

Carbon Emissions Reduction Target (CERT) 2008-2012 Supplier Guidance - Version 3

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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.

Overview:

This document sets out how Ofgem will fulfil its duties under the Electricity and Gas (Carbon Emissions Reduction Obligation) Order 2008, the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010.

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, the CERT 2009 amendment Order and the CERT 2010 amendment 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. The Carbon Emissions Reduction Target (CERT) is one of these policies, and is currently the main policy instrument for reducing carbon emissions from the existing housing stock. Under the CERT, certain energy suppliers are obligated to deliver schemes in domestic households which achieve carbon emissions reductions. CERT is one of a number of government environmental programmes administered by Ofgem, including the Community Energy Saving Programme (CESP) and feed-in tariffs (FITs).

In June 2010 the government published its decision document: "Paving the way for a Green Deal - extending the Carbon Emissions Reduction Target supplier obligation to December 2012". This outlined an extension to the current CERT programme, together with other changes to the programme, including the introduction of an Insulation Target and a Super Priority Group Target.

This document sets out how Ofgem will administer the CERT as amended in 2009 and the amendments in the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010.

Associated Documents

- Version 2 of the Carbon Emissions Reduction Target (CERT) 2008-2011 Supplier Guidance
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>
- Summary of responses to the Ofgem Supplier Guidance Amendments consultation
<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngrs>
- The Electricity and Gas (Carbon Emissions Reduction) Order 2008
<http://www.legislation.gov.uk>
- The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009
<http://www.legislation.gov.uk>
- The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010
<http://www.legislation.gov.uk/uksi/2010/1958/contents/made>
- 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>

Further relevant documents are available from the Ofgem CERT website.

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Summary

The Electricity and Gas (Carbon Emissions Reduction) Order 2008¹, the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009² and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 (together referred to as 'the Order') provide the statutory basis for the current CERT programme.

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

- setting each supplier's carbon emissions reduction obligation, Insulation obligation and Super Priority Group obligation
- providing guidance on how we will approve 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 and revised in 2009, this document has been amended to reflect recent changes to the CERT legislation which came into force on 31 July 2010. These 2010 changes include:

- extended the CERT period to 31 December 2012
- increased the overall CER target to 293 million lifetime tonnes of carbon dioxide
- introduced an Insulation Obligation, set at 73.4 million lifetime tonnes of carbon dioxide, to be met through professionally installed insulation products
- introduced a Super Priority Group (SPG) Obligation, set at 16.2 million lifetime tonnes of carbon dioxide
- required suppliers, from 1 August 2010, to report on the main fuel source used to heat premises where solid wall insulation is installed (carbon scores for SWI will be awarded according to fuel type from this date)
- removed ground source heat pumps as an eligible Priority Group flexibility measure for properties without mains gas supply, from 1 April 2011
- restricted the delivery of microgeneration products to SPG only, from 1 April 2011
- removed all CFL and halogen lamps as eligible qualifying actions, from 1 April 2011
- changed the Market Transformation baseline from EEC1 to EEC2, from 1 April 2011
- required written consumer requests for all free non-professionally installed measures, from 1 August 2010 and
- introduced new reporting provisions.

1 <http://www.legislation.gov.uk/uksi/2008/188>

2 <http://www.legislation.gov.uk/uksi/2009/1904>

This document sets out the timescales and format for suppliers to notify Ofgem of their proposed, revised and completed schemes. We explain the methodologies that Ofgem must use to set the suppliers' individual carbon, insulation and Super Priority Group obligations and to determine compliance against these obligations.

In the document we detail the factors we will use to determine additionality, and 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.

Several of the legislative changes take effect after 31 March 2011. A summary of these particular changes and how they will be administered can be found in appendix 18. The main changes to the structure of the guidance from version 2 are as follows:

- A new chapter has been added for the new Insulation Obligation (chapter 3).
- The new Super Priority Group Obligation has been added as a subsection to the Priority Group chapter (chapter 7).
- The 'Qualifying action' chapter has been divided into two chapters to make it easier to navigate – one on general issues such as additionality (chapter 4) and the other for measure specific information (chapter 5).
- The auditing section has been moved to chapter 10 'monitoring' as the content is more fitting with the rest of this chapter.

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 in July each year of the CERT and will make this report publicly available.

Interaction with CESP

CESP is an obligation on energy suppliers and electricity generators to deliver carbon dioxide savings to domestic energy users in areas of low income. In line with previous practice, where there is similarity between CERT and CESP, some of the administrative processes used for CERT will also be used for CESP.

CESP obligated parties will be contacted separately to set out how these guidelines should be implemented for CESP.

1. Introduction

CERT 2008 – 2012

1.1. The original CERT Order, which came into force on the 31 January 2008, and the amendment Orders, which came into force on the 21st July 2009 and 31 July 2010, provide the statutory basis for the CERT. Throughout this document, we will refer to 'the Order' meaning all of these statutory instruments together, except in specific circumstances where a distinction needs to be made.

1.2. The 2010 Amendment 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 December 2012. Under the Order, suppliers will be set a carbon dioxide emissions reduction obligation, determined by Ofgem, to be achieved by 31 December 2012. 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 £16,190) 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. To further target the fuel poor, the 2010 Amendment Order introduced a Super Priority Group (SPG) Obligation of 16.2 million lifetime tonnes of carbon dioxide. This must be achieved through the promotion of certain specified measures to a subset of the Priority Group. More detail is provided in chapter 6.

1.5. The 2010 Amendment Order introduced an Insulation Obligation of 73.4 million lifetime tonnes of carbon dioxide (just over 68 per cent of the CER extension), which must be achieved through professionally installed insulation measures. More detail is provided in chapter 3.

1.6. 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.

1.7. 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.

Administration of the CERT

1.8. 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 - 2012. 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.

1.9. The guidelines in this document were developed in conjunction with the responses received to our supplier guidance consultations, the most recent of which closed in November 2010. The summary of responses for these are available from the Ofgem website www.ofgem.gov.uk. The guidelines in this document reflect the final Orders approved by Parliament.

1.10. 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. This is due to be updated later in 2011 to reflect the changes to the programme.

1.11. Ofgem has also developed a number of tools for the administration of the CERT. These are available on Ofgem's website. These tools include:

- CERT notification pro forma
- CERT scheme spreadsheet
- communal heating spreadsheet
- carbon reduction matrix.

The CERT

1.12. The CERT 2008 – 2012 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 website³.

1.13. These supplier guidelines have been updated to reflect the changes resulting from the amendment Order coming into force.

Structure of the document

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

- setting carbon obligations
 - Insulation obligations
 - qualifying action
-

³ <http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Pages/EnergyEff.aspx>

- market transformation action
- demonstration action
- Super Priority Group obligations
- Priority Group flexibility action
- submission of schemes
- reporting and compliance, and
- monitoring.

1.15. 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 also 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 293 million tonnes of carbon dioxide (lifetime) for the period 1 April 2008 to 31 December 2012. The CER target is not lifetime discounted.

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. 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".

2.4. 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 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.

2.5. 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
 - 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 31 December of the years 2007, 2008, 2009, 2010 or 2011.
3. A company that belongs to a group of companies must on 31 December of the year 2007, 2008, 2009, 2010 or 2011 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, 2009, 2010 or 2011.

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.

New targets

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

2.11. The Super Priority Group Target is set at 16.2 million lifetime tonnes of carbon dioxide. Suppliers must meet their SPG Obligation by targeting a subset of the Priority Group defined in article 2 of the Order.

2.12. The Insulation Target is set at 73.4 million lifetime tonnes of carbon dioxide which must be met through the prescribed professionally installed insulation products listed in article 9(1A).

2.13. Suppliers are able to begin activity towards both of these targets from 1 August 2010. Chapters 3 and 7 describe in more detail how Ofgem proposes to administer them.

Carbon obligations

2.14. The process for determining each supplier's carbon obligation is described in article 6 of the Order and outlined below. The same process will be used to determine each supplier's Insulation Obligation and SPG Obligation, described below in paragraphs 2.24 and 2.26, respectively.

2.15. Suppliers must notify Ofgem in writing by 14 February 2011 of the number of its domestic customers on the previous 31 December (previous notification dates were 14 February 2008, 14 February 2009 and 14 February 2010). 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.

2.16. 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.

2.17. New suppliers who become suppliers on 31 December 2010 or 31 December 2011 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.

2.18. 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 licence⁴.

2.19. The process for annually reviewing each supplier's carbon obligation will remain the same as the previous CERT process. New suppliers will have their carbon obligation determined as part of the review of suppliers' obligations.

2.20. 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.

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 50,000⁵ on 31 December 2007, 31 December 2008, 31 December 2009, 31 December 2010 and 31 December 2011.

Review of carbon obligations in 2011

2.21. The process for determining carbon obligations will be carried out in February 2011 according to the following principles:

- Suppliers must notify Ofgem in writing by 14 February 2011 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.

⁴ DECC are currently considering responses to their consultation on thresholds. Ofgem will implement any changes necessary as a result of this.

⁵ 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 set a carbon obligation for each supply licence held using the following formula:

$$\text{Supplier's obligation} = (\text{SC} / \text{TC}) \times 293 \text{ Mt CO}_2$$
 Where:
 - SC is the average number of the supplier's domestic customers on 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010;
 - TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010.
- Ofgem will divide the overall CER target (set at 293 Mt CO₂ by DECC) between each obligated supplier on the basis of the number of domestic customers supplied by each supplier.
- Ofgem will notify a supplier of its carbon obligation by 28 February 2011.
- 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 2010 | By 14 February 2011 | By 28 February 2011 |

Review of carbon obligations in 2012

2.22. The process for determining suppliers' final obligations is referred to as determining carbon obligations, and will be carried out in February 2012 according to the following principles:

- Suppliers must notify Ofgem in writing by 14 February 2012 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:

$$\text{Supplier's obligation} = (\text{SC} / \text{TC}) \times 293 \text{ Mt CO}_2$$
 Where:
 - SC is the average number of the supplier's domestic customers on 31 December 2007, 31 December 2008, 31 December 2009, 31 December 2010 and 31 December 2011
 - TC is the average of the total number of domestic customers supplied by obligated suppliers on 31 December 2007, 31 December 2008, 31 December 2009, 31 December 2010 and 31 December 2011.

