

# A review of the third year of the Carbon Emissions Reduction Target (CERT)

## Annual Report

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### Overview

The Carbon Emissions Reduction Target April 2008 - December 2012 (CERT) requires larger gas and electricity suppliers to meet a carbon emissions reduction target in domestic properties.

By the end of the third year of CERT (March 2011) suppliers had delivered 197 Mt CO<sub>2</sub> in carbon saving measures, which is 67% of the overall target of 293 Mt CO<sub>2</sub>.

43% of total carbon savings were achieved in the Priority Group (those on certain benefits or over 70 years of age). Insulation and lighting schemes made up 87% of the carbon savings achieved.

By the end of the third year of CERT, suppliers had installed cavity wall insulation at over 1.5m households and professional loft insulation at over 2m households.

## Context

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Government has a range of policies to reduce the UK's greenhouse gas emissions by 80% 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 2008-12 (CERT) is one of these policies, and is currently the main policy instrument for reducing carbon emissions from the existing housing stock. Under CERT, larger 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).

This report sets out the suppliers' performance during the three years of CERT. It fulfils Ofgem's reporting duties to the Secretary of State under The Electricity and Gas (Carbon Emissions Reduction) Order 2008, The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 and The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 (together referred to as 'the Order').

## Associated documents

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- ➔ The Electricity and Gas (Carbon Emissions Reduction) Order 2008, Statutory Instrument 2008 No. 188
- ➔ Explanatory Memorandum to the Electricity and Gas (Carbon Emissions Reduction) Order 2008, 2008 No.188
- ➔ The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, Statutory Instrument 2009 No. 1904
- ➔ Explanatory Memorandum to the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, 2009 No. 1904
- ➔ The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009, Statutory Instrument 2010 No. 1958
- ➔ Explanatory Memorandum to the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010, 2010 No. 1958
- ➔ A review of the first year of Carbon Emissions Reduction Target, 1 August 2009
- ➔ A review of the second year of Carbon Emissions Reduction Target, 2 August 2010
- ➔ Carbon Emissions Reduction Target (CERT) 2008-11 Supplier Guidance V3, February 2011.

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## Executive Summary

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This report contains information on supplier progress towards the Carbon Emissions Reduction Target 2008-2012 (CERT) and fulfils Ofgem's reporting duties to the Secretary of State for Energy and Climate Change.

At the start of the third year of CERT suppliers were working towards achieving an overall target of 185 Mt CO<sub>2</sub> by 31 March 2011. In July 2010 DECC amended the legislation, extending the CERT programme out to December 2012, increasing the overall target to 293 Mt CO<sub>2</sub>, and introducing the Insulation and Super Priority Group Obligations (amongst other changes). Suppliers were enabled to work towards these targets from 1 August 2010, ahead of the formal 1 April 2011 start of the CERT extension period.

Six suppliers were set an obligation under the CERT 2008-12: British Gas, EDF Energy, E.ON, npower, Scottish Power and Scottish and Southern Energy. Suppliers meet their obligations by setting up schemes to promote and deliver energy efficiency measures to domestic customers. At 31 March 2011, Ofgem had received 234 scheme submission notifications from obligated suppliers of which 180 had been formally approved<sup>1</sup>.

### Overall CERT progress

#### Overall CERT progress including Energy Efficiency Commitment 2 (EEC2) carryover


- At the end of the third year of CERT the suppliers combined had achieved 197 Mt CO<sub>2</sub> or 67% of the overall 293 Mt CO<sub>2</sub> target (not accounting for innovation uplifts).
- Priority Group carbon savings (including Super Priority Group) accounted for 43% of total carbon savings.
- Insulation activity accounted for 61% of carbon savings achieved. As part of this, over 3.6 million professionally installed insulation measures have been reported.
- Lighting activity accounted for 26% of carbon savings achieved.
- Heating and appliance measures made up over 11% of carbon savings achieved.
- Although remaining a proportionally small contribution, there has been a steady year-on-year increase in the level of heating, microgeneration and appliance measures counting towards the target.

#### Key third year findings

- Suppliers achieved 182 Mt CO<sub>2</sub> by December 2010, against the pre-extension target of 185 Mt CO<sub>2</sub> by March 2011 (not accounting for innovation uplifts).

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<sup>1</sup> For most of the remaining unapproved schemes, Ofgem is awaiting further information from suppliers



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

- Insulation and lighting activity have, as in Years 1 and 2 of CERT, dominated in the third year.
- Of the 197 Mt CO<sub>2</sub> achieved by the end of Year 3, approximately 48 Mt CO<sub>2</sub> were achieved within the third year of the programme. This compares to 55 Mt CO<sub>2</sub> in Year 1 and 56 Mt CO<sub>2</sub> in Year 2 (with around 38 Mt CO<sub>2</sub> carried over from EEC 2).

### **CERT extension from April 2011**

- Suppliers will need to pick up their activity levels in Years 4 and 5 of the programme to the levels seen in Years 1 and 2, if they are to comply with their new extension obligation.
- Although the CERT extension target formally began in April 2011, suppliers have taken advantage of the early implementation, by making some progress to their extension obligation.
- Suppliers achieved approaching 1 Mt CO<sub>2</sub> of carbon savings towards the Super Priority Group Obligation (c.5%), prior to its formal commencement on 1 April 2011.
- Just over 9 Mt CO<sub>2</sub> was achieved towards the Insulation Obligation (c.13%), prior to its formal commencement on 1 April 2011.
- The introduction of the Insulation Obligation, and the exclusion of CFLs, has placed an increased focus on insulation activity. We expect to see insulation levels rise during Years 4 and 5 as a result.
- Ofgem publishes quarterly progress reports to help stakeholders track delivery. The next update to the end of June will be published shortly.


# 1. Introduction

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- 1.1. The Carbon Emissions Reduction Target 2008-12 requires larger gas and electricity suppliers to achieve a carbon emissions reduction target between 1 April 2008 and 31 December 2012.
- 1.2. In July 2010, following a consultation by DECC, which ended in March 2010, legislation to restructure and extend CERT to December 2012 was made. Suppliers are required to achieve a revised overall target of 293 Mt CO<sub>2</sub> by 31 December 2012.
- 1.3. At least 40% of the target has to be met in relation to Priority Group consumers, who are defined as those in receipt of certain income-related benefits, or those over 70 years of age. CERT therefore also contributes towards alleviating fuel poverty.
- 1.4. In addition, the CERT extension introduced a Super Priority Group Obligation and Insulation Obligation. These obligations are 16.2 Mt CO<sub>2</sub> and 73.4 Mt CO<sub>2</sub> respectively. The overall obligation, and sub-obligations, are set by DECC. Ofgem applies the targets to qualifying energy companies and is required to administer the programme.
- 1.5. Following the amendment Order of July 2010, Ofgem published an updated Supplier Guidance document (version 3) which set out how Ofgem will administer the scheme, including the administration of the Insulation Obligation and Super Priority Group Obligation.
- 1.6. In January 2011, the government consulted on whether the current threshold of 50,000 customers for certain environmental programmes, including CERT, should be increased to 100,000 customers. DECC's response to the consultation indicates that the threshold will be raised to 250,000 customers for mandatory participation in CERT and CESP (Community Energy Saving Programme) for the remaining period of the two programmes. This will require legislative change, which is expected later this year.
- 1.7. DECC has also consulted<sup>2</sup> on whether appliances and consumer electronics, or 'products', should be removed from the CERT programme going forwards leaving the focus on insulation and heating measures. DECC's decision on this is due imminently and will impact the make up of supplier activity over the remainder of the CERT programme.
- 1.8. The carbon savings accredited under CERT are derived from a number of different sources depending on the measure involved. Insulation and heating

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<sup>2</sup> Carbon Emissions Reduction Target: Consultation on the Role of Appliances and Consumer Electronics in CERT – 16 November 2010



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measures are tested by independent test houses, such as those accredited by UKAS, and are based on the BRE Domestic Energy Model, BREDEM. The BREDEM has been developed over a number of years and its results have been compared to physical tests of measures installed in situ. The actual carbon savings for any individual household will depend on the number of hours and temperature to which householders heat their homes.

- 1.9. Appliance and lighting carbon savings are dependent on the difference in consumption between the energy saving product, the alternative product and consumer usage patterns that have been monitored by the Energy Saving Trust (EST) and the Market Transformation Group. These sources ensure that the best available data is being used to monitor supplier activity. The carbon saving or 'score' awarded to an energy efficiency measure, alongside a lifetime which is based on both physical product characteristics and behavioural expectations, provides the estimated reduction in carbon dioxide emissions of a measure over its lifetime. This document presents achieved carbon savings for measures which have been promoted under CERT based on these scores.
- 1.10. Suppliers provide quarterly reporting data to Ofgem on the carbon savings and measure numbers (on main measure types) achieved to date from approved schemes (note this excludes unapproved schemes and also excludes forecasted carbon savings). Ofgem carries out checks on the data, liaising with the suppliers over unexpected data points or trends. At the end of the year we conduct a reconciliation process, asking suppliers to re-confirm the submitted quarterly data, before the data is published in the annual report. Where numbers provided in the tables do not sum to the total or exactly match those cited in the text it is due to rounding.
- 1.11. 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.
- 1.12. For each year of the CERT programme, Ofgem is required to provide a report to the Secretary of State. Chapters 2 and 3 detail suppliers' overall progress towards the target and their individual progress towards their obligations, including progress towards the Priority Group, Super Priority Group Obligation and Insulation Obligation. Chapter 4 covers the measures delivered under CERT. This chapter also fulfils Ofgem's duties to report on the percentage of the overall target which has been met by all suppliers through the promotion of behavioural measures and market transformation activity. Chapter 5 focuses on our analysis of the programme so far.



## 2. Overall progress to the end of the third year

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### Chapter Summary

This chapter outlines the suppliers' combined progress against the overall target during the three years of CERT, focusing on carbon savings achieved. The chapter also presents the progress suppliers have made towards achieving the Insulation Obligation, Priority Group and Super Priority Group Obligation.

The information presented in this chapter is based on suppliers' approved scheme submissions and quarterly report returns.

This chapter fulfils Ofgem's reporting duties to the Secretary of State on overall progress towards the CER Target.

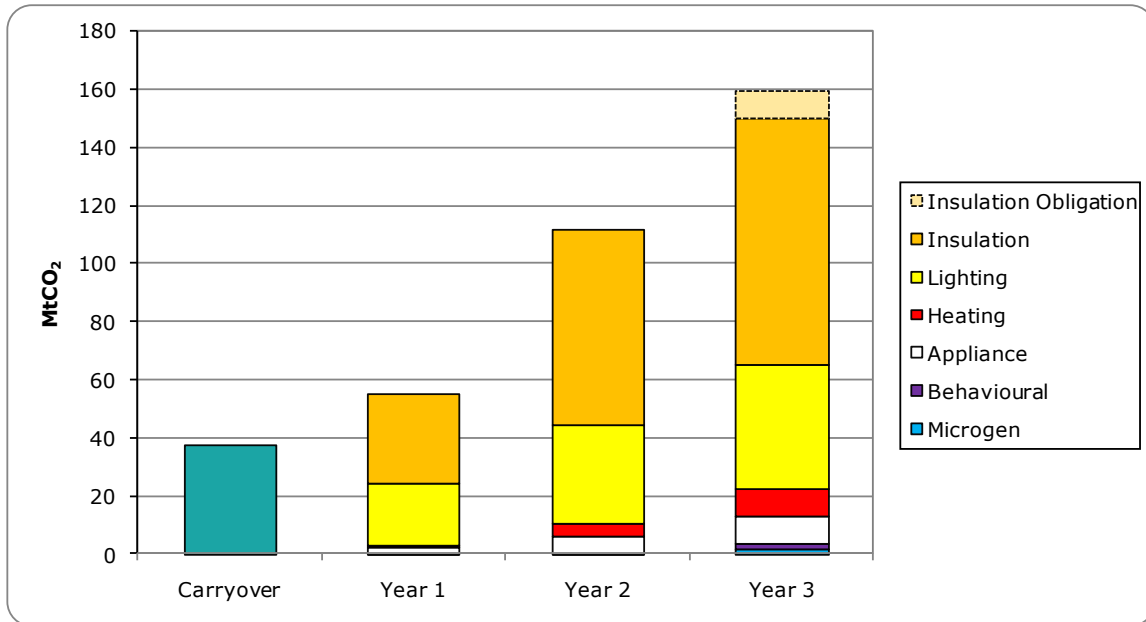
### Measures carried forward from EEC2

- 2.1. As reported in previous CERT annual reports, suppliers carried over carbon savings from the Energy Efficiency Commitment 2 (EEC2) into CERT of 37.8 Mt CO<sub>2</sub>. This accounts for 13% of the revised overall CER Target of 293 Mt CO<sub>2</sub>.

