for longer than one year under normal conditions of use:

1. Battery tests should be based on both the display unit and the transmitter unit
2. Battery tests should be specific to one make and model of RTD and a specific battery
3. Battery tests should be conducted independently, for example by a UKAS accredited testing house.
4. Battery tests should reflect normal conditions of use.
5. Declarations of battery lifetime should include a full breakdown of assumptions and how these affect battery capacity, including:
  - consumption in standby for display and transmitter;
  - consumption in active mode(s) for display and transmitter;
  - transmission frequency from the transmitter and refresh rate of the display unit;
  - effect on power consumption of other functionalities of the RTD which use power.
  - Where there is a range of power consumptions – for example in different active modes – these should be specified and any calculations should be based on a realistic consumption pattern.
6. Factors relating to the life of the battery – such as shelf-life and the effect of temperature – should be taken into consideration when ascertaining whether the battery will last more or less than one year.



## Appendix 17 - HEA behavioural advice check list

During the provision of the home energy assistance portion of an HEA, advice should be provided to the householder with regard to the following energy saving behaviours. If Ofgem became aware of major changes to this standard advice, this check-list may change. In these circumstances suppliers would be notified of these changes and a new check list may be issued:

### Lighting, Appliances and Cooking

1. Turning off unused lights. For example when leaving a room, or outdoor lights during daylight hours.
2. Turning off unused appliances such as televisions and computers, and turning them off fully instead of leaving them on standby.
3. Using the economy or low temperature cycles on dishwashers and washing machines.
4. Waiting to use washing machines and dishwashers until they are full.
5. Drying clothes naturally rather than using a tumble dryer.
6. Only boiling the water needed when filling the kettle
7. Cooking in an energy efficient manner, for example placing lids on pans and oven-cooking multiple rather than single dishes at a time.
8. The benefits of RTDs and how to use them.
9. Other behavioural advice related to lighting and appliances as relevant to the circumstances of the householder.

### Hot Water

1. Having a shorter shower to save hot water.
2. Having a shower rather than a bath, noting that power showers may use more unless they are short.
3. Not running the hot taps unnecessarily. For example, by not leaving a tap running when rinsing dishes.
4. Other behavioural advice related to hot water as relevant to the circumstances of the householder.

### Space Heating

1. Only using the heating when it is needed. For example, programming or turning it off half an hour before you leave for work or bed.
2. Preventing heat from escaping unnecessarily. For example stopping draughts from open windows and doors.
3. Controlling the heating system effectively. For example:
  - If householder has programmer, is this fully understood and does the householder know how to correctly set timings? This should include warm up and cool down timings.
  - If householder has a room thermostat, how to use this effectively, and the benefits of turning down by one degree.
  - If householder has a thermostat on the hot water cylinder, this should be correctly set to 60°C.
  - If householder has storage heaters, setting the input and output controls correctly.

4. Other behavioural advice related to space heating as relevant to the circumstances of the householder.

Note: It is expected that the home energy survey, which precedes the home energy assistance, should establish which of these energy saving behaviours is relevant; however, all topics should be covered where relevant.

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## Appendix 18 - 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, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 and the Energy Act 2008, as well as arising from directly effective European Community legislation. References to the Gas Act and the Electricity Act in this Appendix are to Part 1 of each of those Acts.

1.3. Duties and functions relating to gas are set out in the Gas Act and those relating to electricity are set out in the Electricity Act. This Appendix must be read accordingly<sup>1</sup>.

1.4. The Authority's principal objective when carrying out certain of its functions under each of the Gas Act and the Electricity Act is to protect the interests of existing and future consumers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the shipping, transportation or supply of gas conveyed through pipes, and the generation, transmission, distribution or supply of electricity or the provision or use of electricity interconnectors.

1.5. The Authority must when carrying out those functions have regard to:

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met;
- the need to secure that all reasonable demands for electricity are met;
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them<sup>2</sup>;
- the need to contribute to the achievement of sustainable development; and
- the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.<sup>3</sup>

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<sup>1</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.

<sup>2</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 Act in the case of Electricity Act functions.

<sup>3</sup> The Authority may have regard to other descriptions of consumers.

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

- promote efficiency and economy on the part of those licensed<sup>1</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.

1.7. In carrying out the functions referred to, the Authority must also have regard, to:

- the effect on the environment of activities connected with the conveyance of gas through pipes or with the generation, transmission, distribution or supply of electricity;
- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance about its contribution towards the attainment of any social or environmental policies issued by the Secretary of State.