- Ofgem will divide the overall CER target (set at 293 Mt CO₂ by DECC) between each obligated supplier on the basis of the number of domestic customers supplied by each supplier.
- Ofgem will notify a supplier of its carbon obligation by 28 February 2012.
- Each supplier's final carbon obligations will apply from 1 April 2012.

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 2011 | By 14 February 2012 | By 28 February 2012 |

Setting Insulation and Super Priority Group obligations

2.23. The overall Insulation Target is set at 73.4 million lifetime tonnes of carbon dioxide. Ofgem set individual Insulation Obligations for each of the obligated energy suppliers by 1 November 2010 in the same way as their overall carbon obligations, substituting 73.4 for 293 million lifetime tonnes of carbon dioxide.

2.24. These obligations will be reviewed in February 2011 and 2012 using the formula described in paragraphs 2.22 and 2.23 above, substituting 73.4 for 293 million lifetime tonnes of carbon dioxide.

2.25. The overall Super Priority Group Target is set at 16.2 million lifetime tonnes of carbon dioxide. Ofgem set individual Super Priority Group Obligations for each of the obligated energy suppliers by 1 November 2010 in the same way as their overall carbon obligations, substituting 16.2 for 293 million lifetime tonnes of carbon dioxide.

2.26. These obligations will be reviewed in February 2011 and 2012 using the formula described in paragraphs 2.22 and 2.23 above, substituting 16.2 for 293 million lifetime tonnes of carbon dioxide.

3. Insulation Obligations

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

3.1. Ofgem wrote to suppliers on 20 August 2010 advising them that they could commence, and notify Ofgem of, Insulation Obligation activity from 1 August 2010.

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

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

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

Notifications for Insulation Obligation

Please see chapter 8, Submission of Schemes.

Delivery of Insulation Obligation

3.4. Administrative requirements for the delivery of the Insulation Target, for example technical monitoring, will remain as in the more general CERT guidance for professionally installed insulation measures.

3.5. Suppliers will also be able to continue with existing insulation activity which they wish to count towards the remainder of their overall obligation (other than Insulation Obligation). Chapter 8 discusses how extending existing schemes to December 2012 will be administered.

Monitoring of Insulation Obligation activity

3.6. The monitoring of Insulation Obligation activity will be in line with current insulation activity monitoring.

3.7. The technical monitoring requirements and questions for the new measures flat roof and under floor insulation will be considered during the ongoing industry-wide Technical Monitoring review, and the results of this will be incorporated into the programme requirements. In the mean time, suppliers should assume that these measures will be subject to the same 5 per cent technical monitoring requirement as other insulation measures. These measures will be subject to 1 per cent customer satisfaction monitoring, in line with other professionally installed measures.

4. Approved qualifying action - general

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.

4.1. 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.

4.2. 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 2004 Order.
- c) a priority group flexibility action means⁶—
 - i) until 31 March 2011, the provision of ground source heat pumps in respect of a property which does not have a mains gas supply⁷; or
 - ii) the provision of solid wall insulation which lowers the U-value of the walls to 0.5W/m²K or less,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 7.45)
- 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.

⁶ Subject to the 12.5 per cent limit set out in article 14

⁷ From 1 April 2011 microgeneration measures are only eligible to be promoted in the Super Priority Group, as set out in article 12

4.3. We will only consider an action as a demonstration action where it has not been possible to determine a specific carbon saving to date and where the action is reasonably expected to save carbon.

4.4. 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.

4.5. 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.

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

4.7. 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.

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

Domestic customers in Great Britain

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

4.10. 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 Britain⁸. 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'.

⁸ Article 9(1) of the Order

4.11. 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 Occupation⁹ (HMOs) will be considered to be domestic customers where the HMO is their permanent¹⁰ 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.

4.12. 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.

4.13. 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.

4.14. 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 this scope. Any activity carried out in Northern Ireland will not be accredited towards suppliers' carbon obligations.

4.15. 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.

4.16. 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

4.17. Throughout this document, a measure refers to a single product, e.g. a standby saver, or to the installation of a single product, e.g. the installation of insulation

⁹ 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.

¹⁰ Permanent should be read as including leased premises

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.

4.18. 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 provides a list of measures and the necessary standards for installation which Ofgem considers necessary for a reduction in carbon emissions to result.

4.19. 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

4.20. 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.

Establishing a scheme's reduction in carbon emissions

Determining carbon dioxide savings

4.21. The CER target is set in tonnes of carbon dioxide (tCO₂) (lifetime). This will represent the reduction in carbon dioxide emissions achieved by the measure over its lifetime.

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

4.23. 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.

4.24. This is illustrated as follows:

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

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

4.26. For measures to which existing legal requirements apply, e.g. the Building Regulations 2000, the Building (Approved Inspectors etc) Regulations 2010 and the Building (Scotland) Regulations 2004 as amended¹¹ (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.

4.27. 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.

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

Additionality

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

4.30. 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.

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

¹¹ 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 2010 (SI 2010/719). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2010 (SSI 2010/32) apply in Scotland.

- 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.

4.32. 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.

4.33. 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.

4.34. 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.

4.35. 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.

4.36. 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 12).

Additionality - existing regulations and legal requirements

4.37. 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 2010 Document L1¹² provides guidance on compliance. Ofgem will approve actions that will result

¹² <http://www.legislation.gov.uk/uksi/2010/2214>

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. See paragraph 5.11 regarding updated boiler ratings)
 - (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
 - (iv) Microgeneration installations must exceed the minimum standards now specified for biomass boilers, heat pumps, solar thermal circulation pumps, PV and micro CHP.
- 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.

4.38. The Building Regulations were updated in October 2010. The relevant sections of the new Part L are outlined in appendix 20. Suppliers are responsible for ensuring that all installations under CERT comply with the revised Building Regulations, as appropriate.

4.39. Aspects of the new Regulations that are likely to impact CERT include a change in the minimum requirement for glazing (from E-rated to C-rated) and the introduction of minimum standards for microgeneration including minimum requirements for the Seasonal Coefficient of Performance of heat pumps (SCoPs).

4.40. In the light of these changes, we plan to update the CERT technical guidance and revise the savings for affected measures later in 2011. Any changes made to the savings will be implemented from 1 April 2011. The technical guidance will be updated later in 2011 to reflect these changes.

Additionality - action with third parties

4.41. 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 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

4.42. 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. 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.

4.43. 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 other requirements, e.g. a 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

4.44. 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 supplier should provide a letter to Ofgem from the manufacturer 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.

4.45. 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.

4.46. 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.

4.47. 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

4.48. 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.

4.49. 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.

4.50. 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

4.51. 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.

4.52. 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 supplier is responsible for ensuring that this is being delivered by their contractors and that the measures can be suitably accounted for. 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 9.

4.53. 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.

Eco-design for EuP Directive

4.54. The Eco-design of Energy using Products (EuP) Directive (2005/32/EU) now replaced by the Eco-design of Energy using Products (EuP) Directive (2009/125/EU) was transposed to law in UK on 17 August 2007 by the Eco Design for Energy – Using Products Regulations 2007, as amended by the Eco Design for Energy – Using Products (Amendment) Regulations 2009, (Eco Design Regs 2007).

4.55. Regs 3 & 4 of the Eco Design Regs 2007 provides that a manufacturer must not place a listed product on the market unless that product conforms with the product requirement specified in schedule 2 of the Eco Design Regs 2007 and the manufacturer has (a) made a declaration of conformity and (b) affixed a CE conformity marking on the product / packaging. Unless the contrary is proved, under reg 7 there is a presumption of conformity if a product is stamped with the CE conformity marking.

4.56. The Eco design Regulation therefore places obligations on the manufacturers of EuP with the main objective of the regulation being to bring about improvements in energy efficiency throughout a product's lifecycle. It is the responsibility of the manufacturers to ensure they comply with the regulations and the suppliers to check the products they buy have the CE conformity marking.

4.57. Early in 2010, Ofgem announced its plan to part implement the requirement of the Eco Design Regs 2007. This meant new CERT schemes and re-submissions of schemes affected by the Eco Design Regs 2007 had to comply with the minimum standard requirement on EuP products in respect of the carbon savings. This decision meant suppliers had to prove that the products they promote achieve carbon savings which were over and above the minimum standards.

Future changes

4.58. DECC's impact assessment issued in July 2010, recognises the EU Commission Regulation "Eco-design 1275/2008" on standby mode of electrical appliance and expect Ofgem to take this into consideration in administration of the CERT. The Eco-design 1275/2008 specifies that off mode and standby mode must not consume more than 1.00W if the product has a 'display function' ie a clock. The standby mode limit will be further reduced to 0.5W by 2012. As a result, we require suppliers to continue to exceed this standby requirement on all new scheme submissions and re-submissions.

4.59. The European Commission are assessing other measures under the EuP Directive such as boilers. Once further information is available we will require suppliers' activity to exceed these legislative requirements. Appendix 19 lists current EuP measures relevant to CERT. Information on these measures will be available from the CERT website, and will be updated regularly.

DECC consultation on the role of Appliances and Consumer Electronics in CERT

4.60. In the coming weeks, DECC is planning to publish the Government Response to the consultation on the Role of Appliances and Consumer Electronics in CERT¹³. It is possible that the outcome of this will place further restrictions on the accreditation of consumer electronic products and appliances within the programme and Ofgem may need to make further amendments to the CERT administrative processes accordingly.

4.61. DECC has indicated that recent Market Transformation Programme data indicates that it would be appropriate for the lifetime of standby savers to be changed from 15 years to 2.5 years. This is due to assumptions that most householders will have replaced their old IT equipment with equipment that complies with the Eco-design Standby Directive at some stage during the next 5 years.

4.62. Following the conclusion of DECC's consultation we will consider any changes to the administration of these measures or to the standby saver score. If appropriate we propose to change the lifetime for standby savers, based on DECC's data, to 2.5 years which will have a knock-on effect on the lifetime carbon score. If any changes are made, we propose that they come into effect from 1 April 2011.