### Progress to the end of the third year

- 2.2. By the end of the third year, suppliers had collectively delivered measures resulting in approximately 197 Mt CO<sub>2</sub> (including EEC2 carryover), but excluding innovation uplifts. This equates to 67% of the overall target of 293 Mt CO<sub>2</sub>. Overall, energy suppliers are therefore on track to meet the target.
- 2.3. Of the 197 Mt CO<sub>2</sub>, approximately 48 Mt CO<sub>2</sub> were achieved in the third year of the programme. This compares to 55 Mt CO<sub>2</sub> in Year 1 and 56 Mt CO<sub>2</sub> in Year 2. Overall activity levels have slowed in Year 3 of the programme and suppliers will need to pick up their activity levels in Years 4 and 5 of the programme to the levels seen in Years 1 and 2 if they are to comply with their obligations.

Figure 2.1. Carbon savings achieved to the end of the third year



2.4. Figure 2.1 shows the cumulative carbon savings achieved year on year in the three years of CERT, broken down by main measure type, including carbon savings towards the new Insulation Obligation. There has been a steady progression towards the target from the start of CERT. Insulation delivery had more than doubled in Year 2 but slowed in Year 3 as suppliers approached their pre-extension targets. The introduction of the Insulation Obligation has placed an increased focus on insulation activity within the CERT programme. Suppliers have already begun activity towards this and we expect to see insulation levels rise during Years 4 and 5 as a result. The rate at which carbon savings were achieved from lighting measures has decreased in the third year. Heating delivery has increased year on year with activity doubling in the third year of CERT.

## Measures delivered

- 2.5. Supplier activity has been broken down into six main categories of measures: insulation, Insulation Obligation, lighting, heating, microgeneration and appliances. Figure 2.2 shows how the delivered carbon savings are attributed to these main types, with a separate segment for the carbon savings carried over from EEC2. Table 2.1 presents these carbon savings as percentages, split between the first, second and third years of CERT, as well as showing carryover from EEC2.
- 2.6. Of CERT activity to the end of the third year, insulation (including Insulation Obligation activity) and lighting dominate, accounting for 86% (including EEC2 carryover) of the carbon savings achieved. Insulation (including Insulation Obligation activity) accounts for 61% of carbon savings achieved, therefore representing the largest share of carbon savings.



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- 2.7. When the carbon savings achieved in the third year of CERT are compared to previous years, it can be seen that the savings achieved from insulation has reduced from Year 2 to Year 3. Carbon savings from heating, appliance and microgeneration have increased each year, with the largest increase coming from heating. Carbon savings for behavioural measures are reported for the first time. They make up the second smallest share of carbon savings across all measure categories.
- 2.8. The decrease in carbon savings from lighting activity is likely to be linked to the exclusion of direct CFL lighting activity through the CERT Amendment Order 2009.

Figure 2.2. Achieved carbon savings by measure type

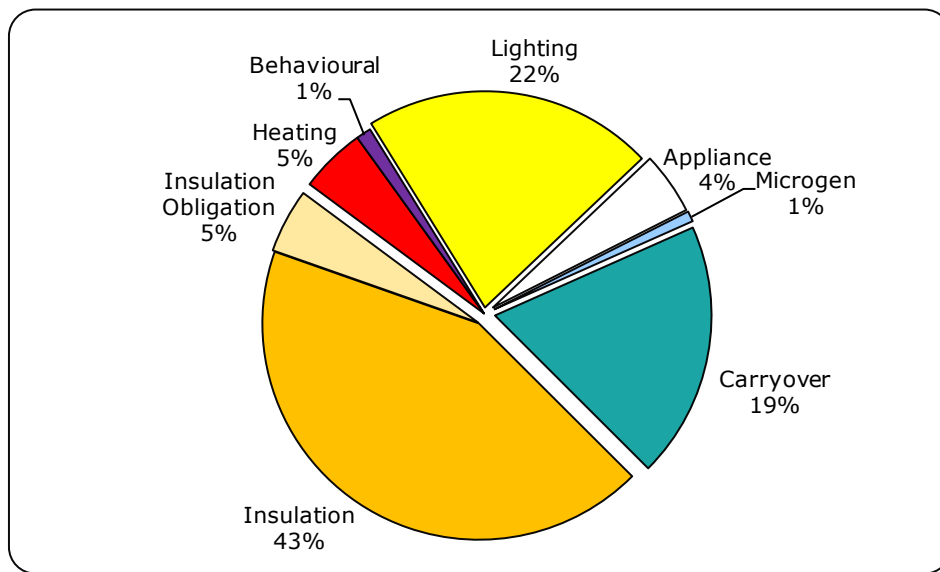


Table 2.1. Carbon savings by measure type and year as a percentage of total carbon savings achieved

Measure	Carryover	CERT year 1	CERT year 2	CERT year 3
Insulation	13.1%	15.6%	18.4%	13.6%*
Heating	2.1%	0.6%	1.6%	2.7%
Lighting	3.8%	10.7%	6.6%	4.7%
Appliance	<0.1%	1.0%	1.8%	1.9%
Microgen	<0.1%	<0.1%	0.2%	0.4%
Behavioural	0.0%	0.0%	0.0%	1.1%

\*includes carbon savings for Insulation Obligation

### The Priority Group and Super Priority Group

- 2.9. The Super Priority Group represents a sub-set of the Priority Group. It includes those on certain qualifying benefits, including households in receipt of child tax credits with an income under £16,190. The Priority Group includes

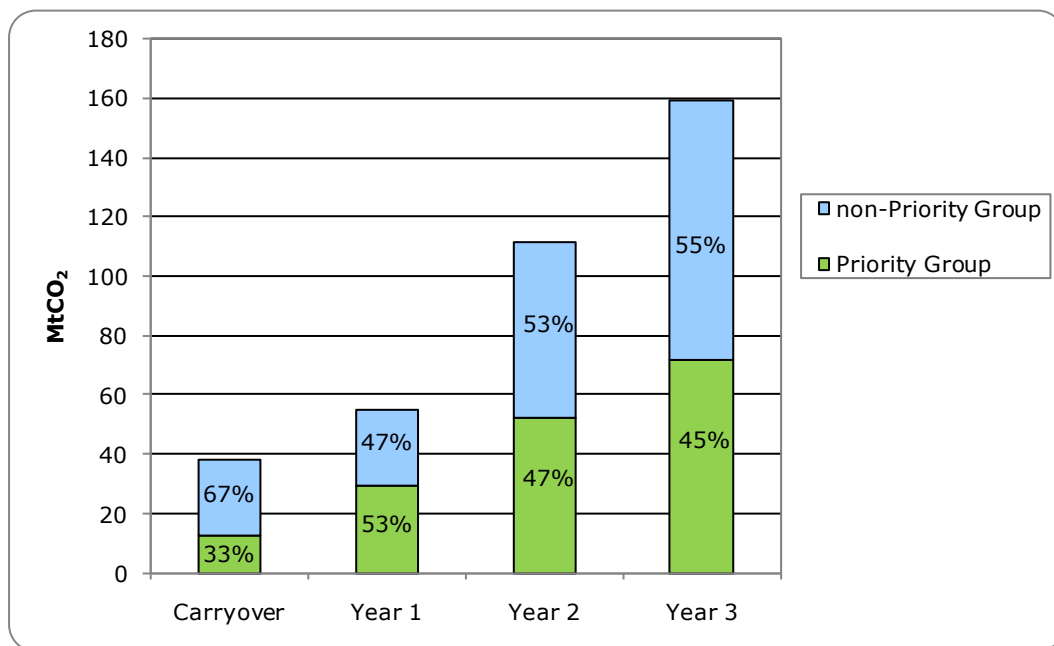


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those aged 70 and over and those on a wider set of qualifying benefits. Unless otherwise stated, the figures presented below as the Priority Group include savings achieved towards the Super Priority Group.

- 2.10. Suppliers have achieved a combined total approaching 1 Mt CO<sub>2</sub> towards their Super Priority Group Obligation. This equates to around 5% of the overall 16.2 Mt CO<sub>2</sub> target. Although this is below the run-rate required to meet the overall target, the Super Priority Group Obligation only formally began on 1 April 2011 and this activity therefore represents a head start. Suppliers will have to increase activity towards the Super Priority Group Obligation during Years 4 and 5 of the programme in order to meet the target.
- 2.11. Of the total carbon savings achieved by end of the third year of CERT (including EEC2 carryover), 43% resulted from measures installed in, or provided to, Priority Group households. This equates to around 85 Mt CO<sub>2</sub>. This is above the minimum 40% required by the legislation and indicates that the suppliers are on target to meet their overall Priority Group Obligation. The remaining 57% savings achieved resulted from measures promoted to the non-Priority Group households. Of the remaining 96 Mt CO<sub>2</sub> that suppliers still have to achieve towards their overall obligations, 33 Mt CO<sub>2</sub> (or 34%) needs to be achieved in the Priority Group.

Figure 2.3. Achieved carbon savings by consumer type, split by Priority Group (including Super Priority Group) and non-Priority Group



- 2.12. Figure 2.3 shows the breakdown of carbon savings achieved in Years 1-3 of CERT and those carried over from EEC2, split by Priority Group and non-Priority Group. By the end of the third year of CERT, carbon savings achieved in the Priority Group and Super Priority Group (excluding EEC2 carryover) accounted for 45% and 0.5% respectively of the carbon savings achieved to



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date. Suppliers achieved the lowest level of Priority Group activity in Year 3 compared to each of the previous years of CERT.

2.13. Figure 2.4 shows the proportion of carbon savings achieved at the end of the third year of CERT, by measure type, and split between Priority Group, Super Priority Group and non-Priority Group. Table 2.2 shows these carbon savings as percentages. Figure 2.4 shows that insulation carbon savings are fairly evenly split between the Priority Group and non-Priority Groups. It can be seen that higher levels of lighting activity were achieved in the non-Priority Group compared to the Priority Group. The majority of heating, appliance and microgeneration measures were promoted to the non-Priority Group. Super Priority Group carbon savings have been achieved only through heating and insulation activity and make up a very small proportion of total Priority Group savings.

Figure 2.4. Achieved carbon savings by measure type and consumer type

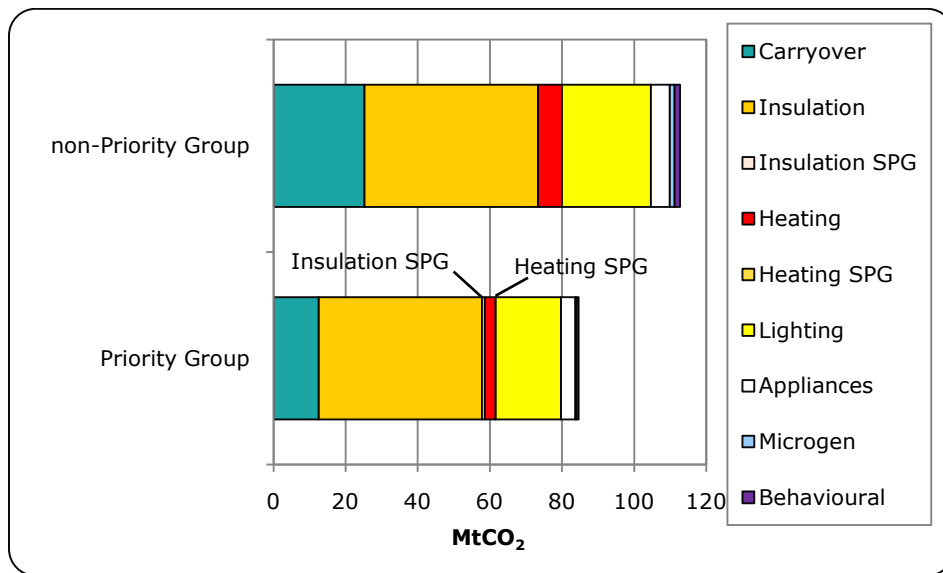


Table 2.2 Carbon savings in the Priority Group, Super Priority Group and non-Priority Group as a percentage of total carbon savings achieved

Group	Carryover	Insulation	Lighting	Appliances	Heating	Microgen	Behavioural	Total
Priority Group	6.4%	23.3%	9.2%	2.0%	1.5%	0.1%	0.3%	42.9%
non-Priority Group	12.8%	24.4%	12.5%	2.6%	3.4%	0.7%	0.8%	57.1%
Super Priority Group	0%	0.4%	0.0%	0.0%	<0.1%	0.0%	0.0%	0.4%

## 3. Each supplier's progress

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### Chapter Summary

This chapter presents each obligated supplier's progress to the end of the third year of CERT. The information presented is based on the suppliers' schemes and their quarterly report returns.

This chapter fulfils Ofgem's reporting duties to the Secretary of State as information is presented on:

- each supplier's progress towards its CERT obligation by the end of the third year of CERT
- the proportion of carbon savings delivered to the Priority Group, Super Priority Group and Insulation Obligation by the end of the third year of CERT.

