

Carbon Emissions Reduction Target Update

Issue 13 / September 2011

Quarter 13 Headlines

- 207 Mt (lifetime) CO₂ emissions reductions achieved in CERT to date, including EEC2 carryover.
- This equates to 71% of the extended target of 293 Mt (lifetime) CO₂, 68% of the way through the programme.
- 43% of total savings to date are from the Priority Group.
- 62% of total savings to date are from insulation (including DIY loft insulation).
- 25% of total savings to date are from lighting.
- 14.4 Mt (lifetime) CO₂ achieved towards the new Insulation Obligation (IO) target of 73.4 Mt (lifetime) CO₂ (19.7%).
- 1.5 Mt (lifetime) CO₂ achieved towards the new Super Priority Group (SPG) obligation target of 16.2 Mt (lifetime) CO₂ (9.3%).

The CERT Programme:

- CERT is the government's main domestic energy efficiency instrument.
- DECC is responsible for the policy. Ofgem administers the programme.
- The CER target is 293 Mt (lifetime) CO₂ by 31 December 2012.
- 40% of the obligation must be met in the Priority Group.
- 16.2 Mt (lifetime) CO₂ (15%) of the extension obligation must be met in the Super Priority Group.
- 73.4 Mt (lifetime) CO₂ (68%) of the extension obligation must be met by promoting professionally installed insulation measures (the Insulation Obligation or 'IO').
- The Priority Group includes those aged 70 and over and those on qualifying benefits.
- The Super Priority Group (SPG) is a sub-set of the Priority Group. It includes those on certain qualifying benefits, for example households in receipt of child tax credits with an income under £16,190.

Number of Measures Delivered

The six obligated energy suppliers update Ofgem every 3 months on their progress in delivering certain key measures. Ofgem carries out checks on this data, liaising with the suppliers over unexpected data points or trends. Figures within this update represent estimated, cumulative activity and are not fully approved, finalised figures.¹

Table 1

	Measure type	Number of measures
Insulation	Cavity wall insulation	1,674,655
	Loft insulation (excluding DIY insulation)	2,173,704
	Solid wall insulation	38,791
Heating	Fuel switching	73,319
Lighting	Compact Fluorescent Lamps (CFLs)	300,639,427
Microgeneration	Heat pumps	6,562
	Solar water heating (m ²)	3,129
	Small scale Combined Heat & Power (CHP)	1
Behavioural	Real Time Displays (RTDs)	2,286,292
	Home Energy Advice Packages (HEAPs)	28,571

Table 1 shows the cumulative number of measures delivered by suppliers up to and including the thirteenth quarter (ending June 2011) of CERT, excluding measures carried over from EEC2. This includes those installed under the Insulation Obligation (IO) and within the Super Priority Group (SPG).

The table contains data for approved supplier schemes only and does not cover those currently going through the approval process; thus the figures in Table 1 represent a slight underestimate of the actual activity achieved to date. Furthermore, Table 1 contains key measures only, and does not represent the full breadth of CERT activity.

The total number of cavity wall insulation and loft insulation measures has continued to increase in this quarter. Solid wall insulation has shown a decrease in the number of measures installed. This is because one supplier completed a standard de-duplication exercise to validate the accuracy of its estimated data. Excluding this

recalculation, 1,813 additional solid wall insulation measures were installed in quarter 13.

As well as professionally installed insulation measures, an additional 74 million m² of DIY loft insulation has been distributed through retail outlets.

Heat pumps continue to be the leading microgeneration measure, with a total of 6,562 measures installed to date (compared with 5,498 last quarter). A similar increase can be seen with solar water heating measures, with 3,129 m² being installed to date (compared with 2,046 m² last quarter).

To date, a total of 300.6 million CFLs have been distributed, compared to 297.0 million reported last quarter. With CFLs being ineligible in CERT since 31 March 2011, this increase in CFL measures of 3.6 million is as a result of some suppliers receiving finalised sales data from retail partners.

(continued overleaf)

(Number of Measures Delivered continued)

In December 2010 suppliers were asked to conduct a monitoring exercise to establish the percentage of retail CFLs installed by householders. The information gathered from this may impact the final number of CFLs (and related savings) which are recorded in CERT.

There has been a slight increase in the cumulative number of behavioural measures installed under CERT. Around 2.29 million RTDs have now been distributed, compared with a cumulative

total of 2.26 million reported last quarter. The cumulative number of HEAPs reported is unchanged since last quarter, with a total of 28,571 distributed under CERT.

It is worth noting that in the previous three years of CERT, less activity has been completed during the second quarter than other quarters of the year. This is due to seasonal variations in activity, with a lower demand for measures such as insulation during the summer months.

Carbon Savings Achieved

The six obligated energy suppliers update Ofgem every 3 months with their cumulative progress towards each of their carbon emissions reduction obligations. Ofgem carries out checks on the data, liaising with the suppliers over unexpected data points or trends. In the following analysis, this is summarised and broken down into carbon saving measures and PG / nPG status. Figures within this update represent estimated, cumulative activity and are not fully approved, finalised figures.¹

Chart 1 shows the total 207.4 Mt CO₂ saved to date, which includes 37.8 Mt CO₂ carryover from EEC2, split into each measure group. Overall the proportion of savings from the major sectors remains fairly stable compared to last quarter.

Insulation, including DIY loft insulation, remains the most prevalent measure type, accounting for 61.7% (127.9 Mt CO₂) of carbon savings.