¹³ http://www.decc.gov.uk/en/content/cms/consultations/appliance_cert/appliance_cert.aspx

Written requests for non-professionally installed measures

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

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

4.64. This only applies to non-professionally installed measures. There is no requirement for a written consumer request when a measure is professionally installed. Non-professionally installed measures are promoted primarily through two main delivery routes:

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

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

Written request definition

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

4.67. There are a number of ways that this provision could be satisfied. For example (this list is not exhaustive):

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

4.68. In all these instances it will be important for suppliers to ensure that the consumer is fully aware that they are requesting the measure.

4.69. Suppliers should keep records of all written requests for measures for audit purposes and be able to demonstrate that all non-professionally installed, free, measures promoted have been requested. Additionally, Ofgem may request examples of evidence as part of notification, banking or completion.

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

4.71. Where suppliers have existing, approved, schemes that involve the promotion of free non-professionally installed measures, it should be noted that written requests for these measures are mandatory from 1 August 2010. We expect that the suppliers concerned will have contacted Ofgem to discuss their plans for introducing a 'written request' element to those schemes, or to winding them down.

Market transformation

4.72. Further information is supplied in the separate CERT Market Transformation Action document, available from the Ofgem website. This will be updated in 2011 to reflect the changes brought in by the Amendment Order.

4.73. Market transformation actions will be credited with a 50 per cent uplift in savings under article 15(3) of the Order.

4.74. The cap on the level of this activity eligible for the uplift is 10 per cent of a supplier's obligation, according to article 9 paragraphs 3 and 4 of the first amendment Order. The 50 per cent uplift is applied after this 10 per cent cap.

4.75. Where at least 2 per cent of a supplier's carbon obligation is achieved by microgeneration promoted as market transformation action, the cap is 12 per cent. The 50 per cent uplift is applied after this 12 per cent cap. Chapter 5 provides more detail on demonstration action.

4.76. Article 2 to the Order has been amended in relation to the definition of Market Transformation activity, from 1 April 2011, described in the next section.

Market Transformation actions up to 31 March 2011

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

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

Qualifying Market Transformation actions from 1 April 2011

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

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

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

4.80. It is the date of actual approval of the benchmark action by Ofgem which is significant, as the definition of Market Transformation action in article 2(3)(b) relates specifically to approval.

4.81. All existing Market Transformation action schemes are permitted to continue until 31 March 2011, when some schemes will become ineligible as they will not meet the new requirements ie if the measures were promoted under the 2004 Order (EEC2).

4.82. For those schemes that no longer qualify as Market Transformation action suppliers will still be able to continue to promote the measures should they wish (so long as they are still eligible under the Amendment Order), they will simply no longer qualify for the Market Transformation action uplift of 50 per cent.

4.83. In this case, in line with the procedures for all schemes continuing past 31 March 2011, these schemes will need to be resubmitted as standard action with a new end date by 31 July 2011.

4.84. Suppliers will be allowed up to 31 July 2011 to submit completion reports for any schemes promoting the measures that no longer qualify as Market Transformation action measures.

4.85. For any mixed schemes containing these measures plus others which are still eligible to be promoted, suppliers should submit banking reports for all the no longer eligible market transformation activity, including a note in the pro forma to confirm that this aspect of the scheme has been completed. Ofgem will meet with each energy supplier to discuss their Market Transformation action schemes and advise them accordingly as to whether or not they will still qualify post 1 April 2011.

4.86. Any new Market Transformation action schemes will be required to meet the legislative requirements in force until 31 March 2011, and if suppliers wish to promote them after 1 April 2011 then they will be required to meet the legislative requirements that come into force from that date.

Notifications of Market Transformation action

4.87. The process for submitting Market Transformation action activity will remain as under the existing supplier guidance. When submitting Market Transformation action activity, where relevant, suppliers should address the new requirement for a written consumer request as this applies to all free non-professionally installed measures (see paragraph 4.62).

Banking of Market Transformation action

4.88. Suppliers may wish to bank activity that qualifies for Market Transformation up to 31 March 2011. Ofgem is unable to apply the Market Transformation uplift at this time (as per our previous guidance on Market Transformation activity). The uplift will be applied when Ofgem carries out final determinations of savings at CERT completion in 2013.

4.89. For clarity, Ofgem will reconfirm to the supplier when approving banking that the activity is eligible as Market Transformation action, subject to both the supplier choosing to claim it as Market Transformation and to the caps in the Order on Market Transformation action not being breached by the supplier (the latter can only be confirmed by our database at the end of the programme).

5. Qualifying Action - measures and delivery routes

This chapter provides details on specific categories of measures and delivery routes.

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

Cold appliances

5.2. This section of the guidance may be subject to change, based on the outcome of DECC's consultation on the role of Appliances and Consumer Electronics in CERT (see paragraph 4.59).

5.3. 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. From 1 April 2011 A rated chest freezers will no longer be allowed as A rated is the minimum required under the EU labelling scheme.

5.4. Trade-in schemes are eligible if the appliances supplied are A+ or A++ rated. Again, from 1 April 2011 A rated chest freezers will no longer be allowed as A rated is the minimum required under the EU labelling scheme.

5.5. 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).

5.6. 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

5.7. This section of the guidance may be subject to change, based on the outcome of DECC's consultation on the role of Appliances and Consumer Electronics in CERT (see paragraph 4.59).

5.8. 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 4.48.

5.9. 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.

5.10. IDTVs can be accredited with savings under certain circumstances. We have calculated savings for models with a screen size under 22 inches, which are available from the CERT carbon reduction matrix on our website. Some models over this size are eligible, if they incorporate additional energy saving features and suppliers can demonstrate a carbon saving when compared to a standard model. Savings in this size group are calculated on a case by case basis.

Boilers and heating

5.11. The SEDBUK A-G bandings for boilers were replaced by percentages in October 2010, to avoid possible confusion with the proposed European energy label. Instead of 'G rated' this refers to 'efficiency below 70 per cent'. Similarly, what were labelled as 'D rated' boilers now refer to those with an 'efficiency of 78-82 per cent'.

5.12. The replacement boiler, previously referred to as A or B rated, will need to comply with the 2010 Building Regulations as follows:

- - if the efficiency was calculated using SEDBUK (2005) - 90 per cent efficiency and above (this should also be used if it is not specified whether SEDBUK (2005) or (2009) was used)
- - if the efficiency was calculated using SEDBUK (2009) - 88 per cent efficiency and above

5.13. For continuity and ease of reference, this document and other CERT supplier documents and spreadsheets will continue to refer to the alphabetical ratings for boilers. 'G rated' encompasses any boilers of this rating and below, including those of very poor efficiency sometimes referred to as 'X rated'.

5.14. 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. 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.

5.15. 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

5.16. 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. The requirements have been amended slightly and this guidance document supersedes the previous advice note.

5.17. Evidence of the 'independent verification' of the rating of boilers, and also that they were working prior to replacement can be provided to Ofgem in one of the following ways:

- An independent assessment in the production of an Energy Performance Certificates (EPCs)
- Independent verification inspections on 5 per cent / a statistically significant sample of installations between survey and installation
- A signed declaration from a social landlords to confirm that the boilers being replaced were G-rated and working.

5.18. Where verification inspections are used, an initial assessment of the boiler should be carried out by a heating engineer quoting for replacing the boiler. Following this, but before installation of the replacement, a randomly selected sample of 5 per cent (or a statistically significant sample size) of the boilers should be inspected to confirm whether the initial assessment was correct. Any boilers identified as incorrect should be removed from the suppliers' figures before banking.

5.19. 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.

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

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

5.22. 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.

5.23. Technical monitoring must be conducted on five per cent of installations, in line with paragraphs 10.29 to 10.32 of this document.

Fuel switching

5.24. 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.

5.25. Deadweight is included in DECC's illustrative mix calculations and so there is no cap on fuel switching activity (it was capped at 20% under EEC2).

CHP

5.26. 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.

5.27. 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 cavity wall insulation/solid wall insulation. Further information is provided in the CERT Technical Guidance Manual, available from the Ofgem website, www.ofgem.gov.uk.

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

5.29. 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

5.30. As with other measures, Ofgem and DECC have been monitoring the number of CFLs delivered through the CERT programme via the suppliers' quarterly reports. Ongoing concerns have been raised that the volume of CFLs being delivered was reaching such a level that it was not possible to be certain that they were all being used and that the associated carbon savings realised. DECC consequently removed CFLs from the programme after April 2011 via the amendment Order.

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

5.32. Suppliers must submit a statement by 30 April 2011, with effect 31 March 2011 to confirm that no further measures of this type will be promoted. Suppliers will be allowed up 31 July 2011 to submit completion reports for these schemes (or banking reports, where another measure is also delivered via the scheme).

5.33. At the end of the CERT programme, under article 19(2)(b), Ofgem must *determine the carbon emissions to be attributed to those actions which the Authority is satisfied should count for the purposes of this Order*. To this end, suppliers must carry out a monitoring exercise in relation to CFLs distributed in the period 1 January – 31 March 2011 to provide evidence of the percentage of the retail CFLs which have been installed by users. The results of the monitoring should be provided in writing to Ofgem no later than 31 May 2011. Ofgem will apply this percentage to the suppliers' final reported retail CFL numbers to determine the reduction in carbon emissions which they will be accredited with for their retail CFL activity for the period 1 January – 31 March 2011.

5.34. We have written to suppliers outlining this requirement and requesting that they provide details as to how they intend monitoring retail CFL activity by 2 March 2011.

5.35. It is for the suppliers to decide how best this monitoring can be achieved. The suppliers may wish to conduct such monitoring jointly. For example, this could be via the ERA. Clearly it is important that a statistically significant sample size be achieved, that this sample be representative of Great Britain, and that the results be robust. In addition it is essential that the questions used in the monitoring exercise are appropriate.