### Suppliers' progress

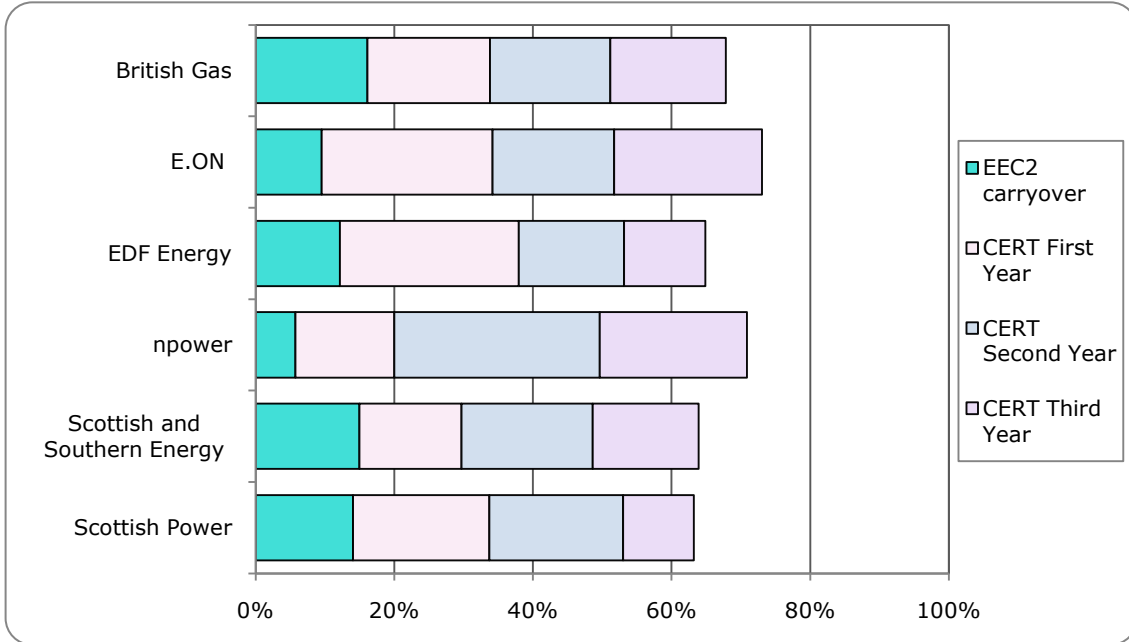
- 3.1. In 2008, 2009 and 2010, six suppliers were set a carbon emissions reduction obligation according to the number of customers on their domestic licences. A list of these obligated licensees is shown in Appendix 1. Ofgem last set obligations for the CERT programme in February 2011. The achieved carbon savings detailed in this chapter have been compared with those obligations.
- 3.2. The suppliers meet their obligations by setting up schemes to promote and deliver reductions in domestic carbon dioxide emissions. The suppliers have flexibility in choosing the measure types that they promote to consumers. Based on a published set of guidelines, Ofgem assesses whether suppliers' proposals meet the requirements of the legislation and promote a reduction in carbon dioxide emissions.
- 3.3. As part of Ofgem's administrative duties, it monitors each supplier's progress and compliance against their obligation. Ofgem determines for each scheme whether the activity can be considered a qualifying action under the Order, i.e. whether it achieves improvements in energy efficiency and reduces energy consumption. All measure installations must be completed by 31 December 2012 and completion reports submitted to Ofgem by 31 January 2013.
- 3.4. Figure 3.1 provides a summary of the achieved carbon savings for each supplier as a percentage of each supplier's total carbon emissions reduction obligation. The achieved carbon savings for each supplier comprises a proportion of carbon savings carried forward from EEC2 and the carbon savings achieved in the first, second and third years of CERT.



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- 3.5. It can be seen in Figure 3.1 that each of the suppliers have achieved between 65-75% of their CERT obligations, with E.ON the closest to meeting its obligation having achieved 73%. Overall, supplier activity decreased by 5% between the second and third year of CERT. E.ON and Npower achieved the highest proportion of carbon savings out of all suppliers in the third year of CERT.

Figure 3.1. Each supplier's achieved carbon emissions savings as percentages of each supplier's total carbon emissions reduction obligation



### British Gas

- 3.6. As presented in Figure 3.1, British Gas achieved 67% of its obligation by the end of the third year of CERT. A quarter of British Gas' carbon savings to date are from EEC2 carryover, with almost 18% achieved in each of the first two years of CERT. In the third year of CERT, British Gas achieved a further 16% of its obligation.
- 3.7. By the end of the third year of CERT, British Gas had 42 scheme proposals approved by Ofgem. Of the 42 schemes, 6 schemes included elements of Insulation Obligation and Super Priority Group.



**Achieved carbon savings**

Figure 3.2. British Gas – achieved carbon savings by measure type

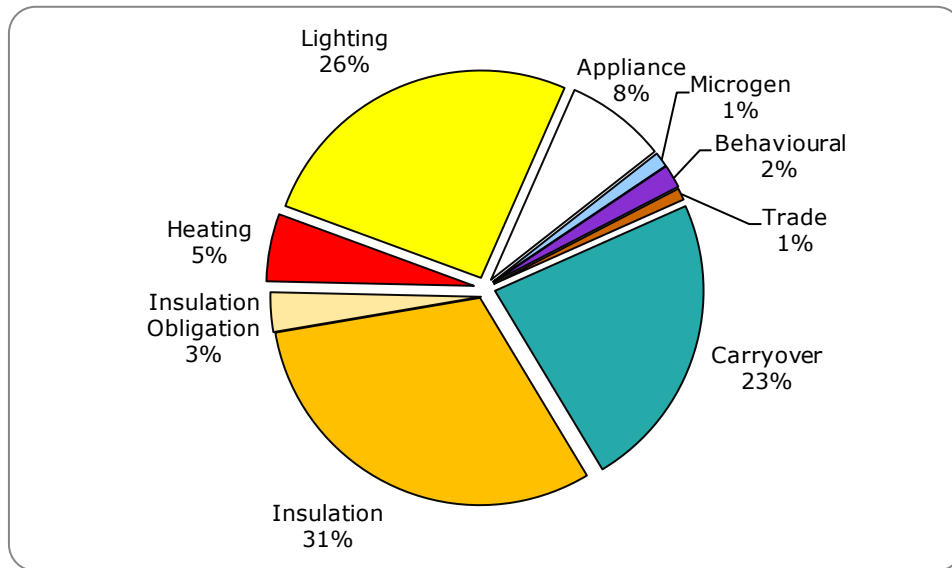


Table 3.1. British Gas – achieved carbon savings as a percentage of its obligation

Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	11.7%	7.1%	9.9%	3.8%
Insulation Obligation	0.0%	0.0%	0.0%	2.0%
Heating	2.6%	0.5%	0.7%	2.4%
Lighting	1.8%	9.0%	4.8%	3.7%
Appliance	<0.1%	1.0%	1.7%	2.6%
Microgen	0.0%	0.1%	0.3%	0.4%
Behavioural	0.0%	0.0%	0.0%	1.2%

3.8. As presented in Figure 3.2, British Gas has delivered 34% of its carbon savings through insulation measures, in the three years of CERT. Within the 34%, 3 percentage points have been achieved towards the Insulation Obligation.

3.9. Insulation carbon savings are mainly split between professional loft insulation, DIY loft insulation and cavity wall insulation. British Gas along with E.ON promoted the largest amount of DIY loft insulation of all suppliers. Solid wall insulation measures were also promoted, but at a low level. Carbon savings from insulation have been achieved through a number of delivery routes including in partnership with social housing providers (SHPs), direct targeting of the owner occupier sector and through retail. As shown in Table 3.1, a significantly lower proportion of carbon savings were achieved from insulation (including Insulation Obligation) delivered in the third year than in each of the first and second years of CERT.



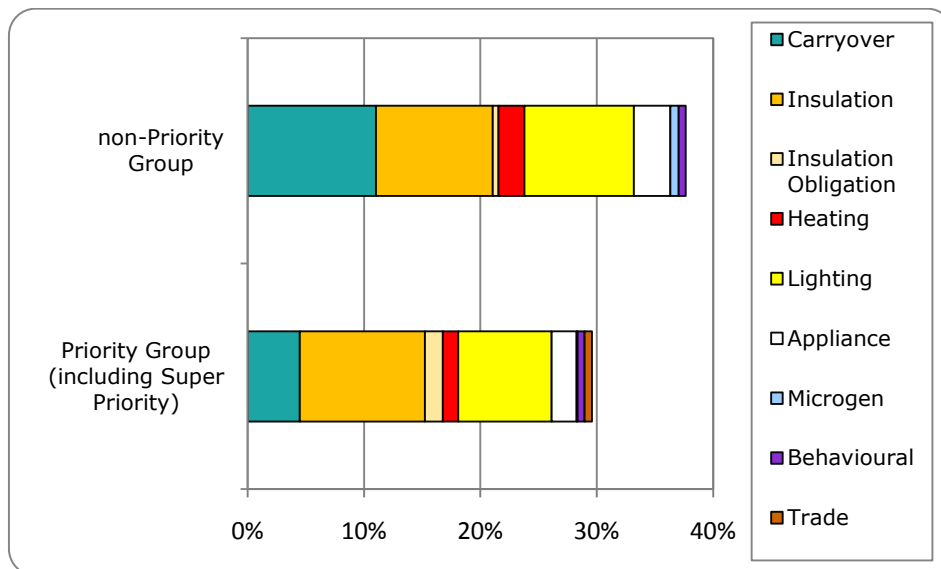


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- 3.10. Carbon savings from lighting measures accounted for 26% of British Gas' carbon savings in the first three years of CERT. The majority of this activity took place in the first two years of CERT. This was mainly the result of a large giveaway promotion by British Gas to their customer base in Year 1 and lighting promoted through retail partners and SHPs. Carbon savings for lighting have fallen in the third year of CERT because of the restrictions on direct CFL activity that came into force in January 2010.
- 3.11. By the end of the third year of CERT, British Gas achieved the highest amount of carbon savings through appliances out of all suppliers (8%). Appliance carbon savings were achieved through a number of manufacturer and retail partnerships; high volumes of brown and white goods have been promoted through these routes.
- 3.12. Heating, microgeneration and behavioural measures account for 8% of British Gas' achieved carbon savings. These carbon savings have been achieved through the switching of households to lower carbon intensive fuels, promotion of microgeneration such as heat pumps, as well as promotion of Real Time Displays and home energy advice packages. British Gas is the only supplier to have promoted home energy advice packages in CERT.

### Targeting the Priority Group and Super Priority Group

Figure 3.3. British Gas – achieved carbon savings by consumer type as a percentage of its obligation



- 3.13. As presented in Figure 3.3, British Gas has achieved almost 30% of its overall obligation in the Priority Group (including Super Priority Group). British Gas has achieved 3% of its Super Priority Group Obligation.



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

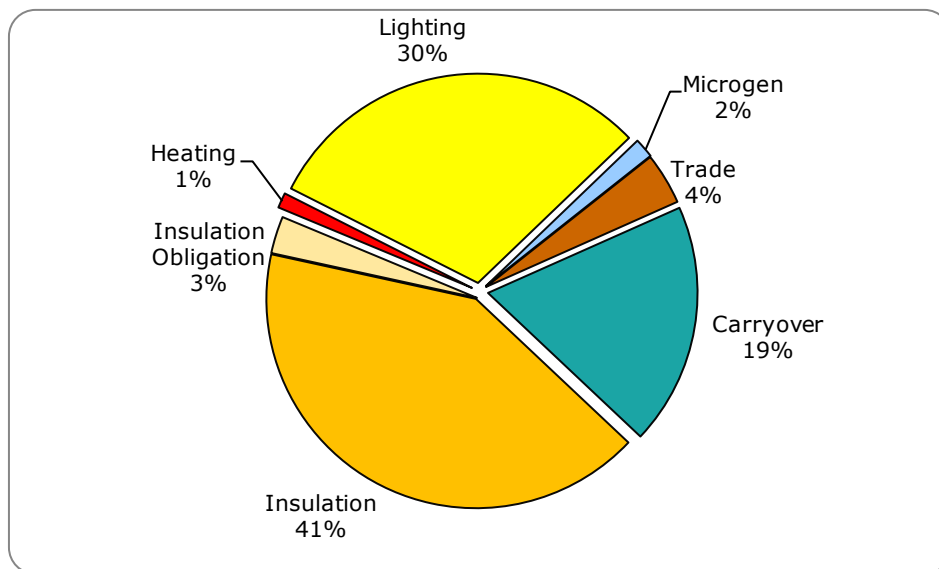
- 3.14. As shown in Figure 3.3, 12 percentage points of British Gas's Priority Group Obligation (including Super Priority Group Obligation) has been met through the delivery of insulation. Within this, 2 percentage points came through the delivery of insulation towards their Insulation Obligation.
- 3.15. Similar amounts of carbon savings from lighting, and insulation towards the Insulation Obligation, have been delivered to both the Priority Group and non-Priority Group.
- 3.16. During the first and third year of CERT, British Gas traded a small share of its achieved carbon savings to other suppliers. A small share of carbon savings were also purchased from another supplier in the third year of CERT (marked as 'trade' in Figure 3.2 and 3.3).