1.8. The Authority has powers under the Competition Act to investigate suspected anti-competitive activity and take action for breaches of the prohibitions in the legislation in respect of the gas and electricity sectors in Great Britain and is a designated National Competition Authority under the EC Modernisation Regulation<sup>2</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>1</sup> or persons authorised by exemptions to carry on any activity.

<sup>2</sup> Council Regulation (EC) 1/2003

## Appendix 19 - Glossary

Article 10 test	The test, set out in article 10 of the Order, which Ofgem must apply when approving actions. See page 2.
Banking	The process of suppliers submitting interim activity reports and Ofgem estimating their savings before the end of the programme.
Benefits Priority Group	See paragraph 5.2
BRE	Building Research Establishment.
Building Regulations	See paragraph 3.24
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 (this was formerly within Defra's remit).
CESP	The Community Energy Saving Programme
CFLs	Compact Fluorescent Lamps (energy efficient light bulbs).
CHP	Combined Heat and Power.
CIGA	Cavity Insulation Guarantee Agency.
Climate Change Programme	The Climate Change Programme, published in 2006, sets out the government's policies and priorities for action on climate change in the UK and internationally.
Completion	Submission of final scheme reports to Ofgem by suppliers and determination of savings by Ofgem.
DECC	Department of Energy and Climate Change.
Defra	Department for Environment, Food and Rural Affairs.
Order	The Electricity and Gas (Carbon Emissions Reduction) Order 2008. SI 2008/188.
DTI	Department for Trade and Industry, previous name for the Department for Business, Enterprise and Regulatory Reform.

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Delivery mechanism	See paragraph 3.18
EDR	See paragraph 4.8
EEC	Energy Efficiency Commitment, general reference to the EEC1 and EEC2 programmes which ran from 2002-2005 and 2005-2008, respectively.
EEC2	Energy Efficiency Commitment 2005-2008.
EESoP	Energy Efficiency Standards of Performance, the forerunner to EEC.
EPC	Energy performance certificate
Elderly Priority Group	See paragraph 5.2
Energy White Paper	2007 Energy White Paper 'Meeting the Energy Challenge' published by BERR. It sets out the government's intention and domestic energy strategy.
EPoS	Electronic Point of Sale data. Sales data from a retailer's computer system.
ESR	Energy Saving Recommended.
EST	Energy Saving Trust.
Flexibility measures	See paragraph 5.41
Flexibility Priority Group	See paragraph 5.42
GLS	General Lighting Service Bulb ('normal' light bulb).
HEAs	Home energy advice packages (defined in the Order, as amended).
HEED	EST's Home Energy Efficiency Database.
IDTV	Integrated digital television.
Illustrative mix	DECC's illustrative mix of measures is presented within its consultation document and indicates how suppliers might meet their carbon obligation. Suppliers are free to choose their own mix of measures or include other measures, subject to approval by Ofgem.
Improvements in energy	See paragraph 3.4

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efficiency

Innovative action	A collective term for demonstration action and market transformation qualifying action.
LCBP	Low Carbon Building Programme, government grant programme for micro renewables.
LCD TV	Liquid crystal display television, a type of flat screen TV.
Lifetime	The estimated lifetime for measures (as set out in DECC's illustrative mix).
LPG	Liquefied Petroleum Gas.
MCS	BERR's Microgeneration Certification Scheme.
MWth	Mega Watts thermal, i.e. of heat.
New supplier	Defined in the Order in article 4(2).
Priority Group	Defined in the Order in article 2.
PV	Photovoltaic cells, which produce electricity from sunlight.
REA	Renewable Energy Association.
RTDs	Real time displays, see paragraph 3.146.
Schemes	Suppliers' schemes for delivering their qualifying action.
SCHRI	Scottish Community and Household Renewables Initiative, government grant programme for micro renewables.
SEDBUK	Seasonal Efficiency Database of Boilers in the United Kingdom.
SHP	Social Housing Provider – a Local Authority or a Registered Social Landlord.
Supplier	Defined in the Order in article 4(1).
Target setting model	DECC's assumptions and the calculations used in setting the overall EEC target, as set out their consultation document.
tCO <sub>2</sub>	Tonnes of carbon dioxide.
TRVs	Thermostatic radiator valves.