5.36. There are a number of available options open to suppliers, to achieve this within the timeframes outlined above, including those listed below:

- Taking part in a regular Omnibus Survey(s)
- In-store staff asking questions of consumers purchasing CFLs

- Direct customer contact – via telephone
- Online access panel – emailing consumers to take part in a survey.

5.37. The questions used should focus on whether CFLs have been purchased since 1 January 2011, and whether they have been installed – not whether they will be installed in the future.

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

LEDs

5.39. Subject to the upcoming DECC consultation on the role of Appliances and Consumer Electronics in CERT, Light Emitting Diode (LEDs) lamps and LED luminaires will remain eligible for the remainder of CERT, to 31 December 2012. To be eligible under CERT LED lamps must be accredited under Energy Saving Trust Recommended (ESTR).

5.40. External lamps must have passive infra-red (PIR) sensors or daylight sensors where appropriate, as these ensure that the lights are more energy efficient as they are only used when required.

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

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

5.43. Multi-buys/multi-packs are limited to three LED bulbs per offer/pack, across all delivery routes. This is to ensure that all LEDs delivered are likely to result in carbon reductions.

Insulation

5.44. 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

5.45. Across most insulation types (including hot water tank jackets, DIY loft insulation or glazing) there is no 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 as there was in EEC2. A single weighted average reduction in carbon emissions across the domestic fuel mix for Great Britain will be applied.

5.46. An exception to this is solid wall insulation. Article 16 to the Order requires energy suppliers to report the main fuel source used to heat the premises where solid wall insulation is installed. Suppliers should use the amended scheme spreadsheet for this purpose.

5.47. This provision takes effect from 1 August 2010 and refers to all types of solid wall insulation including wallpaper type.

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

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

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

SWI Notifications

5.51. Suppliers may continue with existing solid wall insulation schemes however if they wish any activity, from 1 August 2010, to count towards their Insulation Obligation or Super Priority Group Obligation then, as previously discussed, these will need to be submitted in line with the processes outlined in chapters 3 and 7.

5.52. 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.

5.53. 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 at least two thirds of the wall area. If the share were to fall below this then a separate accreditation would be appropriate.

5.54. For cavity wall insulation an average reduction in carbon emissions will be accredited which is not dependent on the age of the property.

5.55. For loft insulation 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

5.56. Article 3 of the amendment Order details a "loft insulation plus" uplift only applied 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.

5.57. 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 applied for the period between 11 September 2008 and 31 July 2009, and after this period no additional uplifts or incentives to loft insulation apply.

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

5.59. Loft insulation installed after 31 July 2009 will be scored as standard loft insulation. Suppliers should take care to ensure that the appropriate section of the CERT scheme spreadsheet is used to report loft insulation according to the date of provision of the measure, in order to ensure that it is scored appropriately. Suppliers should also indicate what information they have used to determine when the installations have taken place.

DIY loft insulation

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

5.61. 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 website¹⁴.

5.62. 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 m² of material at a depth of 270mm.
- Suppliers should conduct 'mystery shopping' on at least 5 per cent of their retail partners outlets up to a maximum of 12 stores, every 12 months, to ensure that this is being adhered to.
- 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.

5.63. 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.

5.64. Ofgem expects that suitable information will be provided with the DIY loft product to ensure quality of installation. This should be provided with the product itself and not as an optional information leaflet. This information should be written in clear, plain English and be accessible for a member of the public, rather than a professional, to use. We understand that an industry standard for loft insulation is

¹⁴<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngers/Pages/InfProMngers.aspx>

currently being developed. If this becomes available during CERT, we would expect to see this information make reference to the standard.

5.65. Suppliers should demonstrate to Ofgem at scheme submission / reporting that the mystery shopping is being carried out with a suitable level of independence. To ensure that we can monitor this control adequately, the results should be reported to Ofgem every 12 months beginning 31 July 2011.

Insulation quality

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

5.67. Unlike other some other professionally installed insulation measures, such as cavity wall insulation, Ofgem is not currently able to identify a single accepted standard across the industry for loft insulation that we could reference in our technical guidance documents. Ofgem understands that a standard is currently being developed by the industry. Should such a standard be adopted by the industry, it is likely that we would require CERT installations to meet this standard.

Hot water saving devices

5.68. This section of the guidance, may be subject to change, based on the outcome of DECC's consultation on the Role of Appliances and Consumer Electronics in CERT (see paragraph 4.60).

5.69. Water saving devices, such as shower regulators which reduce the flow of hot water through shower heads thus saving energy, have been a recent addition to the CERT.

5.70. In April 2010, Ofwat introduced the Water Obligation which Water companies have to promote towards their Water Efficiency Target. Whilst it is accepted that Suppliers and water companies can jointly fund a measure under CERT, we do not however consider that a water device measure can be promoted under both the water legislation and CERT Order. In order for a Supplier to claim carbon saving for a water device measure, it must be promoted under the CERT and not under any other legislation ie are additional (the concept of 'additionality' is explained in the additionality section of chapter 4, starting from paragraph 4.42).

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

soonest. If the DECC consultation on the role of Appliances and Consumer Electronics in CERT contains additional conclusions regarding these measures, we will consider revising this guidance in the light of those results.

Microgeneration

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

5.73. Microgeneration from 1 April 2011 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.

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

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

5.76. Ofgem therefore requires suppliers with microgeneration and heating activity that is no longer eligible to stop promoting these measures by 1 April 2011 schemes. We will require suppliers to submit completion reports for these schemes (or banking reports, where another measure is also delivered via the scheme) by 31 July 2011 Microgeneration qualifying actions in the Super Priority Group

5.77. The only microgeneration measures which are Super Priority Group prescribed measures and therefore may be promoted to the Super Priority Group as stand alone measures (ie which are listed in both articles 12 and 13 of the Amendment Order) are as follows:

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

5.78. The other microgeneration and heating measures listed in article 12 that are not listed in article 13, can only be installed in and claimed as Super Priority Group where one of the Super Priority Group prescribed measures is also installed . These measures are as follows:

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

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

5.80. We would expect suppliers to fully insulate the property before promoting microgeneration measures. It should be noted that professional insulation is a prescribed measure for the SPG.

5.81. Microgeneration will only be considered eligible under CERT if the installer is accredited under the MCS, 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.

5.82. 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 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.

5.83. The Renewable Energy Association (REA) REAL Assurance scheme sets out high standards for companies selling 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 10.36, installers who are signed up to the scheme are exempt from CERT customer satisfaction monitoring.

5.84. Ofgem expects that suppliers will install all eligible insulation measures in a property before promoting microgeneration to the householder. This is in line with the REAL Assurance scheme recommendations.

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

5.86. When delivering microgeneration measures in new build domestic premises, suppliers should obtain 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.

5.87. 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.

5.88. 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 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.

5.89. In line with DECC's published policy intent, CERT funding does not prohibit microgeneration installations promoted to the Super Priority Group from being eligible for Feed in Tariffs or claim under the future Renewable Heat Initiative.

Behavioural Measures

5.90. This section of the guidance, may be subject to change, based on the outcome of DECC's consultation on the Role of Appliances and Consumer Electronics in CERT (see paragraph 4.60). 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 described in paragraph 4.73.

5.91. 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.

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

5.93. Guidance relating to the Priority Group and monitoring of these behavioural measures is set out in chapters 7 and 10 respectively.

Requests

5.94. 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 request it in writing. For example, a consumer might return a voucher, or sign a declaration that they have been offered the product and accepted (see paragraph 4.62 'written requests').

Real Time Displays

Definition of RTDs

5.95. 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.

5.96. 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

5.97. 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.

5.98. Appendix 16 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 5.101).

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

RTD scores

5.100. 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.

5.101. 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."*

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

5.103. RTDs are eligible to be promoted as either standard or market transformation actions, up to the ring fence discussed in paragraph 4.73.

Notification of RTD schemes

5.104. 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.

5.105. Suppliers must demonstrate how they will address the requirement for RTDs to be requested in writing by the consumer (see paragraph 4.62), and how this activity will be promoted.

5.106. 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 Appendix 16).

5.107. 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

5.108. 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).

5.109. 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 in writing 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.

Banking of real-time display activity

5.110. Suppliers who promoted real-time displays, using short-life batteries, in the period 11 September 2008 to 31 July 2009 should notify Ofgem, at the time of banking, of the numbers promoted during this period so that the correct carbon score can be awarded (see paragraph 5.94). This information will also be required at completion.

5.111. We encourage suppliers to bank these schemes as soon as possible so that any issues can be identified and addressed and so that Ofgem can be confident that the appropriate carbon scores are awarded. We note that a joint monitoring exercise is being conducted via the Energy Retail Association and will be submitted as part of this banking.

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

Home Energy Advice

Definition

5.113. 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

5.114. 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.

5.115. 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.

5.116. 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.

5.117. 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

5.118. 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.

5.119. 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.

5.120. 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 CO₂ campaign, the Act on CO₂ 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.

5.121. 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.

5.122. For the avoidance of doubt, Ofgem notes that information collected in relation to the assessment of boiler efficiency (see paragraph 5.117) should only be used to advise on potential energy savings. 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.

5.123. 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

5.124. 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.

5.125. 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 13.1d¹⁵ 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.

5.126. 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.

Miss-selling of energy efficiency products during advice

5.127. 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.

5.128. 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

¹⁵ Standard conditions of electricity supply licence, Ofgem consolidated 4th April 2009

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 25¹⁶ 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 remedies¹⁷ 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 supply¹⁸ is also relevant, and we encourage suppliers to adhere to the relevant elements of this code.

5.129. 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

5.130. 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.

5.131. 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.

¹⁶ Standard conditions of electricity supply licence, Ofgem consolidated 4th April 2009

¹⁷ Energy supply probe – proposed retail market remedies consultation, 15th April 2009
www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=97&refer=Markets/RetMkts/ensuppro

¹⁸ Code of practice for the face-to-face marketing of energy supply, EnergySure 2008
www.energy-retail.org.uk/documents/EnergySureCodeBookwebcopyhighres.pdf

HEA scores

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

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

Notification of HEA schemes

5.134. 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.