### EDF Energy

- 3.17. As presented in Figure 3.1, EDF Energy met 65% of its obligation by the end of the third year of CERT. EDF Energy achieved 41% of its obligation in the first two years of CERT and a further 12% by the end of the third year. EDF Energy achieved the second lowest proportion of its overall obligation in the third year of CERT.
- 3.18. By the end of the third year of CERT, EDF Energy had 17 scheme proposals approved by Ofgem. Of the 17 schemes, 2 schemes included elements of Insulation Obligation and Super Priority Group.

### Achieved carbon savings

Figure 3.4. EDF Energy – achieved carbon savings by measure type





A review of the third year of the Carbon Emissions Reduction Target (CERT)

- 3.19. As shown in Figure 3.4, 44% of EDF Energy’s carbon savings were delivered through insulation in the first three years of CERT. Within the 44%, 3 percentage points were achieved towards its Insulation Obligation. Carbon savings from insulation were split mainly between loft and cavity wall insulation with loft insulation having a slightly higher proportion. A very small proportion of solid wall insulation measures were installed. Carbon savings from insulation were mainly achieved through targeting the owner-occupier sector as well as through partnerships with SHPs.
  
- 3.20. As shown in Table 3.2, carbon savings from insulation were predominately delivered in the first year of CERT. A small proportion of carbon savings were from DIY loft insulation. These carbon savings were achieved in the third year of CERT after EDF Energy set up a relationship with a retailer.
  
- 3.21. By the end of the third year of CERT, almost a third of carbon savings had been met through lighting activity. EDF Energy achieved the highest overall proportion of carbon savings from lighting activity, out of all suppliers, however it also achieved the least amount of lighting carbon savings out of all suppliers. Lighting carbon savings were achieved through a number of promotions through leading retailers, giveaways to their own customer base and in partnership with SHPs and charities.
  
- 3.22. A very small proportion of carbon savings had been achieved through heating and microgeneration by the end of the third year of CERT. Carbon savings for heating were achieved through partnership with SHPs and microgeneration was delivered through installations of ground source heat pumps in private households.

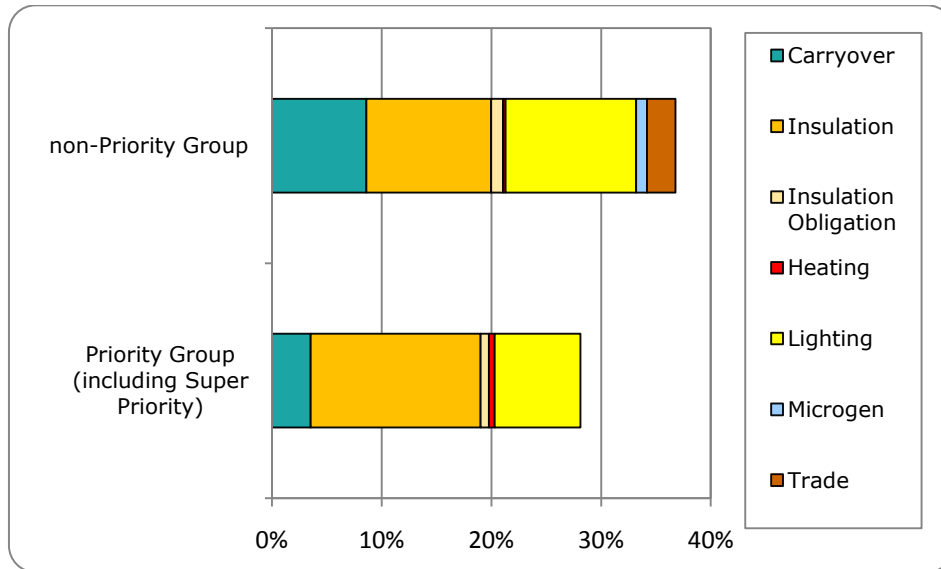
Table 3.2. EDF Energy – achieved carbon savings as a percentage of its obligation

Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	10.1%	13.9%	8.0%	7.6%
Insulation Obligation	0.0%	0.0%	0.0%	1.9%
Heating	0.0%	0.0%	0.5%	0.3%
Lighting	2.0%	11.8%	6.4%	1.5%
Appliance	0.0%	0.0%	0.0%	0.0%
Microgen	0.0%	<0.1%	0.4%	0.5%
Behavioural	0.0%	0.0%	0.0%	0.0%



### Targeting the Priority Group and Super Priority Group

Figure 3.5. EDF Energy – achieved carbon savings by consumer type as a percentage of its obligation



3.23. By the end of the third year of CERT, as shown in Figure 3.5, EDF Energy had met 28% of its overall carbon emissions reduction obligation in the Priority Group (including Super Priority Group). EDF Energy has achieved less than 1% of its Super Priority Group Obligation.

3.24. Almost half of the Priority Group (including Super Priority Group) carbon savings were achieved through insulation measures. Similar absolute amounts of Insulation Obligation carbon savings were delivered to both the Priority and non-Priority Groups.

3.25. A third of EDF’s non-Priority Group savings were met by lighting measures. Heating and microgeneration made up a very small proportion of the overall carbon savings of less than 2%. EDF Energy had not achieved any carbon savings through appliances or behavioural measures by the end of third year of CERT.

3.26. During the first year of CERT, EDF Energy bought a small share of achieved carbon savings from another supplier (marked as ‘trade’ in Figure 3.4 and 3.5).

### E.ON

3.27. By the end of the third year of CERT, E.ON had achieved 73% of its overall obligation. 10% of its total obligation was met through EEC2 carryover. Nearly 42% of E.ON’s overall obligation was delivered through activity in the first two years of CERT. E.ON maintained a steady run rate in the third year and this



A review of the third year of the Carbon Emissions Reduction Target (CERT)

makes E.ON, along with npower, the supplier which achieved the highest proportion of carbon savings in the third year of CERT. Should E.ON continue to achieve a 21% run-rate in Years 4 and 5 of CERT, it will meet its overall obligation before the end of the programme.

- 3.28. E.ON had 48 scheme proposals approved by Ofgem by the end of the third year of CERT, the highest number of all the suppliers. Of the 48 schemes, 7 schemes included elements of Insulation Obligation and Super Priority Group.

**Achieved carbon savings**

Figure 3.6 – E.ON – achieved carbon savings by measure type

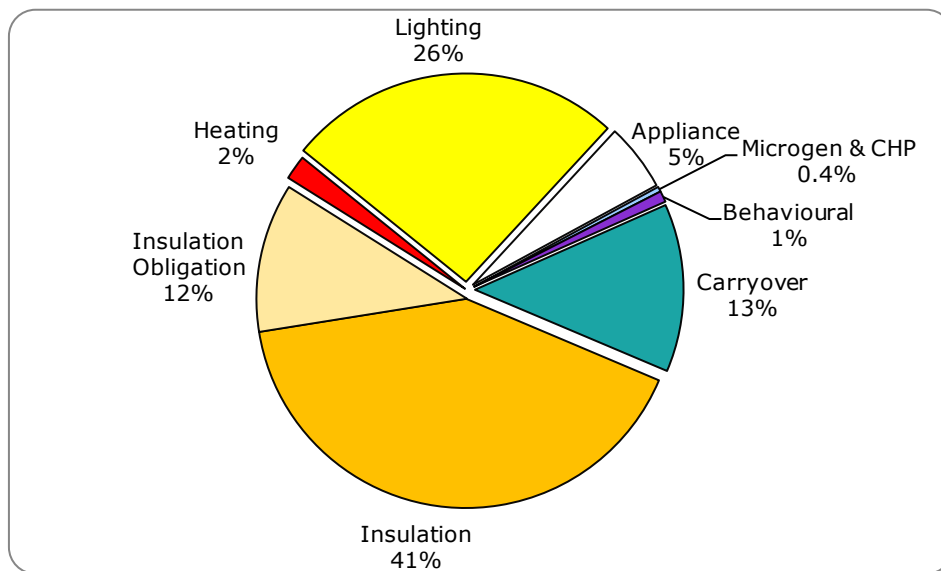


Table 3.3 – achieved carbon savings as a percentage of its obligation

Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	0.3%	12.4%	10.6%	7.1%
Insulation Obligation	0.0%	0.0%	0.0%	8.4%
Heating	0.5%	0.1%	0.2%	1.2%
Lighting	8.7%	10.7%	6.2%	2.1%
Appliance	0.0%	1.4%	0.5%	1.9%
Microgen	0.0%	0.1%	0.1%	0.1%
Behavioural	0.0%	0.0%	0.0%	0.6%

- 3.29. E.ON has achieved 53% carbon savings from insulation measures. Within the 53%, 12 percentage points were achieved towards the Insulation Obligation. E.ON has achieved the highest proportion of carbon savings towards the Insulation Obligation of all suppliers.

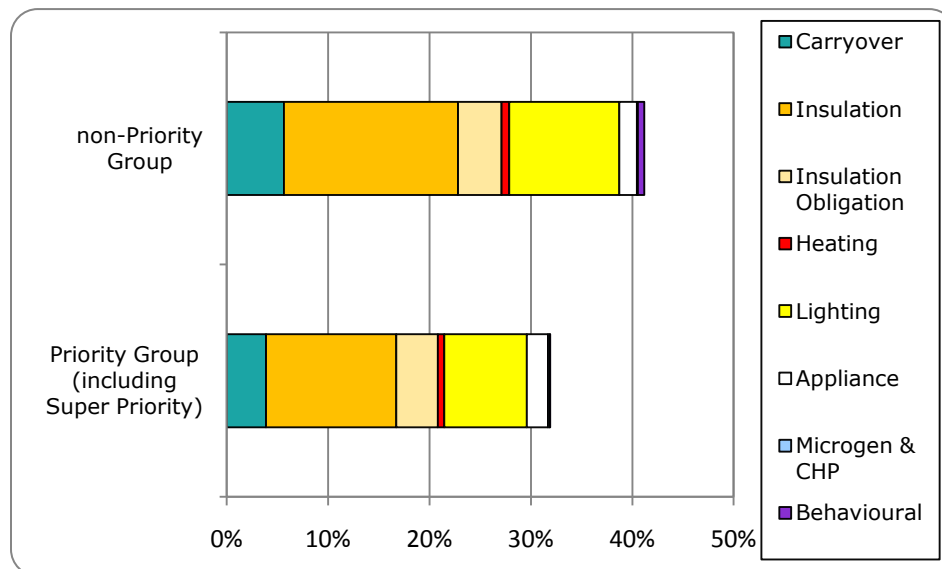


## A review of the third year of the Carbon Emissions Reduction Target (CERT)

- 3.30. To achieve these insulation carbon savings, E.ON delivered, professionally installed loft insulation, DIY loft insulation and cavity wall insulation, with DIY and professionally installed loft insulation making up the higher proportion. E.ON along with British Gas promoted the largest amount of DIY loft insulation of all suppliers. A very small proportion of solid wall insulation measures were installed in the first three years of CERT. Carbon savings from insulation have mainly been achieved through targeting of the owner-occupier sector as well as through partnerships with SHPs.
- 3.31. Carbon savings achieved through lighting were largely achieved in the first two years of CERT. This activity has been delivered through a number of delivery routes including partnerships with leading retailers, giveaway promotions, newspaper promotions and through partnerships with SHPs.
- 3.32. The remainder of E.ON’s carbon savings to the end of the third year of CERT have come from appliances, behavioural measures, heating and microgeneration. Appliance carbon savings have been achieved by promoting both brown and white goods. Behavioural carbon savings were achieved through the promotion of Real Time Displays through retailers and free giveaways, on consumer request. E.ON has been the only supplier to date to fund a small scale CHP project.

### Targeting the Priority Group and Super Priority Group

Figure 3.7. E.ON – achieved carbon savings by consumer type as a percentage of its obligation



- 3.33. As presented in Figure 3.7, E.ON has met 32% of its obligation in the Priority Group (including Super Priority Group). E.ON has achieved 9% of its Super Priority Group Obligation.



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

- 3.34. Similar amounts of carbon savings towards the Insulation Obligation had been delivered to both the Priority and non-Priority Groups. Carbon savings from appliances were marginally higher in the Priority Group, whereas the carbon savings for the remaining measures were higher in the non-Priority Group.

### npower

- 3.35. As presented in Figure 3.1, by the end of the third year of CERT, npower had met 71% of its overall obligation. npower, along with E.ON, has achieved the highest proportion of carbon savings in the third year of CERT. Only 6% of progress towards its obligation was met through EEC2 carryover. This makes npower the supplier that met the lowest proportion of its obligation through EEC2 carryover. npower achieved 21% of its obligation in the third year of CERT, leaving npower with a further 29% of its obligation to meet in Years 4 and 5 of CERT in order to meet its overall obligation.
- 3.36. npower had 31 scheme proposals approved by Ofgem by the end of the third year of CERT. Of the 31 schemes, 8 schemes included elements of Insulation Obligation and Super Priority Group.