5.135. Suppliers must demonstrate how they will address the requirement for HEAs to be requested by the consumer (see paragraph 5.94), and how this activity will be promoted.

5.136. 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 Appendix 17). 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.

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

5.138. 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 5.124 onwards).

5.139. 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).

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

6. 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

6.1. 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'.

6.2. 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.

6.3. 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.

6.4. 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 6.32. 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

6.5. 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.

6.6. 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.

6.7. 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.

6.8. 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 Project¹⁹ (EDR) that is being managed by Ofgem.

6.9. 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 6.32 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.

6.10. It should be noted that scores for RTDs as standard action are now set out in the Order. Therefore any scores measured during demonstration action projects will be ineligible to be used subsequently if promoting the RTD as a standard action following demonstration action; the score in the Order must be used.

Demonstration action submissions

6.11. 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.

6.12. 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

¹⁹ 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.

6.13. 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.

6.14. 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.

6.15. 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.

6.16. 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.

6.17. 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

6.18. 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.

6.19. 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 additional extension to this activity could potentially be approved as demonstration action. Where a supplier plans to do this, Ofgem should be informed as part of the notification process.

Approval of demonstration action

6.20. 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.

6.21. 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.

6.22. The costs will be used to determine the carbon emissions reduction to be attributed to the action, as described in paragraph 6.32.

6.23. 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.

6.24. 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.

6.25. 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

6.26. 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.

6.27. 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.

6.28. 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).

6.29. 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.

6.30. 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 once they have been completed.

6.31. Final reports must be provided to Ofgem by 31 December 2012, in line with completion of other CERT activity.

Determining the carbon emissions reduction to be accredited for demonstration action

6.32. 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 6.17).

6.33. 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.

6.34. 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 December 2012 and that Ofgem has been notified that the action is complete under article 19(1) by 31 January 2013. 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.

6.35. 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.

7. Priority Group Obligations

This chapter sets out how suppliers should meet and monitor their Priority Group and Super 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

7.1. 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.

7.2. 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.

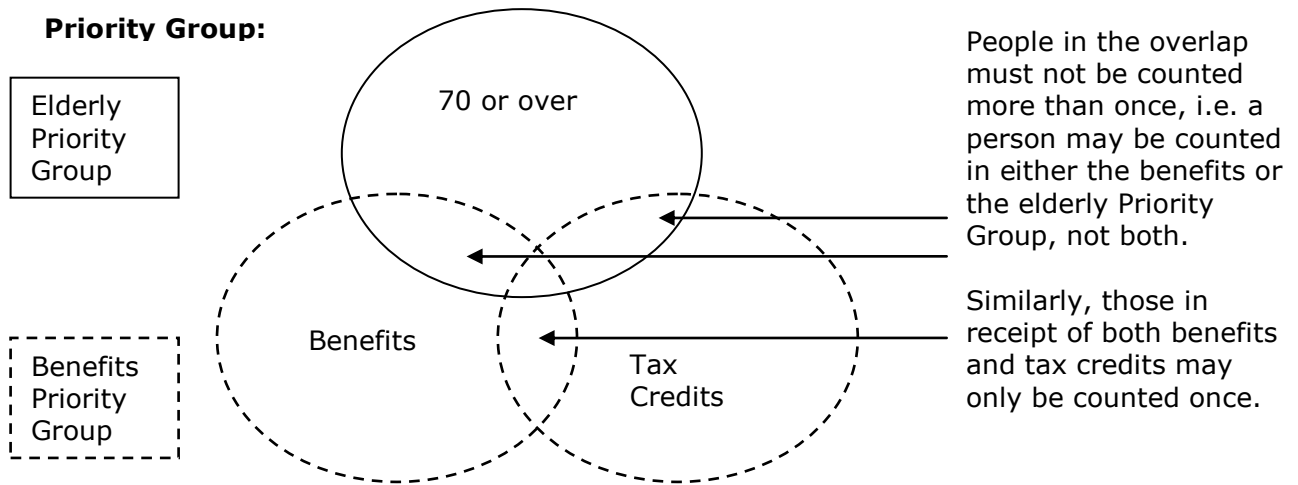
7.3. The amendment of schedule 2 adds an income-related employment and support allowance (under the Welfare Reform Act 2007) to the list of qualifying benefits, and amends the threshold for household income for those on qualifying benefits and tax credits to £16,190 (revised from £16,040). The amended declarations are published as appendices to this document. Declarations dated after 31 July 2010 should reflect the updated list of benefits in that Order.

7.4. 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.

7.5. Whenever a supplier is working with a third party to deliver their obligation, the responsibility for ensuring that checks to determine the Priority Group percentage are performed in line with this guidance lies with the supplier. We expect suppliers to be able to demonstrate that they are managing this, for example, to include this in their contracts etc. This may be checked at audit.

7.6. This chapter contains information on CFLs and the Priority Group for ease of reference at banking and completion of these schemes. Please note the restrictions on CFL schemes which are laid out in chapter 5.

7.7. 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

7.8. For administration purposes Ofgem can only accept one method of determining the number of Priority Group recipients per delivery route. 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

7.9. 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.

7.10. 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.

7.11. 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.

7.12. 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.

7.13. 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

7.14. 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 7.7 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:

7.15. 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).

7.16. 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.

7.17. 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

7.18. 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:

7.19. 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:

7.20. 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

7.21. This section describes how the general guidance on the methods of monitoring set out above (paragraph 7.15-7.20) should be used specifically for each different delivery route:

Face to face

7.22. 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.

7.23. 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.

7.24. Details of which benefit the qualifying household is in receipt of should be provided to Ofgem at the end of the programme. Ofgem may also use this information to perform checks against information held by other agencies, local authorities and government departments.

7.25. For actions where measures, such as RTDs, are given out person-to-person at events (with a written request from the recipient), 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.

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

Partnering with SHPs

7.27. 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).

7.28. 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.

7.29. 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)

7.30. 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 March 2011, see chapter 5) the CFL declaration should have been 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.

7.31. The methods are described in paragraphs 7.15-7.20, 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

7.32. 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.

7.33. The exception to this would be where a supplier is working with the same retailer already agreed under CERT 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 a previous CERT scheme. 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.

7.34. 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.

7.35. 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.

7.36. When determining the statistically significant sample sizes required for retail CFL schemes an assumption should have been made of the number of CFLs each consumer is likely to purchase. Suppliers should have assumed 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 have been made. For example if the offering was to 'buy-two-get-a-third-free' then it could have been assumed that consumers would purchase three CFLs each).

Mail order

7.37. 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.

Suppliers should assume that consumers purchased 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

7.38. 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.

7.39. 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.

7.40. 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.

7.41. 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

7.42. This mechanism was introduced by Defra (now DECC) to provide suppliers flexibility in reaching their Priority Group target and to encourage suppliers to promote more innovative measures to vulnerable private households.

7.43. 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).

7.44. 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 —

- (until 1 April 2011) 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 0.5W/m²K or less

7.45. This means that to utilise this mechanism suppliers can promote ground source heat pumps (until 1 April 2011) 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.

7.46. 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 £16,190 (before the amendment came into force on the 31 July 2010, this value was set at £16,040), (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'.

7.47. 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.

7.48. 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'.

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

7.50. Suppliers with Priority Group flexibility action schemes that contain a ground source heat pump element should ensure that these measures are not installed after 31 March 2011. Suppliers must submit a statement by 30 April 2011 to confirm that no further measures of this type will be promoted to Priority Group flexibility recipients. Suppliers will be allowed up to 31 July 2011 to submit completion/banking reports for any schemes promoting GSHPs as flexibility measures.

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

7.52. Any ongoing Priority Group Flexibility activity delivering solid wall insulation which suppliers intend to count towards their Super Priority Group Obligation (or Insulation Obligation) will require a resubmission to indicate this.

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

7.54. Until 31 March 2011, 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

7.55. Applications to use this mechanism should be made in a similar way to other scheme submissions. The CERT scheme notification pro forma includes 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.

7.56. 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.

7.57. 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:

7.58. Until 31 March 2011, ground source heat pump = an increase of 245 per cent of the calculated average carbon emissions reduction

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

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

7.61. 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.

7.62. According to article 19(1) suppliers must notify Ofgem of the final number and type of actions carried out by 31 January 2013. 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).

7.63. 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.

7.64. 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.

7.65. 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 7.45 above).

7.66. 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.

7.67. The following methods may be used:

- checking on receipt of measures
- declaration.

7.68. Super Priority Group Ofgem wrote to suppliers on 20 August 2010 advising them that they could commence, and notify Ofgem of, Super Priority Group activity from 1 August 2010.

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

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

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

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

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

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

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

Notifications of Super Priority Group action

7.73. Please see chapter 8, Submission of Schemes.

Determining the Super Priority Group

7.74. The qualifying criteria for the Super Priority Group are set out in article 2 to the Order. Given that the Super Priority Group is a sub-set of the Priority Group, Ofgem is proposing that the administrative requirements for determining the Super Priority

Group should be based on the current administrative requirements for determining the Priority Group, as outlined below.

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

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

7.76. In order to provide flexibility for suppliers and their project partners, partner declarations may be used to confirm the SPG percentage. Where these are used, the organisation signing the declaration must have originally determined the Super Priority Group percentage through conducting document checks, ie checking details of all recipients on receipt of measures. This is because address level data is required for Super Priority Group schemes to link this activity to any non prescribed measures subsequently installed, and because it is not certain that all SHPs would automatically have access to the data to confirm that all the SPG criteria have been met.

7.77. As activity in the Super Priority Group must include a professionally installed prescribed measure Ofgem does not consider that monitoring a sample of recipients is appropriate. This is consistent with how the Priority Group percentage is determined; monitoring is only permissible for Priority Group where the action does not involve a visit. Suppliers are used to the current requirements for demonstrating that consumers fall within the Priority Group.

7.78. Documents which must be checked to determine the Super Priority Group percentage must provide proof that the householder meets the criteria set out in article 2 of the Order. This must include proof of benefits and qualifying components where relevant. This should be an official benefit letter. When confirming the presence of a child under five, who normally resides with them at the premises, a birth certificate or child benefit letter should be checked to confirm this. If neither of these is available, a cold weather payment benefit letter *for that heating season* would be acceptable evidence.

7.79. We would not expect the child's details to be recorded but a box to be ticked to indicate which documents have been checked.

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

7.81. Details of which benefit the qualifying household is in receipt of should be provided to Ofgem along with address data (see paragraph 9.41) at the end of the programme Ofgem may use this information to perform checks against information held by other agencies, local authorities and government departments.

7.82. Suppliers should note that any measures claimed against their Super Priority Group obligation may not also be claimed against their Priority Group obligation; they must be counted against one or the other but not both.

8. Submission of schemes

This chapter describes the process for suppliers to submit schemes for approval under the CERT. The scheme spreadsheet will only be required for reporting completed action.

Submission of proposals

8.1. 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.

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

8.3. 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, Super Priority Group and Insulation Obligation. 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.

8.4. 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.

8.5. 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.

8.6. 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.

8.7. 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 1.

8.8. See chapter 5 for information on notifying Ofgem of a demonstration action.

Resubmissions

8.9. 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.

8.10. 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.

8.11. 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 route of the measures, proposals to add another measure type or heating type, or proposals to work with another manufacturer or retailer.

Continuation of existing schemes

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

8.13. Should an energy supplier wish to extend the end date to any of their existing schemes to a date not after 31 December 2012, then the supplier must re-submit that particular scheme, using the usual re-submission process. Clearly only those schemes containing measures and delivery routes that remain eligible post 1 April 2011 will be eligible for approval. Any such re-submissions should be made by 31 July 2011 and will need to be assessed in line with the Amendment Order and Ofgem's revised supplier guidance to ensure that they are eligible. We do not envisage this to be an onerous process.

Notification of Insulation obligation and Super Priority Group obligation actions

8.14. Article 11 paragraph 3A of the Order requires suppliers to provide sufficient information (at notification) to show whether a supplier intends activity to be promoted to the Priority Group or Super Priority Group (or both). NB insulation obligation activity can also be promoted to the non-Priority Group.

8.15. Suppliers can either submit new schemes for IO or resubmit older schemes with a new IO element.

8.16. Insulation Obligation and Super Priority Group activity may form part of other schemes. Suppliers are required to however to resubmit any existing schemes containing activity that they wish to count towards their Insulation Obligation or Super Priority Group obligation . In order to fulfil this requirement, suppliers should make clear in these notifications whether they intend promoting any of the Insulation Obligation activity, carried out under the scheme, to Priority Group and/or Super Priority group households. The scheme pro forma will be adapted for this purpose.

8.17. Any new Insulation Obligation or Super Priority Group schemes should be submitted to Ofgem in the usual way. Ofgem has considered carefully how best to administer the Insulation Target and Super Priority Group Target, and the complex interactions between possible combinations of schemes and activity. It is paramount that any activity towards a supplier's obligation, whether this is Insulation Obligation or Super Priority Group Obligation or Priority Group, be clearly traceable toward that obligation.

8.18. To this end, a summary (maximum one page) of how the supplier's IT system can do this should be submitted, together with a systems diagram to illustrate the decisions, variables, outputs and relationships allowing the Super Priority Group Obligation and Insulation Obligation to be accounted for but preventing double counting of measures. This should also illustrate how their IT systems will enable address matching of Super Priority Group prescribed and secondary measures. For simplicity, one summary and diagram should be submitted covering both these obligations.

8.19. The summary and diagram should be provided by 31 July 2011.

Assessment and approval

8.20. 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

8.21. We will also estimate (or determine, for demonstration schemes) the expected carbon savings according to the methodology in chapter 3 (chapter 6 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 4.26).

8.22. 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.

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

8.24. 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 8.2, 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

8.25. 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. Scottish Community and Household Renewables Programme (SCHRI) 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.

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

8.27. 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.

8.28. 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.

9. Reporting, compliance, and auditing

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 6.

Reporting and compliance

Carry-over from EEC2

9.1. 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.

9.2. 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

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

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

9.4. The information in this section (paragraph 9.5-9.10) is requested by Ofgem for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

9.5. 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'.

9.6. 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.

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

9.8. 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. Suppliers should use the CERT scheme spreadsheet to indicate which measures, and how many, they have delivered.

9.9. 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, and the Super Priority Group and Insulation obligation (where relevant). Monitoring results and other relevant supporting evidence will also need to be included, as set out in chapter 10 (chapter 7 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.

9.10. In order to demonstrate compliance with its Priority Group obligation, Super Priority Group obligation and Insulation obligation, a supplier must demonstrate which actions were achieved in relation to these obligations. 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 and Super Priority Group, as set out in chapter 7.

Final determination and Reporting (Completion)

9.11. Suppliers must submit their final report to Ofgem to notify us of the final activity completed under each scheme, no later than 31 January 2013. This is required by article 19(1) of the Order. 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.

9.12. On receipt of the information, Ofgem will then verify that the actions have not been approved under CESP, and then attribute the total carbon saving which we are satisfied should count towards the supplier's obligation. The supplier will then be notified of this total. The supplier must then send a signed letter of authorisation to confirm that the action was taken as notified.

9.13. Ofgem will then send a final confirmation of the reduction in carbon emissions based on the information provided by suppliers, their letter of authorisation, and any other relevant evidence. 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).

9.14. Ofgem will notify the supplier of whether it has met its carbon obligation, Priority Group obligation, Insulation obligation and Super Priority Group obligation by 30 April 2013 in the same way as stated above.

Priority Group flexibility completion

9.15. 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

9.16. 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 6.30, this report will be published by Ofgem.

9.17. Suppliers must submit these reports to Ofgem no later than 31 January 2013.

9.18. Ofgem will determine the carbon emissions reduction resulting from suppliers' completed schemes following the methodology outlined in chapter 5.

Reporting of carbon savings against CER target

9.19. Ofgem will submit a final report on the CERT to the Secretary of State by 30 April 2013. This will include whether each supplier has complied with its carbon obligation, Priority Group obligation, Insulation obligation and Super Priority Group obligation and whether the overall CER target was met.

Quarterly reporting

9.20. The information in this section (paragraph 9.20-9.29) is requested by the Authority for the purposes of article 16. This article requires suppliers to provide information when reasonably requested by the Authority.

9.21. 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 293 Mt carbon dioxide (lifetime).

9.22. Ofgem have reported to the Secretary of State on progress made under the CERT on 31 July 2009 and 31 July 2010, and will report again by 31 July 2011, 31

July 2012 and 30 April 2013 after the end of the programme. 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 (note the restrictions on CFL schemes set out in chapter 5).

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

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

9.25. We intend to modify the quarterly report spreadsheet to collect this information. We will add a SPG category for each measure type and also require tCO₂ achieved towards the Insulation Obligation to be reported split by non PG, PG and SPGO.

9.26. 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.

9.27. 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.

9.28. 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.

9.29. 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.

9.30. It is important that suppliers submit reporting data within the requested timescales.

Transfers

9.31. 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).

9.32. A supplier transfer must be approved by Ofgem. In order to carry out a supplier transfer, article 18 (3) states that both suppliers involved must apply to Ofgem for approval, in writing, before 31 March 2012²⁰.

9.33. 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).

9.34. 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.

9.35. 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.

9.36. 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.

9.37. 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.

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

²⁰ DECC is considering amending this date to December 2012.

Audit, Assurance and Enforcement

9.39. In order that CERT delivers value for money and does not provide opportunity for fraud or other abuse, there needs to be a system of audit, assurance and enforcement in place. The following sub-sections describe these requirements in further detail.

9.40. Ofgem takes accurate reporting seriously. We expect suppliers to be able to provide robust evidence that they are meeting their obligations in accordance with the CERT Order, Guidance Documents and formal scheme notifications. This evidence must extend to all activity and include contracted activity.

9.41. Suppliers should be aware that all aspects of their schemes could be subject to audit.

9.42. Whenever a supplier is working with a third party to deliver their obligation, the responsibility for ensuring that the third party delivers activity in accordance with the legislation and supplier guidance lies with the supplier. We expect suppliers to be able to demonstrate that they are managing this third party delivery. This management should be demonstrated in a number of ways. This may be checked at audit.

Reporting of address-level data

9.43. Under article 19(2) of the Order the authority must verify that all qualifying actions notified have not been approved as qualifying actions under the Community Energy Saving Programme (CESP). Additionally article 2 of the Order provides that a domestic energy user must fall under certain category of benefits to claim measures under Priority Group or Super Priority Group. To enable us monitor compliance with these provisions and ensure measures have been properly implemented or claimed, in accordance with the provisions of article 16 of the Order, we would require suppliers to provide information relating to address-level data.

9.44. Suppliers must provide address level data for measures installed under CERT. This should include all professionally installed insulation activity, from the start of the CERT programme, together with all other, CESP measure related CERT activity, from 1 October 2009. For measures claimed under the Priority Group or Super Priority Group obligation, details of which benefit the qualifying household is in receipt of should be provided as part of this address-level data.

9.45. This will allow us to perform checks against information held by other agencies, local authorities and government departments ensure that the addresses provided exist and that each address has been submitted no more than once. As insulation now makes up 68 per cent of the carbon dioxide savings delivered by the programme, it is important that Ofgem tightens the controls on the delivery and reporting of these measures. Additionally, this will allow us to check that there is no

double counting between CERT and CESP. We believe that these checks are especially necessary given the increased scale of CERT and the drive for insulation measures via the insulation obligation. We intend to carry out this checking exercise at the end of the programme at the final determination of savings stage. We are seeking advice on this from the information commissioners office.

9.46. Should there be any mis-reporting discovered, in the first instance this will be referred back to the supplier/s involved, who will be asked to resolve this with Ofgem. Any associated carbon savings may be removed from the supplier/s at the final determination even if these savings have previously been 'banked'. This will ensure that carbon is not claimed from duplicate measures.

Timescales

9.47. This address data should be provided in spreadsheet format, as specified by Ofgem (this will probably be similar to how this is reported for CESP) and will be required to be submitted in full by 31 July 2012 and again at the end of the programme with the scheme completion reports by 31 January 2013.