### Achieved carbon savings

Figure 3.8 – npower – achieved carbon savings by measure type

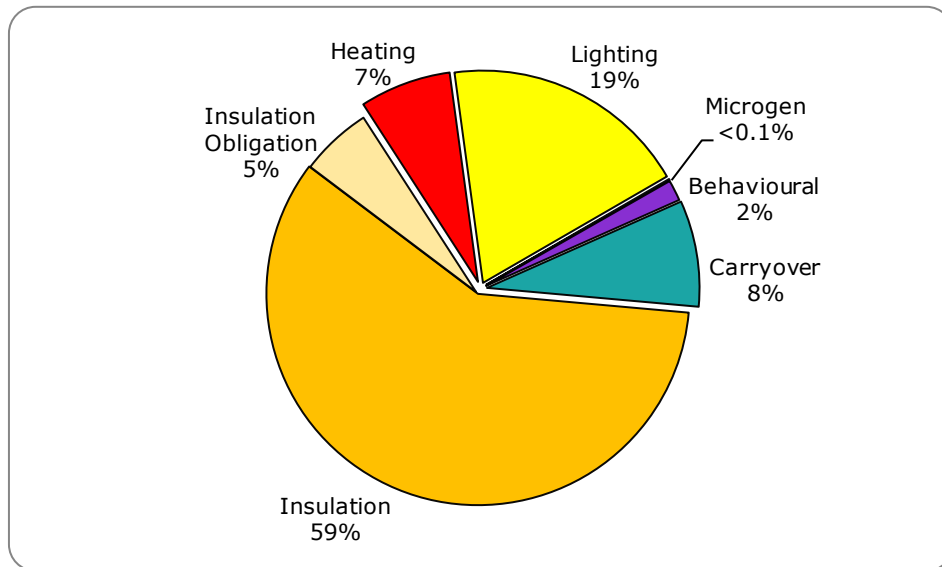


Table 3.4. npower – achieved carbon savings as a percentage of its obligation

Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	4.2%	12.4%	20.3%	9.1%
Insulation Obligation	0.0%	0.0%	0.0%	4.0%
Heating	1.5%	0.2%	3.2%	1.5%
Lighting	0.0%	1.6%	6.1%	5.6%
Appliance	0.0%	0.0%	0.0%	0.0%
Microgen	0.0%	0.0%	<0.1%	<0.1%
Behavioural	0.0%	0.0%	0.0%	1.1%

3.37. As presented in Figure 3.8, by the end of the third year of CERT, npower had achieved two thirds of its total carbon savings through insulation delivery. Of all suppliers, npower has achieved the highest proportion of its overall obligation through insulation activity. Within the 64% of insulation carbon savings achieved, 5 percentage points have been achieved towards its Insulation Obligation.

3.38. npower has delivered both professional loft insulation and cavity wall insulation measures, with professional loft insulation achieving the highest proportion of carbon savings. DIY loft insulation was also promoted through partnership with a manufacturer and retailer. A very small proportion of solid wall insulation measures were installed in the first three years of CERT.

3.39. Lighting measures accounted for a fifth of total carbon savings towards npower’s obligation. Lighting activity dropped in the third year of CERT. npower achieved 7% of its total carbon savings through heating measures. These carbon savings have been achieved through switching households to lower carbon intensive fuels, replacement boilers as well as through the promotion of shower regulators to customers who requested them.

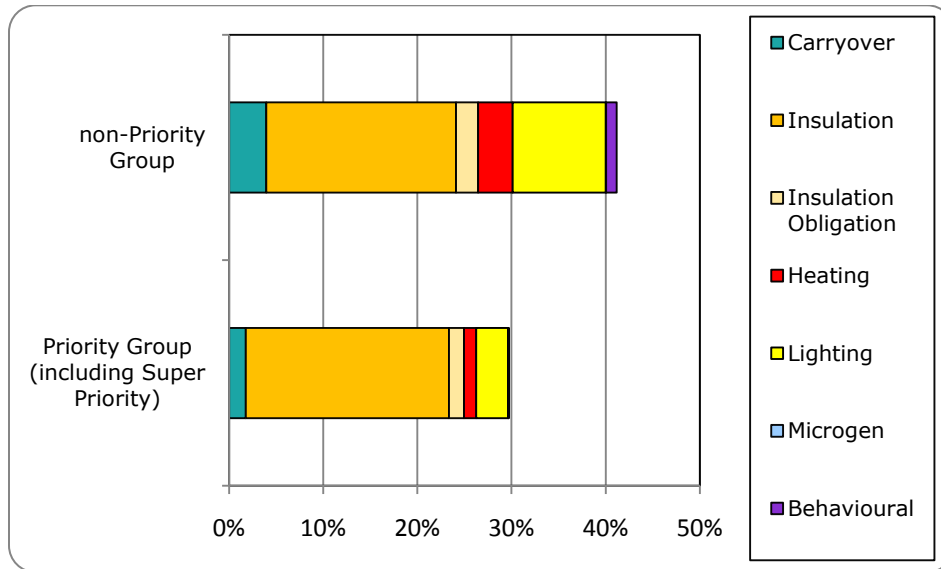
3.40. A small amount of behavioural activity has been conducted. This has been delivered in CERT by targeting the owner-occupier sector and SHPs, and provided for free when requested. No appliance activity has been undertaken and no appliance schemes have been submitted to Ofgem.





### Targeting the Priority Group and Super Priority Group

Figure 3.9. npower – achieved carbon savings by consumer type as a percentage of its obligation



3.41. As presented in Figure 3.9, 30% of npower’s overall obligation has been achieved in the Priority Group. npower has achieved 10% of its Super Priority Group Obligation. Of all the suppliers npower has met the highest proportion of Super Priority Group activity against its overall obligation.

3.42. Similar amounts of insulation activity were achieved in both Priority Group and non-Priority Group. As shown in Table 3.4, a greater proportion of insulation activity was conducted in the second year of CERT than the first and third years.

### Scottish and Southern Energy

3.43. As presented in Figure 3.1, Scottish and Southern Energy (SSE) had achieved 64% of its obligation by the end of the third year of CERT. More than half was achieved in the first and second years with 15% being carried over from EEC2 and a further 15% achieved in the third year.

3.44. By the end of the third year of CERT, SSE had 34 scheme proposals approved by Ofgem. Of the 34 schemes, 7 schemes included elements of Insulation Obligation and Super Priority Group.

**Achieved carbon savings**

Figure 3.10 SSE – achieved carbon savings by measure type

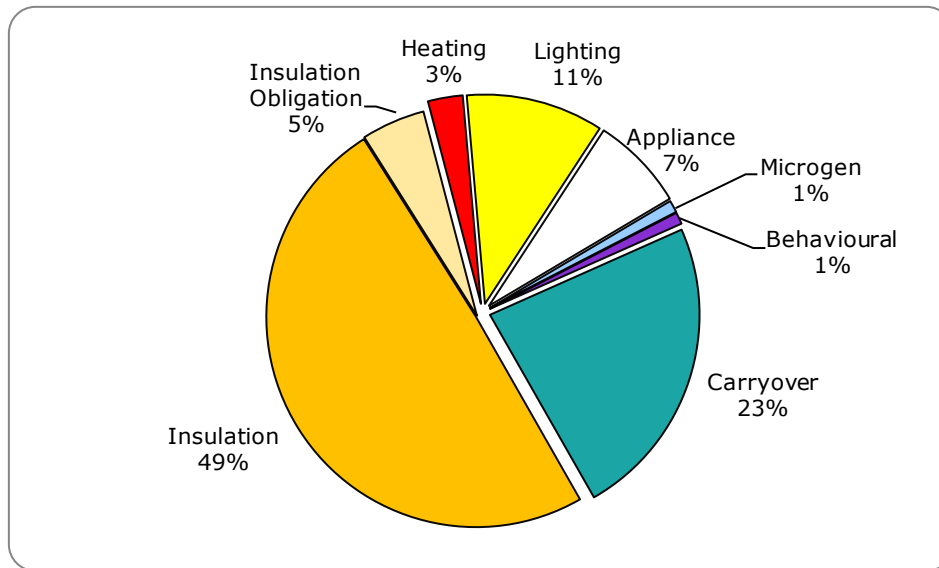


Table 3.5 SSE – achieved carbon savings as a percentage of its obligation

Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	12.1%	8.9%	14.5%	8.1%
Insulation Obligation	0.0%	0.0%	0.0%	3.1%
Heating	1.2%	0.6%	0.4%	0.7%
Lighting	1.5%	4.6%	0.9%	1.2%
Appliance	<0.1%	0.6%	3.1%	0.9%
Microgen	<0.1%	<0.1%	<0.1%	0.6%
Behavioural	0.0%	0.0%	0.0%	0.6%

- 3.45. SSE delivered 54% of its carbon savings through insulation measures, of which 5 percentage points were delivered towards its Insulation Obligation.
- 3.46. The split in insulation delivery is mainly between professional loft insulation and cavity wall insulation, with professional loft insulation achieving the highest proportion. DIY loft insulation was also promoted through partnership with a manufacturer and via retailers. By the end of the third year of CERT, SSE had achieved the highest level of solid wall insulation activity out of all suppliers.
- 3.47. SSE’s lighting activity accounted for 11% of its progress so far, with the majority of the activity conducted in the first year of CERT. Carbon savings from lighting activity were achieved through a number of delivery routes, including SHPs, giveaway promotions and retail partnerships.

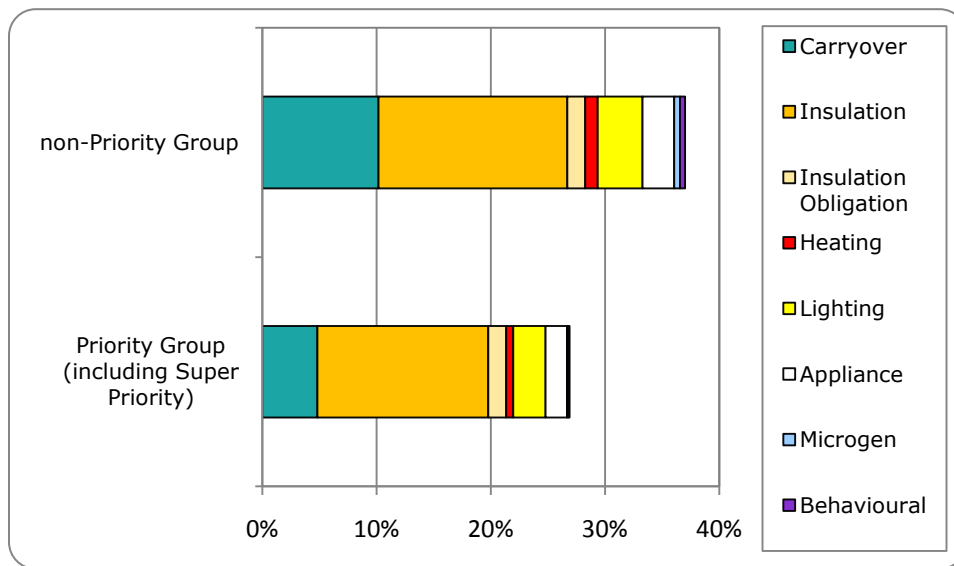


## A review of the third year of the Carbon Emissions Reduction Target (CERT)

- 3.48. Carbon savings achieved through appliances account for 7% of SSE’s activity to date. SSE is the supplier that has delivered the second highest share of its obligation through the promotion of appliances. These carbon savings have predominately been achieved through a number of brown and white goods schemes. As per Table 3.5, it can be seen that the level of carbon savings achieved through appliance measures decreased significantly in the third year of CERT from the high level achieved in the second year.
- 3.49. Heating and microgeneration account for 4% of SSE’s activity. These carbon savings were achieved through switching of households to lower carbon intensive fuels, as well as through the promotion of ground source heat pumps and solar water heating installations. Behavioural activity makes up 1% of SSE’s activity, achieved through the promotion of Real Time Displays.

### Targeting the Priority Group and Super Priority Group

Figure 3.11. SSE – achieved carbon savings by consumer type as a percentage of its obligation



- 3.50. As shown in Figure 3.11, SSE’s activity to the end of the third year of CERT towards its overall Priority Group and non-Priority Group was 27% and 37% respectively. SSE has achieved 8% of its Super Priority Group Obligation.
- 3.51. EEC2 carryover and insulation carbon savings make up the majority of the total carbon savings achieved towards the Priority Group Obligation. A similar amount of carbon savings from insulation towards the Insulation Obligation was delivered in both the Priority Group and the non-Priority Group.
- 3.52. Only 5% more heating, lighting, microgeneration and appliance carbon savings have been achieved towards the non-Priority Group than the Priority Group.



## Scottish Power

- 3.53. As presented in Figure 3.1, Scottish Power had achieved 63% of its obligation by the end of the third year of CERT. Scottish Power has achieved the lowest proportion of its obligation out of all suppliers. This may be due to Scottish Power being unable to report to Ofgem on activity achieved towards its Insulation Obligation and Super Priority Group Obligation to the end of March 2011. Scottish Power's internal systems to report on these two activities are still in the process of being set-up. However, Scottish Power has informed us that it is conducting activity towards these two obligations and will be reporting on all related activity to date in the fourth year of CERT through quarterly reporting. For this reason, the following text on Scottish Power does not include activity achieved towards its Insulation Obligation and Super Priority Group Obligation. It should be noted, that these two obligations did not formally start until 1<sup>st</sup> April 2011.
- 3.54. By the end of the third year of CERT, Scottish Power had 7 scheme proposals approved by Ofgem. 5 of these include elements of Insulation Obligation and Super Priority Group.

### Achieved carbon savings

Figure 3.12. Scottish Power – achieved carbon savings by measure type

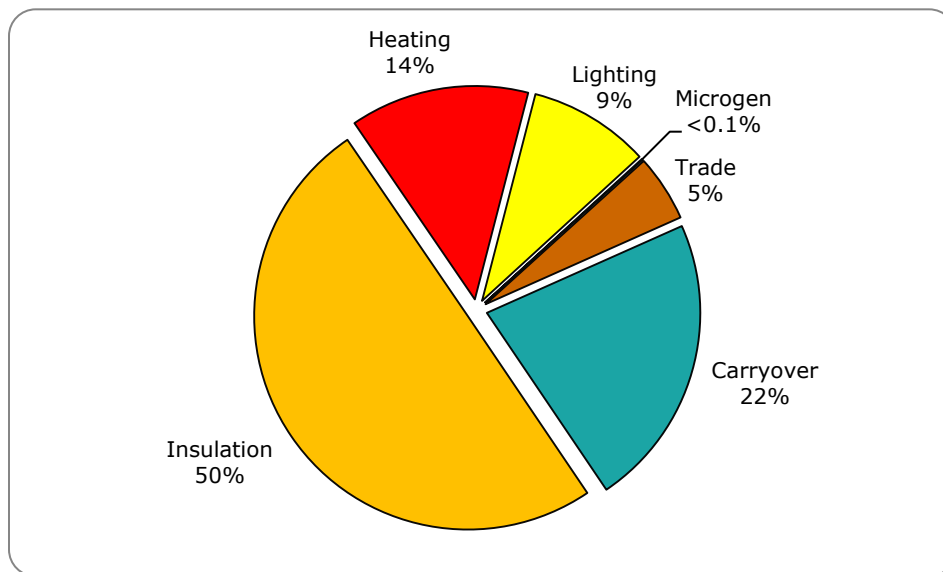


Table 3.6. Scottish Power – achieved carbon savings as a percentage of its obligation

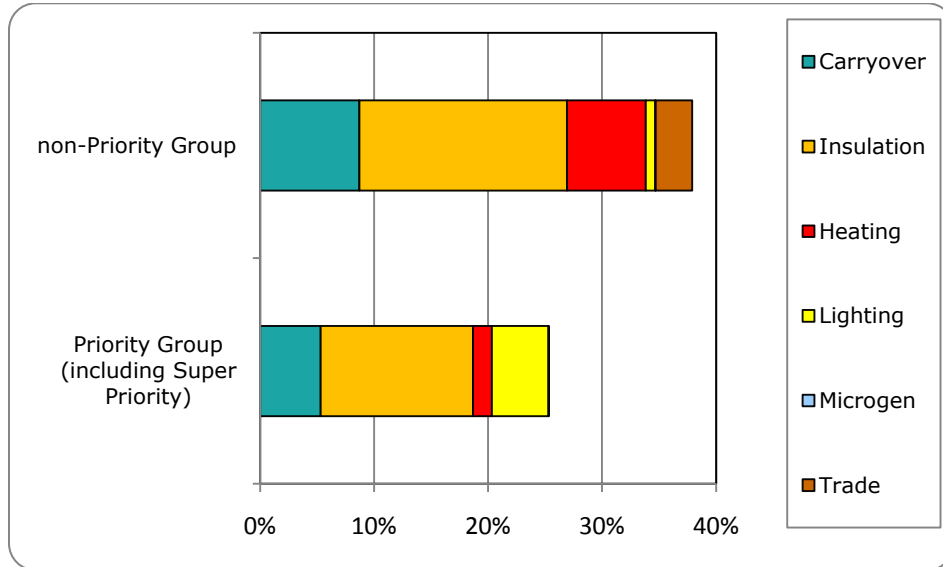
Measure	Carryover	CERT Year 1	CERT Year 2	CERT Year 3
Insulation	11.6%	15.4%	14.1%	2.0%
Insulation Obligation	0.0%	0.0%	0.0%	0.0%
Heating	0.8%	0.8%	2.9%	4.9%
Lighting	1.7%	3.5%	2.3%	3.2%
Appliance	0.0%	0.0%	0.0%	0.0%
Microgen	0.0%	0.0%	0.0%	<0.1%
Behavioural	0.0%	0.0%	0.0%	0.0%

- 3.55. As presented in Figure 3.12, insulation measures installed to the end of the third year of CERT account for half of carbon savings achieved by Scottish Power. They are split mainly between cavity wall insulation and professionally installed loft insulation, with cavity wall insulation making up the highest share. A very small number of solid wall insulations were also promoted. Scottish Power is the only supplier who has not promoted any DIY loft insulation under CERT.
- 3.56. Scottish Power has achieved the lowest proportion of carbon savings from lighting activity – at 9%. As presented in Table 3.6, the majority of lighting carbon savings were achieved in the first year of CERT. Carbon savings then dropped in the second year of CERT, increasing in the third year. Carbon savings from lighting were achieved mainly through the free distribution of CFLs in partnership with charities, SHPs and Warm Front.
- 3.57. Scottish Power has achieved the highest proportion of carbon savings from heating measures out of all suppliers. The proportion of carbon savings from heating measures achieved by Scottish Power increased in the third year of CERT, compared to the previous two years. The majority of these carbon savings were made up from the promotion of shower regulators, requested by consumers.
- 3.58. Air source heat pumps account for a very small proportion of overall carbon savings. These savings were achieved in the third year of CERT. No appliance activity has been undertaken and no appliance schemes have been submitted under CERT.



### Targeting the Priority Group

Figure 3.13. Scottish Power – achieved carbon savings by consumer type as a percentage of its obligation



- 3.59. As shown in Figure 3.13, by the end of the third year of CERT Scottish Power had met 25% of its overall obligation in the Priority Group. This activity level is low but could be due to Super Priority Group activity not having been reported yet and therefore not contributing to the overall Priority Group figure.
- 3.60. Heating was predominantly delivered to non-Priority Group consumers. The largest share of carbon savings to the Priority Group came from the installation of insulation measures, followed by lighting measures.
- 3.61. During the third year of CERT, Scottish Power traded a small share of its achieved carbon savings to another supplier. A small share of carbon savings was also purchased from another supplier in the third year (marked as 'trade' in Figures 3.12 and 3.13).

## 4. Measures delivered during the first three years

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### Chapter Summary

This chapter provides information on the types, volumes and delivery routes of measures that suppliers have promoted up to the end of the third year of CERT, along with the proportion of carbon savings achieved. Where appropriate, the information presented covers the measures carried over from EEC2 in addition to those achieved in the three years of CERT.

The sections in this chapter on the promotion of behavioural measures and market transformation activity fulfil Ofgem's reporting duties to the Secretary of State on the contribution of these activities towards the overall CER target.

### Measures

#### Overall delivery mechanisms

- 4.1. Suppliers have continued to use a range of delivery mechanisms to deliver the obligations in the third year of CERT. These have included partnering with organisations such as Social Housing Providers (SHPs) and charities, promoting measures direct to households, partnering with manufacturers and retailers, linking in with government programmes such as the Warm Front Programme and the devolved administrations' equivalent schemes and, to a lesser degree, installing measures in new build properties in partnership with housing developers.

#### Overall number of measures

- 4.2. Table 4.1 details the number of installations in the three years of CERT, excluding EEC2 carryover, for the majority of measures. These measure numbers and carbon savings have been reported solely for the purposes of this annual report and are additional to the activity normally reported quarterly to Ofgem. The table details the number of measures installed, split between the non-Priority Group, Priority Group (which includes Super Priority Group) and Super Priority Group alone. The achieved carbon savings are for non-Priority Group and Priority Group (inclusive of Super Priority Group).

## A review of the third year of the Carbon Emissions Reduction Target (CERT)

Table 4.1. The number of measures installed, excluding EEC2 carryover

Measure	Number of measures installed				Achieved reduction in carbon emissions (tCO <sub>2</sub> )
	Total nPG and PG (inclusive of SPG)	nPG	PG (inclusive of SPG)	SPG	
Cavity wall insulation	1,582,612	744,169	838,443	15,504	40,533,537
Professional LI	2,021,562	681,355	1,340,207	26,883	31,700,578
DIY LI (m <sup>2</sup> )	71,375,920	60,479,356	10,896,564	0	16,502,859
Solid wall insulation	39,672	9,853	29,819	27	1,414,984
Draught proofing	20,866	7,525	13,341	30	30,256
Window glazing (m <sup>2</sup> )	17,250,610	17,213,882	36,728	0	2,214,845
Hot water tank jackets	233,098	185,223	47,875	24	450,559
Radiator panels (m <sup>2</sup> )	0	0	0	0	0
Under-floor insulation	0	0	0	0	0
Flat-roof insulation	0	0	0	0	0
Fuel switching	70,040	35,510	34,530	525	3,915,224
Shower regulators	5,171,654	3,979,216	1,192,438	0	5,301,051
Replacement boilers	10,003	2,636	7,367	0	42,910
Heating controls installed with and without replacement boilers	1,958,523	1,767,069	191,454	2,093	432,165
Communal heating*	4	2.5	1.5	0	92,713
CFLs**	297,003,045	168,502,700	128,500,345	0	42,707,622
Other lighting	663,964	492,828	171,136	0	140,497
LEDs	1,409	764	645	0	229
Energy Efficient cold and wet appliances	2,862,104	2,213,545	648,559	0	1,638,600
Standby savers	4,010,939	1,546,090	2,464,849	0	2,753,440
TVs	21,862,431	14,022,251	7,840,180	0	2,747,027
Ground Source heat pump	4,142	3,532	610	0	1,304,731
Air Source heat pump	1,356	1,031	325	0	142,970
Solar Water Heating (m <sup>2</sup> )	2,046	2,035	11	0	4,284
Small scale CHP	1	0.5	0.5	0	811
Solar PV	0	0	0	0	0
Wind turbines	0	0	0	0	0
Large scale CHP	0	0	0	0	0
Small biomass boilers	0	0	0	0	0
Small hydro	0	0	0	0	0
Real time displays	2,256,281	1,137,495	1,118,786	0	2,182,025
Home Energy Advice	28,571	6,621	21,950	0	19,285

\*number of heating systems

\*\*subject to para 4.14

## Insulation

### Number of measures

4.3. Including EEC2 carryover, a total of 61% of the carbon savings achieved by the end of the third year of CERT came from insulation measures, including measures counting towards the Insulation Obligation. Professionally installed loft insulation was the most popular insulation measure installed, with over 2,021,000 households benefiting from professional installations. In addition to this, 71,375,920m<sup>2</sup> of CERT-subsidised DIY loft insulation was promoted (with approximately over 1.7 million homes benefiting). 52% more DIY loft insulation had been installed by the end of Year 3 compared to the end of Year 2 of CERT. This is the largest increase of all the insulation measures and





## A review of the third year of the Carbon Emissions Reduction Target (CERT)

makes this the second most popular insulation measure (in terms of number of measures installed). The carbon savings achieved by this measure are roughly 40% of those achieved by cavity wall insulation.

- 4.4. To reduce the potential for double counting between retail and professionally installed loft insulation schemes, Ofgem, the ERA, obligated suppliers, DECC and insulation manufacturers agreed best practice guidelines (published September 2009)<sup>3</sup>.
- 4.5. By the end of the third year of CERT, cavity wall insulation was the third most popular measure with 1,582,612 households benefitting. Suppliers also conducted 39,672 installations of solid wall insulation. Most of these installations involved external solid wall insulation. Table 4.1 shows examples of other insulation measures that were promoted including draught-proofing, window glazing and hot water tank jackets.
- 4.6. Table 4.2 shows the split of carbon savings achieved through insulation by consumer type at the end of the third year of CERT. This split is almost identical to that achieved at the end of the second year of CERT, except for the addition of the Super Priority Group which was a new obligation introduced in the CERT extension.

Table 4.2. The contribution of total carbon savings from insulation to the end of the third year of CERT, including EEC2 carryover

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
26.8%	0.4%	34.1%

### Delivery routes

- 4.7. Insulation measures were delivered through a variety of routes including retail promotions, partnerships with manufacturers and working with the government’s Warm Front Programme. The vast majority, however, were delivered through direct promotion to private households and through partnerships with SHPs.
- 4.8. Activity carried out in partnership with SHPs remains popular with the suppliers as it allows them to target large numbers of Priority Group households, as well as lever in additional funding from the SHPs to help towards the cost of the measures. In many instances suppliers offered insulation to the Priority Group free of charge. Suppliers fully funded

3

<http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/InfProjMngers/Documents1/FINAL%20CERT%20Insulation%20Best%20practice%20Guidelines%20%2021-4-09.pdf>



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

insulation measures when working with the Warm Front scheme (predominantly loft and cavity wall insulation). This allowed the Warm Front grant to focus on heating measures. Suppliers also worked with the Warm Deal, Welsh HEES, Arbed<sup>4</sup> and Universal Home Insulation (UHI) scheme in this way.