Auditing

We will audit a sample of each supplier's schemes in CERT. Auditing will include but not be limited to the following:

- 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
- any risk of false reporting in the delivery chain is being managed and minimised;
- there is accurate monitoring of those in relation to whom actions are taken, to determine whether they are within the Priority Group, Super Priority Group or flexibility Priority Group;
- there is accurate monitoring and reporting to determine which actions are to be counted towards the Insulation Obligation; 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.

Enforcement

9.48. 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.

10. 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

10.1. 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 standby savers, 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.

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

10.3. 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 6 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.

10.4. The monitoring requirements can be summarised as follows (Priority Group monitoring is covered separately in chapter 7):

- 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. The Ofgem standard questions from Appendix 5 must be used. Please note that two questions have been added for DIY loft utilisation.
- 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.

10.5. This is summarised visually in the table in Appendix 6. Please note that the technical monitoring questions are likely to be revised following the current industry-wide review. Until that time, the questions listed in Appendix 4 should be used.

10.6. 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').

10.7. We request that suppliers continue 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

10.8. Following the 2010 CERT Supplier Guidance consultation, there will be an industry-wide review of CERT technical monitoring. This will include agreeing appropriate questions for new and existing measures.

10.9. 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.

10.10. As technical monitoring is a key control within the CERT programme, suppliers should provide evidence of the independence and expertise of all monitoring agents at the scheme submission stage as well as at banking. This may also be checked at audit. If there is any change to the agents used, the scheme should be resubmitted with additional information for the new monitoring agents.

10.11. We consider that it is appropriate to re-inspect all major failures to ensure that the problems have been adequately rectified. This monitoring is in addition to the standard monitoring rates. Types of failure are explained in Appendix 4.

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

10.13. Obligated suppliers should ensure that pass rates for technical monitoring are high, aiming for 100 per cent. For the avoidance of doubt, we will expect to see evidence of the steps that suppliers are taking to manage pass rates towards 100 per cent. We will also expect suppliers to demonstrate how they are managing their individual installers.

10.14. If the technical monitoring fail rate for a scheme increases beyond 10 per cent then we will need to see evidence of the additional steps taken by the supplier to manage this rate downwards across all their installers. This may also involve the supplier ensuring that those problems have been appropriately addressed and demonstrating this to Ofgem.

Standard monitoring questions

10.15. 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 4. It should be noted that these are currently being reviewed by the industry and we will publish revised questions

following this review. Until the revised questions are published, the questions in Appendix 4 should continue to be used.

Monitoring requirements by measure type

Insulation

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

10.16. 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

10.17. 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 updated monitoring questions in Appendix 5 . Two further questions have been added:

Was information provided with the insulation about how to install the product properly? Yes/No

Was this information useful? Please use a scale of 1 to 5 where 1 is not at all useful and 5 is very useful.

10.18. Suppliers should contact us to discuss their plans for including these questions.

10.19. 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

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

10.21. 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 5. 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

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

Lighting

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

10.24. The requirement for utilisation monitoring for free LEDs 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 10.4.

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

Appliances

Cold appliances

10.26. 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.

10.27. 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

10.28. 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*

10.29. 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.

10.30. 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.

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

10.32. 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

10.33. 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.

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

CHP

10.35. 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.

10.36. 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

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

10.38. 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

10.39. Monitoring is an integral part of any demonstration action undertaken. This is discussed in detail in chapter 6.

Behavioural measures

10.40. 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.

10.41. 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.

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

10.43. 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.

10.44. 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.

10.45. 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.

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Appendix 1 - Dates for notification of schemes and responses

| Month | If notification is received from a supplier under Article 11 (1) of the Order by this date | Ofgem will respond to the supplier by this date | Supplier to respond to any further information requests by this date | Ofgem notifies the supplier by this date |
|-----------------------|---|--|---|---|
| December 2010 | Wednesday 1st | Tuesday 14th | Tuesday 21st | Friday 31st |
| January 2011 | Tuesday 4th | Monday 17th | Monday 24th | 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 | Thursday 28th |
| May 2011 | Tuesday 3rd | Monday 16th | Monday 23rd | Tuesday 31st |
| June 2011 | Wednesday 1st | Tuesday 14th | Tuesday 21st | Thursday 30th |
| July 2011 | Friday 1st | Thursday 14th | Thursday 21st | Friday 29th |
| August 2011 | Monday 1st | Friday 12th | Friday 19th | Wednesday 31st |
| September 2011 | Thursday 1st | Wednesday 14th | Wednesday 21st | Friday 30th |
| October 2011 | Monday 3rd | Friday 14th | Friday 21st | Monday 31st |
| November 2011 | Tuesday 1st | Monday 14th | Monday 21st | Wednesday 30th |
| December 2011 | Thursday 1st | Wednesday 14th | Wednesday 21st | Friday 30th |
| January 2012 | Tuesday 3rd | Monday 16th | Monday 23rd | Tuesday 31st |
| February 2012 | Wednesday 1st | Tuesday 14th | Tuesday 21st | Wednesday 29th |
| March 2012 | Thursday 1st | Wednesday 14th | Wednesday 21st | Friday 30th |
| April 2012 | Monday 2nd | Tuesday 17th | Tuesday 24th | Monday 30th |
| May 2012 | Tuesday 1st | Tuesday 15th | Tuesday 22nd | Thursday 31st |
| June 2012 | Friday 1st | Monday 18th | Monday 25th | Friday 29th |
| July 2012 | Monday 2nd | Friday 13th | Friday 20th | Tuesday 31st |
| August 2012 | Wednesday 1st | Tuesday 14th | Tuesday 21st | Friday 31st |
| September 2012 | Monday 3rd | Friday 14th | Friday 21st | Friday 28th |
| October 2012 | Monday 1st | Friday 12th | Friday 19th | Wednesday 31st |
| November 2012 | Thursday 1st | Wednesday 14th | Wednesday 21st | Friday 30th |
| December 2012 | Monday 3rd | Friday 14th | Friday 21st | Monday 31st |

Appendix 2 - Timescales for quarterly reporting

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

Appendix 3 - Fridgesavers scoring protocol system

| <i>Fridge Freezers</i> | <i>Score</i> |
|---|--------------|
| Fridge compartment | |
| Door | |
| 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 |
| Body (walls excluding door) | |
| 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 | |
| Door | |
| 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 |
| Body | |
| Major Internal damage (not cosmetic) | 1 |
| Major External damage (not cosmetic) | 1 |
| | |
| <i>Refrigerators</i> | <i>Score</i> |
| Door | |
| 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 |
| Body (walls excluding door) | |
| 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 |
| Icebox | |
| Icebox door missing | 3 |
| Icebox door does not close | 2 |
| Icebox door has crack / hole | 2 |

Appendix 4 - Standard technical monitoring questions

Note – these will be updated following the industry-wide review beginning January 2011. Until the results of the review are published, these questions should be used.

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 |

| Cavity Wall Insulation | Type | Classification |
|--|--------------------------------|-----------------------|
| Is the work guaranteed by a CIGA warranty? | Customer sat. / safety | Major |
| If not, has another form of guarantee for 25 years been provided? | Customer sat. / safety | Major |
| What insulation was used? [This question is for the installer to complete or can be checked by the inspector from the CIGA guarantee] | Savings / Customer sat. (damp) | Minor |
| Is the use of this insulation material appropriate to the exposure zone of the dwelling? | Customer sat. (damp) | Minor |
| Does the drilling pattern used ensure that the insulation material is distributed as evenly as possible throughout the cavity? | Savings | Major |
| 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 |

| External wall insulation | | Type | Classification |
|---|-----------------------------------|-------------|-----------------------|
| 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 |

| Internal wall insulation | | Type | Classification |
|--|--|---------------------------|-----------------------|
| 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 |

| Loft Insulation | Type | Classification |
|--|--|-----------------------|
| 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"> ▪ If not, approximately what proportion has been insulated? | Savings | Major |
| Why was the whole loft not insulated (tick one): <ul style="list-style-type: none"> ▪ Inaccessible due to immovable objects e.g. water tank? ▪ In use for storage (customer would only take up offer of insulation if storage space could be maintained)? | 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 |

| Draught-proofing | Type | Classification |
|---|----------------------|-----------------------|
| 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 |

| Replacement windows | Type | Classification |
|--|-------------|-----------------------|
| 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 ² |

| Fuel switching, Boilers and Controls | Type | Classification |
|--|-----------------------------------|-----------------------|
| 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 |

| CHP (Community scale) | Type | Classification |
|--|-------------|-----------------------|
| 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. | | |

| Mini CHP | Type | Classification |
|--|-------------|-----------------------|
| 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?
- 14. Was information provided with the insulation about how to install the product properly? Yes/No**
- 15. Was this information useful? Please use a scale of 1 to 5 where 1 is not at all useful and 5 is very useful.**

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 (note restrictions on CFL schemes outlined in chapter 5)

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 | ✓ | ✓ | |
| Flat roof insulation | ✓ | ✓ | |
| Under floor insulation | ✓ | ✓ | |
| Hot water tank jackets | | | |
| Prof. installed radiator panels | | | |
| Draught proofing | ✓ | ✓ | |
| DIY loft insulation | | | ✓ |
| DIY radiator panels | | | ✓ |
| Boiler upgrades | ✓ | ✓ | |
| Boiler upgrades - exceptions or exemptions | ✓ | ✓ | |
| Heating controls only | | | |
| Ground source heat pumps | ✓ | ✓ | |
| Solar water heating | ✓ | ✓ | |
| Fuel switching | ✓ | ✓ | |
| CHP | ✓ | ✓ | |
| CFLs - direct | | | ✓ |
| CFLs - retail | | | |
| Appliances | | | |
| Electrical goods | | | |
| 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. Note restrictions as set out in chapter 5. |
| 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. Note restrictions as set out in chapter 5. |
| 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 or SPG 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 (Note restrictions as set out in chapter 5)

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 £16,190 or less

Working tax credit where the relevant income is £16,190 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, as amended.