### Lighting

#### Number of measures

- 4.9. By the end of the third year of CERT (including EEC2 carryover), lighting accounted for 26% of the total carbon savings achieved (see Figure 2.2). Suppliers delivered over 300 million lighting measures in the three years of CERT (over 350 million including EEC2 carryover). During Year 3, there was a slowdown in lighting activity, with 30% fewer measures delivered in comparison to Year 2 of CERT. Table 4.1 shows that nearly all lighting measures distributed were CFLs; there were only a small number of energy efficient halogens, luminaires and LEDs promoted.
- 4.10. Each supplier had at least one lighting scheme and a total of 22 lighting schemes were approved by the end of the third year of CERT. Table 4.3 shows that the carbon savings from lighting measures were mainly achieved in the non-Priority Group. Table 4.3 is based on carbon savings from all energy efficient lighting types; CFLs, halogens, luminaires and LEDs.

Table 4.3. The contribution to total carbon savings from lighting to the end of Year 3 of CERT, including EEC2 carryover

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
10.8%	0.0%	14.7%

#### Delivery routes

- 4.11. Retail was the only delivery route available for suppliers in the third year of CERT for the promotion of lighting. The option to promote CFLs by the direct route was removed from CERT on 1 January 2010. This change made by DECC was introduced due to the high volumes which had been distributed throughout EEC2 and the first two years of CERT which increasingly risked non installation. All lighting activity (except LEDs) was excluded from CERT from 1 April 2011.

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<sup>4</sup> Arbed is Wales' Strategic Energy Performance Investment programme which covers a range of area-based, home energy efficiency and renewable energy retrofit projects. These projects support low income, fuel poor households in deprived communities.



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

- 4.12. Delivery of subsidised CFLs through retailers included partnerships with supermarkets, DIY outlets and other high street chains. Retailers were required to provide electronic point of sale (EPoS) data to confirm the number of measures sold to domestic customers.
- 4.13. The types of lighting delivered were limited to those products accredited under the Energy Saving Trust's Energy Saving Trust Recommended programme. Suppliers were also required to ensure that the retailers restricted the size of multi-packs and multi-buy offers and that schemes offered a range of different types of CFL to ensure the consumer had sufficient choice to meet the lighting needs in their home.
- 4.14. In December 2010, suppliers were asked to conduct a monitoring exercise to establish the percentage of retail CFLs installed by householders. We are now considering this work.

## Heating

### Number of measures


- 4.15. Heating measures have contributed just over 7% of the total carbon savings achieved (Table 4.4). The majority of these carbon savings were delivered by shower regulators which limit how quickly water can flow through a shower head. This saves hot water, reduces energy consumed for heating water, and hence saves carbon. Shower regulators are an innovation in the heating category and suppliers first promoted them in the first year of CERT.
- 4.16. The second most popular heating measure was fuel switching i.e. replacing an electric heating system with a gas heating system. Fuel switching was promoted to just over 70,000 households, almost a doubling of activity between Year 2 and Year 3 of CERT.
- 4.17. The majority of the carbon savings achieved by all heating measures have been in the non-Priority Group (see Table 4.4).

Table 4.4. The contribution of total carbon savings from heating measures to the end of the third year of CERT, including EEC2 carryover

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
2.8%	<0.1%	4.2%

### Delivery routes

- 4.18. Shower regulators were mainly offered to consumers for free, on request, delivered in partnerships with SHPs and direct to private households. The



A review of the third year of the Carbon Emissions Reduction Target (CERT)

remainder of the heating schemes were also largely delivered in partnership with SHPs or through direct promotion to private households.

- 4.19. Ofgem's Supplier Guidance, V3, issued February 2010 incorporates administrative arrangements for identifying g-rated boilers. The guidance was amended to address concerns that the requirement for an Energy Performance Certificate (EPC) to identify the boiler as a) g-rated, and b) working was cost prohibitive. In addition to the EPC route, the guidance now allows identification and verification via local authorities and SHPs. For private households, suppliers are required to conduct technical monitoring on 5% of installations. To date, three g-rated boiler schemes have been approved. No reporting has taken place on these schemes but an increase in this activity is expected.

## Appliances

### Number of measures

- 4.20. Carbon savings achieved by appliances account for nearly 5% of the total achieved in the three years of CERT, including EEC2 carryover. At the end of Year 1 this figure was around 2% therefore the proportion of carbon savings achieved by appliances has increased to the end of Year 3.
- 4.21. Three of the six obligated suppliers are promoting appliances through multiple schemes. The carbon savings generated by these schemes, however, are expected to remain small due to the relatively small carbon saving that is achieved per measure. This is because for many appliance types the market has been transformed through improvements under the EEC programme and minimum standards under EU legislation. To gain accreditation under CERT, suppliers must identify appliances where further incremental carbon savings, additional to those mandated by Energy Using Products Directive, can be achieved. Given the improvements in energy efficiency that have already been achieved in the appliance market, the opportunities for further appliance schemes are likely to become more limited.
- 4.22. Appliances that are eligible under CERT include cold appliances rated A+ or A++ (excluding chest freezers, for which A rated appliances are permitted), energy efficient TVs, standby savers and energy efficient kettles. Some suppliers have explored using other products, being awarded scores for innovative consumer electronics and information and communications technology measures.
- 4.23. In total over 21m energy efficient TVs have been promoted. Sources indicate that in the last three years, around 30m TVs were bought by UK households. This implies CERT has helped drive a significant uptake of energy efficient TVs in GB households. Two thirds of all TVs sold were therefore energy efficient and CERT subsidised.



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

Table 4.5. The contribution of total carbon savings from installed appliances to end of the third year of CERT, including EEC2 carryover

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
2.0%	0.0%	2.7%

### Delivery routes

4.24. Cold appliances are eligible in three ways:

- incentive schemes (where the supplier incentivises more efficient appliances to a consumer who is already intending to purchase an appliance);
- trade-in schemes (where consumers replace appliances with a more efficient equivalent); or
- fridge saver schemes (similar to the trade-in scheme but limited to the Priority Group).

4.25. Both the trade-in and fridge saver schemes require existing appliances to be destroyed in a specified manner.

4.26. The majority of other schemes delivering appliances have been carried out in partnership with a manufacturer. In the case of consumer electronics, suppliers typically fund promotional activity for energy efficient models, contribute to research and development into product efficiency, or directly subsidise the cost of the product itself. Promotions in retail stores have also been a popular delivery method.

### Microgeneration

#### Number of measures

4.27. Microgeneration measures represent a very small proportion of the total carbon savings achieved to date, contributing less than 1% of activity. The most common measures are ground source and air source heat pumps – installed in 5,498 households, an increase of 163% on the total achieved by the end of year two of CERT - and solar water heating, installed in 512 households.

4.28. The majority of the carbon savings achieved were delivered to the non-Priority Group. From 1 April 2011, carbon savings will only be achieved in the Super Priority Group as microgeneration measures are now limited to this group only.

## A review of the third year of the Carbon Emissions Reduction Target (CERT)

Table 4.6. The contribution of total carbon savings from installed microgeneration to end of the third year of CERT, including EEC2 carryover

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
0.1%	0%	0.7%

### Delivery routes

4.29. Microgeneration schemes were delivered almost exclusively through three routes:

- through promotion to private householders (with professional installation);
- in new build properties in partnership with housing developers
- in a small minority of schemes suppliers have partnered with manufacturers, for example to subsidise the promotion of microgeneration products.

### Behavioural measures

#### Number of measures

4.30. Behavioural measures contributed just over 1% of the total carbon savings achieved. The vast majority of this was achieved through Real Time Displays (RTDs). Up to the end of the third year of CERT 2,256,281 RTDs were promoted, which equates to a carbon saving of 2,182,025 Mt CO<sub>2</sub>. The other behavioural measure that was promoted was home energy advice packages, (HEAPs) however they have only been promoted by one supplier. The number of HEAPs conducted was 28,571, which equates to carbon savings of 19,285 tCO<sub>2</sub>.

4.31. RTD and HEAP activity combined is capped at 2% of a supplier's target; the overall cap for all suppliers combined is 5,860 Mt CO<sub>2</sub>. By the end of the third year of CERT, suppliers had utilised 37% of the 2% cap for RTDs and less than 1% for HEAPs (excluding market transformation uplift). Suppliers have therefore used 38% of the cap in total. The carbon savings for both of these measures are specified in The Order and therefore cannot be adjusted by Ofgem.

4.32. Almost all of the carbon savings achieved were delivered to the non-Priority Group (see Table 4.7).



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

Table 4.7. The contribution of total carbon savings from behavioural measures to end of the third of CERT.

Priority Group (including Super Priority Group)	Super Priority Group	non-Priority Group
0.3%	0.0%	0.8%

### Delivery routes

4.33. RTDs were delivered through a variety of routes including retail promotions, partnerships with SHPs and promoted to consumers for free on request. The Order sets out that an RTD and HEA is only an eligible measure when provided to a domestic energy user who has requested it. Suppliers' schemes have been specifically designed to ensure that requests are made before any RTD and HEAPs are given to consumers. Since 1 August 2010 these requests must be made in writing.

### Demonstration action

4.34. Demonstration actions are trials, performed under the Order, for measures to which a firm quantified carbon saving cannot yet be attributed. In order to qualify the measure must be reasonably expected to achieve a reduction in carbon emissions.

4.35. Demonstration action provides an alternative route to the more traditional independent trial route, which is done at the expense of the manufacturer and/or supplier. Under demonstration action, suppliers are accredited with a carbon reduction that is based on their financial investment in the trial, irrespective of whether or not the trial produces quantifiable carbon savings for the product. DECC introduced this delivery route to encourage innovation and suppliers are choosing this route for a number of different technology types.

4.36. Upon completion of a demonstration action the results must be published and, where appropriate, a carbon saving and lifetime score awarded. At this point suppliers are free, should they choose, to promote the product as a standard or market transformation action under the programme.

4.37. Thirteen demonstration action proposals have been submitted in the three years of CERT; eight of which have been approved. The total value of approved Demonstration Actions is circa £6.5m. This will generate a carbon return of 362,048 tCO<sub>2</sub> for suppliers - equivalent to just 0.1% of the overall CER target of 293 Mt CO<sub>2</sub>. A number of demonstration actions have now been completed and reports on the findings of those trials will be published in the near future. No data is reported on this type of activity in chapter three and four of this report.

## Market transformation action

- 4.38. Measures eligible as market transformation action include microgeneration, behavioural and solid wall insulation. They also include measures that were not promoted in EEC2. Where a similar measure was promoted in EEC2 then a 'significantly greater than' test must be passed in order for the measure to be eligible as market transformation. The carbon savings attributed to these actions are eligible for 50% uplift, capped at 10% of a supplier's obligation, including any demonstration activity. An additional 2% is available for microgeneration.
- 4.39. A number of new measures have been introduced into CERT under the market transformation rules. The measure achieving the largest carbon savings to the target is shower regulators.
- 4.40. The suppliers combined have reported achieving 6% (excluding 50% uplift) of the overall CERT obligation through market transformation activity. Ofgem will calculate and award market transformation uplift at the end of the programme.

## Priority Group flexibility mechanism

- 4.41. The Priority Group flexibility mechanism gives suppliers some flexibility in reaching their target for carbon savings in the Priority Group. The measures permitted in this mechanism are a defined level of solid wall insulation and until 1 April 2011, ground source heat pumps. Solid wall insulation is aimed at those in hard to treat homes and exclude social housing properties. Householders eligible for these measures, under the Priority Group flexibility mechanism, must be in the benefits sub-set of the Priority Group. The carbon savings achieved through this mechanism are eligible for uplifts. The factor of the uplift differs for each measure type.
- 4.42. Two schemes have been approved under the Priority Group flexibility mechanism. These schemes have proposed achieving reductions through both ground source heat pumps and solid wall insulation. Carbon savings have been reported for only one of these schemes. The carbon savings are in the region of 4,000 tCO<sub>2</sub>.



## 5. Trend analysis

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### Chapter Summary

This chapter highlights the key issues and trends that have arisen during the third year of CERT. The analysis is based both on activity in Year 3 and total activity over the three years that the CERT programme has been running. It represents Ofgem's findings so far.