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 (Note restrictions as set out in chapter 5)

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 £16,190 or less
 - Working tax credit where the relevant income is £16,190 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, as amended.

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 (after 1/8/10 this request must have been made in writing).
- 3) All RTDs were provided with the batteries of the appropriate length and evidenced lifetime.
- 4) Steps have been taken by the Organisation to ensure that each household has received no more than one RTD.

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

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

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Income-related employment and support allowance

Attendance allowance

Disability living allowance

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

Disablement pension which includes constant attendance allowance

State pension credit

or

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

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

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

or

c) is 70 years old or over

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

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

a) Partner's Database*

b) Monitoring a significant sample by post / telephone

c) Asked recipient directly

d) Other (please specify)

.....
* A database is only permissible evidence when it contains the relevant benefit / credit / age information for determining Priority Group recipients, 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) Order 2008, as amended.

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:.....

*Super Priority Group Percentage (if relevant).....

*See list below in paragraph 7 of those that fall within this group before signing

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 creditor
 - b) is in receipt of at least one of the following credits:
 - Child tax credit where the relevant income is £16,190 or less
 - Working tax credit where the relevant income is £16,190 or lessor
 - 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) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Super Priority Group percentage fall within at least one of the following categories

a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002⁽¹⁾)

(b) income-related employment and support allowance, which must include a work-related activity or support component, and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

(c) income-based job seeker's allowance and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

(d) income support and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

Or (e) state pension credit; Where "qualifying component" means—

(a) child tax credit which includes a disability or severe disability element

(b) a disabled child premium

(c) a disability premium, enhanced disability premium or severe disability premium

(d) a pensioner premium, higher pensioner premium or enhanced pensioner premium

8) The Social Housing Provider will provide the Supplier with the information necessary for the Supplier to complete the CERT Spreadsheet (the CERT Spreadsheet information) as soon as practicable after completion of the Energy Saving Project, and by no later than 31 December 2012.

9) The Social Housing Provider agrees that the CERT Spreadsheet information can be passed to Ofgem for the purposes of demonstrating the Supplier's compliance with their carbon emissions reduction obligations under the Electricity and Gas (Carbon Emissions Reduction) Order 2008, as amended.

10) If there is a material change to the Energy Saving Project agreed with the Supplier, a new declaration will be signed by the Organisation once the scheme has been completed. A material change is considered to be where the Specified Priority Group Percentage changes, if a different measure type is added or if the supplier's average cost contribution decreases by 5 or more percentage points.

Signed Date.....

Print Name.....

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

For the purposes of the declaration, the following applies:

Organisation (Social Housing Provider):.....

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

Position in the Organisation.....

Address:

.....

..... Post Code

Telephone number:

Fax number:

Email address:

Supplier:.....

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

.....

Energy Saving Project timescales

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

Priority Group Percentage:.....

*Super Priority Group Percentage (if relevant).....

*See list below in paragraph 7 of those that fall within this group before signing
On behalf of the Organisation, I declare and confirm the following:

- 1) The Supplier has provided the Social Housing Provider with funding for the purpose of the Energy Saving Project.
- 2) This funding was not counted towards measures which were installed prior to this agreement being made.
- 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.

4) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Priority Group percentage fall within at least one of the following categories:

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

Council tax benefit

Housing benefit

Income support

Income-based job seekers allowance

Income-related employment and support allowance

Attendance allowance

Disability living allowance

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

Disablement pension which includes constant attendance allowance

State pension credit

or

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

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

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

or

c) is at least 70 years old

5) 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) To the best of the Social Housing Provider's knowledge, information and belief all recipients of measures delivered under the Energy Saving Project counted in the Super Priority Group percentage fall within at least one of the following categories

a) child tax credit and has a relevant income below £16,190 (where "relevant income" has the same meaning as in Part 1 of the Tax Credits Act 2002(1))

(b) income-related employment and support allowance, which must include a work-related activity or support component, and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

(c) income-based job seeker's allowance and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

(a) child tax credit which includes a disability or severe disability element

(b) a disabled child premium

(c) a disability premium, enhanced disability premium or severe disability premium

(d) income support and—

(i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or

(ii) is in receipt of a qualifying component

Or (e) state pension credit;” Where “qualifying component” means—

(a) child tax credit which includes a disability or severe disability element

(b) a disabled child premium

(c) a disability premium, enhanced disability premium or severe disability premium

(d) a pensioner premium, higher pensioner premium or enhanced pensioner premium

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 December 2012.

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, as amended.

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 2010 (SI 2010/719). These apply in England and Wales. Building (Scotland) Regulations 2004 (SSI 2004/406) was amended by The Building (Scotland) Amendment Regulations 2010 (SSI 2010/32) 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, as amended) (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, as amended (the 'Additional Percentage'):

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

| Percentage | Name of policy |
|-------------------|--|
| 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 |
| I | Insulation obligation only |
| S | Super Priority Group only |

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.

Appendix 18 – Summary of changes taking effect from 31 March 2011

The Amendment Order effects several changes to the CERT programme. Many of these take effect following 31 March 2011. This appendix provides a summary of the changes from this date and indicates where in this document information on the administration of these changes can be found:

- Removal of CFLs and Halogens. See paragraphs 5.30 – 5.38.
- Removal of GSHPs as PG flexibility measures. See paragraphs 7.44-7.49.
- Restriction of microgen to SPG only. See paragraphs 5.72 – 5.89
- Change to the Market Transformation baseline. The comparator measure must not have been approved under EEC2, rather than, as previously, EEC1. See paragraphs 4.77-4.86
- New reporting requirements. See paragraphs 9.20-9.26
- Change to reflect the new Building Regulations 2010. See paragraphs 4.37-4.40.

Appendix 19 – Ecodesign of Energy Using Products (EuP) Directive measures relevant to CERT

The Ecodesign of Energy Using Products (EuP) Directive sets minimum requirements for energy efficiency related design requirements for various categories of products.

This is relevant to CERT regarding the following measures:

- Cold appliances
- Domestic lighting
- External power supply units
- Simple set top boxes
- Products with standby mode

Information on the minimum requirements will be available from the CERT website, and will be updated regularly. To ensure additionally, all measures promoted through CERT should exceed the requirements specified by the Directive.

Appendix 20 - Version 2 CFL guidance – for banking and completion of old schemes

The following text is reproduced from version 2 of the CERT supplier guidance, chapter 3, for ease of reference for banking or completion CFL schemes. Please note the restrictions on CFL schemes which are laid out in chapter 5 of this document.

10.46. 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.

10.47. 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.

10.48. 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.

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

10.50. 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.

10.51. 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.

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

10.53. 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

10.54. 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.

10.55. 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.

10.56. 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

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

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

10.59. 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.

10.60. 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

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

10.62. 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.

10.63. 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.

10.64. 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 10.72).

Direct mail-outs

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

10.66. 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

10.67. 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.

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

10.69. 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.

10.70. 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

10.71. 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.

10.72. 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.

10.73. 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.

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.

Appendix 21 – Summary of the Building Regulations 2010, Part L,

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

Appendix 22 - The Authority's powers and duties

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

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

1.3. References to the Gas Act and the Electricity Act in this appendix are to Part 1 of those Acts.²¹ 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.²²

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

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

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

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

21 Entitled "Gas Supply" and "Electricity Supply" respectively.

22 However, in exercising a function under the Electricity Act the Authority may have regard to the interests of consumers in relation to gas conveyed through pipes and vice versa in the case of it exercising a function under the Gas Act.

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

- the need to secure that, so far as it is economical to meet them, all reasonable demands in Great Britain for gas conveyed through pipes are met
- the need to secure that all reasonable demands for electricity are met
- the need to secure that licence holders are able to finance the activities which are the subject of obligations on them²³; and
- the need to contribute to the achievement of sustainable development.

1.7. In performing these duties, the Authority must have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes, or residing in rural areas.²⁴

1.8. 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 licensed²⁵ under the relevant Act and the efficient use of gas conveyed through pipes and electricity conveyed by distribution systems or transmission systems
- protect the public from dangers arising from the conveyance of gas through pipes or the use of gas conveyed through pipes and from the generation, transmission, distribution or supply of electricity; and
- secure a diverse and viable long-term energy supply,

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

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

- the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed and any other principles that appear to it to represent the best regulatory practice; and
- certain statutory guidance on social and environmental matters issued by the Secretary of State.

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

23 Under the Gas Act and the Utilities Act, in the case of Gas Act functions, or the Electricity Act, the Utilities Act and certain parts of the Energy Acts in the case of Electricity Act functions.

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

25 Or persons authorised by exemptions to carry on any activity.

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

1.11. 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 Regulation²⁶ 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.

²⁶ Council Regulation (EC) 1/2003.

Appendix 23 - Glossary

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| Article 10 test | The test, set out in article 10 of the Order, which Ofgem must apply when approving actions. See Summary, 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 7.2 |
| BRE | Building Research Establishment. |
| Building Regulations | See paragraph 4.26 |
| 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 2010/1958. |
| DTI | Department for Trade and Industry, previous name for the Department for Business, Enterprise and Regulatory Reform. |
| Delivery | See paragraph 4.20 |

mechanism

EDR See paragraph 6.8

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 7.2

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 4.44

Flexibility Priority Group See paragraph 7.45

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 efficiency See paragraph 4.4

Innovative action A collective term for demonstration action and market transformation qualifying action.

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| IO | Insulation Obligation |
| 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. |
| 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 5.87. |
| Schemes | Suppliers' schemes for delivering their qualifying action. |
| SCHRI | Scottish Community and Household Renewables Initiative, government grant programme for micro renewables. |
| SCoP | Seasonal Coefficient of Performance, a measure of performance of heat pumps. |
| SEDBUK | Seasonal Efficiency Database of Boilers in the United Kingdom. |
| SHP | Social Housing Provider – a Local Authority or a Registered Social Landlord. |
| Super Priority Group Obligation (SPGO) | Defined in the Order, article 2. |
| 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 ₂ | Tonnes of carbon dioxide. |
| TRVs | Thermostatic radiator valves. |