### The progress to the end of the third year

- 5.1. By the end of the third year of CERT suppliers had achieved savings of 197 Mt CO<sub>2</sub>. This represents 67% of the overall CER target, at a point 63% of the way through the programme. Suppliers are therefore slightly ahead of schedule to meet the overall CER target. The third year has however seen a slowing down in overall activity levels, with approximately 48 Mt CO<sub>2</sub> being achieved, compared with the first two years, where a total of 111 Mt CO<sub>2</sub> were achieved.
- 5.2. Priority Group carbon savings make up 43% of carbon savings achieved, and as such suppliers are also on target to meet their Priority Group Obligations. As with total activity, the third year of CERT has seen a slowing down in Priority Group activity, when compared to activity levels in the first two years.
- 5.3. In July 2010 DECC extended the CERT programme out to December 2012, increased the overall target (to 293 Mt CO<sub>2</sub>), and introduced the Insulation Obligation and the Super Priority Group Obligation, amongst other changes. The legislative amendments allowed suppliers to begin work towards these two new sub-obligations from 1 August 2010.
- 5.4. In the time period 1 August 2010 to 31 March 2011 suppliers achieved just over 9 Mt CO<sub>2</sub> of savings towards the Insulation Obligation. This represents around 13% of the Insulation Obligation target (73.4 Mt CO<sub>2</sub>). With the formal CERT extension period having started on 1 April 2011 we would expect to see Insulation Obligation activity rise in Years 4 and 5. The move from CERT to the CERT extension is likely to have had some impact on activity levels as suppliers re-negotiated contracts that were put in place with the original CERT end-date of 31 March 2011 in mind. Ofgem will continue to monitor progress towards the Insulation Obligation, and will publish figures on a quarterly basis.
- 5.5. In the same time period suppliers were also able to work towards their Super Priority Group Obligations. By the end of March 2011 suppliers had achieved approaching 1 Mt CO<sub>2</sub> in carbon savings, representing around 5% of the overall Super Priority Group Obligation (16.2 Mt CO<sub>2</sub>). Activity levels in the Super Priority Group will need to increase significantly for suppliers to meet this obligation though the early allowance will have allowed them a running

start. Ofgem will continue to monitor progress and report on activity quarterly.

## Market analysis

- 5.6. Insulation measures have dominated the carbon savings achieved by suppliers, accounting for 61% of carbon savings in Years 1-3 of the programme. 47 percentage points of these savings were achieved through cavity wall insulation and professionally installed loft insulation. 11 percentage points were achieved through DIY loft insulation. With the introduction of the Insulation Obligation the share of DIY loft insulation will need to be realigned towards professionally installed insulation during Years 4 and 5 of CERT if suppliers are to meet their targets. Lighting also featured strongly in Year 3, despite the direct mailing of compact fluorescent lamps becoming ineligible from 1 January 2010. By the end of the third year over 300 million lamps had been promoted (350 million lamps including EEC2 carryover), accounting for over a quarter of all carbon savings achieved so far in the programme. During the third year, suppliers continued to promote these lamps via retail partners.
- 5.7. Overall Year 3 saw a slowing in activity, including a slow down in insulation activity. Some measures however bucked the trend, including heating, microgeneration, and behavioural measures, though their impact on overall activity levels is small.
- 5.8. The introduction of the Insulation Obligation target and the complete removal of compact fluorescent lamps from the programme, will drive an increase in insulation activity in CERT. In addition, DECC consulted<sup>5</sup> on whether appliances and consumer electronics, or 'products', should be removed from the CERT programme going forwards leaving the focus on insulation and heating measures. DECC's decision on this is due imminently and will impact the make up of supplier activity over the remainder of the CERT programme.
- 5.9. The Impact Assessment for the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 estimated, based on an illustrative mix of measures, that the cost of meeting the CERT programme (including the extension) would be £5.5 billion, or over £1 billion per annum. Therefore, having achieved 67% of the overall target, and according to DECC's estimates, suppliers would have spent in the region of £3.7 billion to the end of March 2011. DECC will be undertaking further work to map actual delivery onto costs to get a better understanding of costs.

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<sup>5</sup> Carbon Emissions Reduction Target: Consultation on the Role of Appliances and Consumer Electronics in CERT – 16 November 2010

## Measures the suppliers have used

- 5.10. The main insulation measures delivered to the end of Year 3, within CERT, were cavity wall insulation, professionally installed loft insulation, and DIY loft insulation. The majority of insulation materials used for these measures were of mineral wool type. Cavity wall insulation activity is split broadly equally between Priority Group and non-Priority Group consumers. Whereas professionally installed loft insulation activity has been focussed on Priority Group consumers, with around twice as many Priority Group households being treated. DIY loft insulation has been more popular with non-Priority Group consumers.
- 5.11. Compact fluorescent lamps have been a popular measure with suppliers throughout the CERT programme. The third year saw suppliers continue with retail activity right up to the point at which these lamps became ineligible. With compact fluorescent lamps having been responsible for over a quarter of the carbon savings achieved to date suppliers will now need to look to other activity in order to meet the remainder of their obligations. The mix of measures chosen will also be dependent on the outcome of the DECC 'products' consultation. Insulation and heating are expected to feature more strongly in the future.
- 5.12. Innovative activity has remained a key component of many suppliers' activity, with consumer electronics at the fore. In addition shower regulators have proved a popular measure, with over 5 million being promoted. Carbon savings from the promotion of Real Time Displays, and home energy advice packages are also reported for the first time. A number of demonstration actions have now been completed and reports on the findings of those trials will be published in the near future.

## Targeting the Priority Group and Super Priority Group

- 5.13. By the end of the third year suppliers had achieved around 85 Mt CO<sub>2</sub> of carbon savings towards the Priority Group. This equates to around 43% of the total savings achieved to the end of Year 3. Whilst this data clearly indicates that suppliers are on track to meet their 40% Priority Group activity target, it is noticeable that activity has slowed in Year 3, though Priority Group activity has slowed less than the rate of overall activity. Of the remaining 96 Mt CO<sub>2</sub> that suppliers still have to achieve towards their overall obligations, 33 Mt CO<sub>2</sub> (or 34%) needs to be achieved in the Priority Group.
- 5.14. The measures delivered to the Priority Group continue to be dominated by insulation and lighting. Suppliers also continue to utilise a variety of delivery routes for delivering measures to this group, often at no cost, including working in partnership with Local Authorities/Social Housing Providers, direct marketing to the owner-occupier sector, and integrating with other government programmes such as Warm Front.



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- 5.15. In addition suppliers must also now deliver a Super Priority Group Obligation, focussing on those most in need. The Super Priority Group Obligation is a subset of the Priority Group target i.e. a Super Priority Group consumer would count towards both the Super Priority Group and the Priority Group.
- 5.16. By the end of Year 3 suppliers had achieved approaching 1 Mt CO<sub>2</sub> in carbon savings towards their Super Priority Group Obligation. This represents around 5% of the overall Super Priority Group Obligation. This obligation formally began on 1 April 2011 and therefore this activity has been conducted ahead of time, giving the energy suppliers a head start. Nevertheless we expect suppliers to increase activity towards this obligation during the CERT extension period in order to meet the target.

### **The forthcoming year**

- 5.17. Ofgem will continue to work closely with the suppliers on their schemes, overseeing their progress and working with them to ensure that their banking and completion reports demonstrate that they have complied with the legislation. Ofgem will also work closely with DECC on the policy and design of future programmes such as the 'Green Deal' and 'ECO'. We will also implement any changes arising from the 'products' consultation.
- 5.18. Ofgem will continue to monitor suppliers' schemes and publish data on a quarterly basis. We will report again to the Secretary of State on the CERT programme in July 2012.



# Appendices

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## Appendix 1 – Supplier licences

The supplier groups and their licences that have been set CERT obligations for 2008 – 2012.

Supplier	Licence	Fuel
British Gas	British Gas Trading Ltd	Electricity
British Gas	British Gas Trading Ltd	Gas
E.ON Energy	E.ON Energy Ltd	Electricity
E.ON Energy	E.ON Energy Ltd	Gas
EDF Energy	EDF Energy Customers Plc	Electricity
EDF Energy	Seaboard Energy Ltd	Electricity
EDF Energy	EDF Energy Customers Plc	Gas
EDF Energy	Seaboard Energy Gas Ltd	Gas
npower	npower Direct Ltd	Electricity
npower	npower Ltd	Electricity
npower	npower Northern Ltd	Electricity
npower	npower Northern Supply Ltd	Electricity
npower	npower Yorkshire Supply Ltd	Electricity
npower	Electricity Plus Supply Ltd	Electricity
npower	npower Direct Ltd	Gas
npower	npower Gas Ltd	Gas
npower	npower Commercial Gas Ltd	Gas
npower	npower Northern Ltd	Gas
npower	YE Gas Ltd	Gas
npower	npower Yorkshire Ltd	Gas
npower	Gas Plus Supply Ltd	Gas
Scottish and Southern Energy	SSE Energy Supply Ltd	Electricity
Scottish and Southern Energy	Southern Electric Gas Ltd	Gas
Scottish Power	Scottish Power Energy Retail Ltd	Electricity
Scottish Power	Scottish Power Energy Retail Ltd	Gas



## Appendix 2 - Glossary

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### Achieved carbon savings

Achieved carbon savings are calculated based on the CERT carbon saving score and lifetime of the measure. They are accredited towards a supplier's obligation if measures are promoted and installed in households. Achieved carbon savings are used to meet suppliers' CER target.

### Accreditation

The determination of the carbon emissions reduction and lifetime attributable to measures under the CERT

### Banking

The process of suppliers submitting interim activity reports and Ofgem estimating their savings before the end of the programme

### Behavioural measures

Real-time displays and Home Energy Advice packages are the only behavioural measures currently included in the scope of CERT. These were introduced into CERT as eligible measures with the Amendment Order on July 21 2009

### EEC2 carryover

Suppliers were able to apply to Ofgem for the equivalent carbon emissions reduction from any excess carbon savings achieved surplus to their EEC2 target to be credited towards their obligation under the CERT

### CERT

Carbon Emissions Reduction Target (CERT)

### CESP

Community Energy Savings Programme (CESP)

### CER target

The overall target for carbon emissions reduction, set by DECC under the order

### CFLs

Compact Fluorescent Lamps (energy efficient light bulbs)

### CHP

Combined Heat and Power



## A review of the third year of the Carbon Emissions Reduction Target (CERT)

### Completion

Submission of final scheme reports by suppliers and determination of savings by Ofgem

### DECC

Department of Energy and Climate Change

### Demonstration Action

Demonstration actions are trials, performed under the Order, for measures to which a firm quantified carbon saving cannot yet be attributed. In order to qualify the measures must be reasonably expected to achieve a reduction in carbon emissions

### DIY

Do-it-yourself

### EEC1

Energy Efficiency Commitment, 1 April 2002 - 31 March 2005. EEC1 required gas and electricity suppliers to achieve an energy saving target of 62 TWh in domestic households in Great Britain, between 1 April 2002 and 31 March 2005. At least 50% of the target had to be met in relation to Priority Group consumers.

### EEC2

Energy Efficiency Commitment, 1 April 2005 - 31 March 2008  
EEC2 required gas and electricity suppliers to achieve an energy saving target of 130 TWh in domestic households in Great Britain, between 1 April 2005 and 31 March 2008. At least 50% of the target had to be met in relation to Priority Group consumers.

### EPoS

Electronic Point of Sale data - sales data from a retailer's computer system

### EST

Energy Saving Trust

### Fuel switching

Fuel switching action relates to the switching of carbon intensive primary heating fuel of the property to a fuel with lower carbon content

### 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

### Insulation Obligation

Insulation Obligation is set at 73.4 Mt CO<sub>2</sub>. Suppliers must achieve its Insulation Obligation by promoting professionally installed insulation from 1 August 2010 – 31 December 2012. The prescribed insulation measures are:

1. Cavity wall insulation
2. Flat roof insulation
3. Loft insulation
4. Solid wall insulation
5. Under floor insulation

### Market Transformation

Measures eligible as market transformation action include microgeneration, behavioural and solid wall insulation. They also include measures that were not promoted in EEC2. Where a similar measure was promoted in EEC2 then a 'significantly greater than' test must be passed in order for the measure to be eligible as market transformation.

### Microgeneration/Microgen

Under the terms of CERT, these measures include small scale biomass boilers, wind turbines, heat pumps, solar photovoltaic, small hydro, solar water heating, large and small scale Combined Heat and Power and other microgeneration

### Mt CO<sub>2</sub>

Million tonnes of carbon dioxide

### The Order

Electricity and Gas (Carbon Emissions Reduction) Order 2008, The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 and The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 (together referred to as 'the Order').

### Priority Group

Defined in the Order, article 2

### Priority Group flexibility

This mechanism allows suppliers some flexibility in reaching their target for savings in the Priority Group. The measures permitted in this mechanism are a defined level of solid wall insulation and until 1 April 2011, ground source heat pumps. They are aimed at those off gas grid and in hard to treat homes. Householders must be in the benefits sub-set of the Priority Group



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**SHP**

Social Housing Provider, a Local Authority or a Registered Social Landlord

**SSE**

Scottish and Southern Energy

**Super Priority Group Obligation**

Defined in the Order, article 2

**Supplier activity**

Energy efficiency work undertaken by suppliers to meet the Carbon Emissions Reduction Target



## Appendix 3 - Feedback Questionnaire

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

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

1.2. Please send your comments to:

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