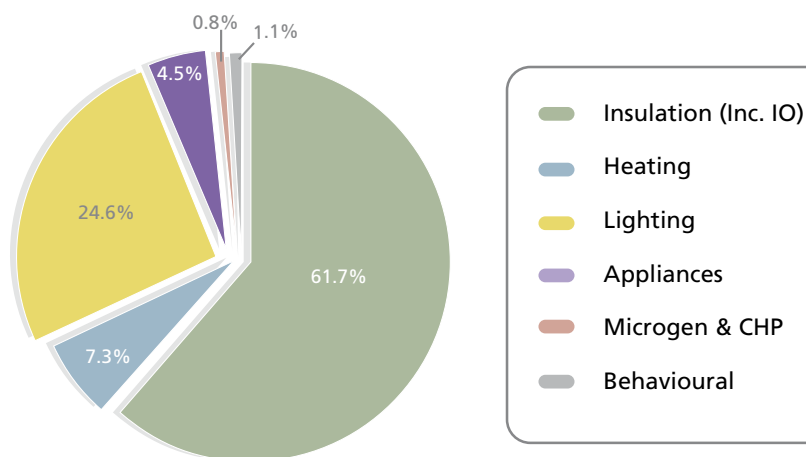
The proportion of savings reported from insulation has increased slightly from 60.8% last quarter. This is mainly due to the much lower level of reported savings from lighting measures, as this is the first quarter that CFLs have not been promoted under CERT.

The proportion of savings attributed to lighting measures is 24.6%, accounting for 50.9 Mt CO₂ of total savings, up from 50.4 Mt CO₂ last quarter. With CFL measures no longer eligible under CERT, the small increase in total savings is primarily due to some energy suppliers receiving finalised sales data from retail partners.

Microgeneration, appliances, behavioural measures and heating account for the combined remainder of 13.7% - a slight increase from 13.6% last quarter.

- Savings from heating measures, dominated by fuel switching activity (for example from oil to gas) and distribution of shower regulators, have increased from 13.9 Mt CO₂ at the end of last quarter to 15.2 Mt CO₂, and the relative proportion of savings increased from 7.0% to 7.3%.
- The appliances sector includes white goods, consumer electronics and standby reduction devices. Reported savings from appliances have grown from 9.2 Mt CO₂ in the last quarter to 9.4 Mt CO₂ this quarter, whilst the percentage of savings from appliances decreased slightly from 4.7% to 4.5%.

Chart 1: Total CO₂ savings by measure type (including EEC2 carryover)



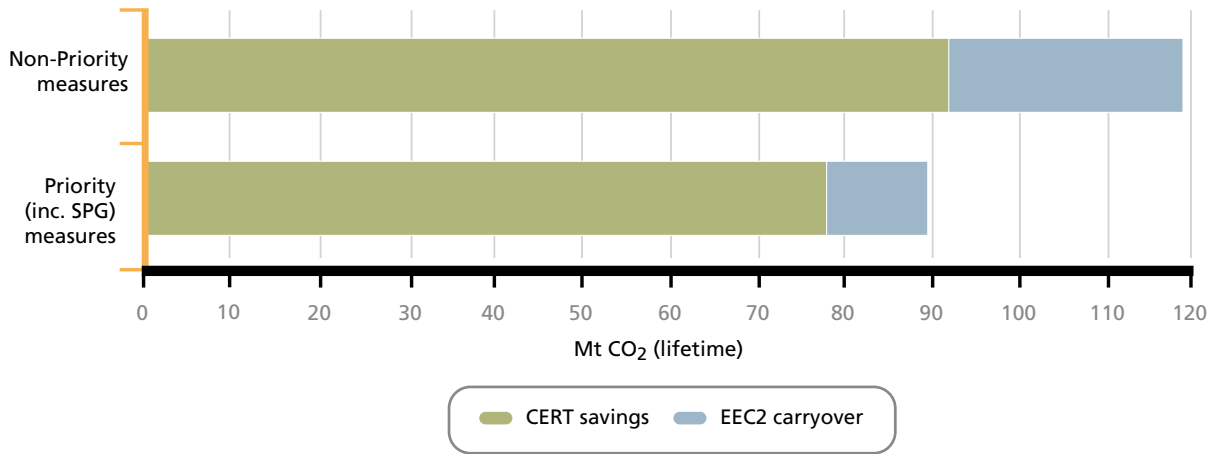
- Savings from microgeneration have increased from 1.5 Mt CO₂ at the end of last quarter to 1.7 Mt CO₂, with the proportion of savings from microgeneration remaining at 0.8%.
- Behavioural measures, comprising both RTDs and HEAPs, have increased from 2.2 Mt CO₂ at the end of last quarter to 2.6 Mt CO₂, with the proportion of savings remaining at 1.1%.

Demonstration actions (DA) allow suppliers to get a carbon return for approved financial investment in trials of innovative measures. Even though there are a number of approved and ongoing demonstration actions across the six obligated suppliers, this activity does not currently feature in the above analysis. This is because carbon savings from DA activity are realised as a 'lump sum' when the trial is finished. We are now starting to receive end of trial reports and we expect to be able to report on this type of activity in the near future.

¹ Final figures will be confirmed at the end of the scheme, during compliance checks. Where numbers provided in the tables and charts of this update do not exactly match those cited in the text it is due to rounding.



Chart 2: CO₂ savings achieved in the Priority and non-Priority Groups (including EEC2 carryover)



To date, 207 Mt CO₂ savings have been achieved towards the CERT programme target of 293 Mt CO₂. **Chart 2** shows how these reductions in carbon emissions have been achieved in the PG and nPG groups, broken down by CERT activity and EEC2 carryover. The data includes SPG and IO activity.

To date 43% of all savings have been achieved through PG activity, exceeding the CERT requirement for 40% of all savings to be achieved through PG installations.

Chart 3: CO₂ savings by measure type delivered to Priority and non-Priority Groups (excluding EEC2 carryover)

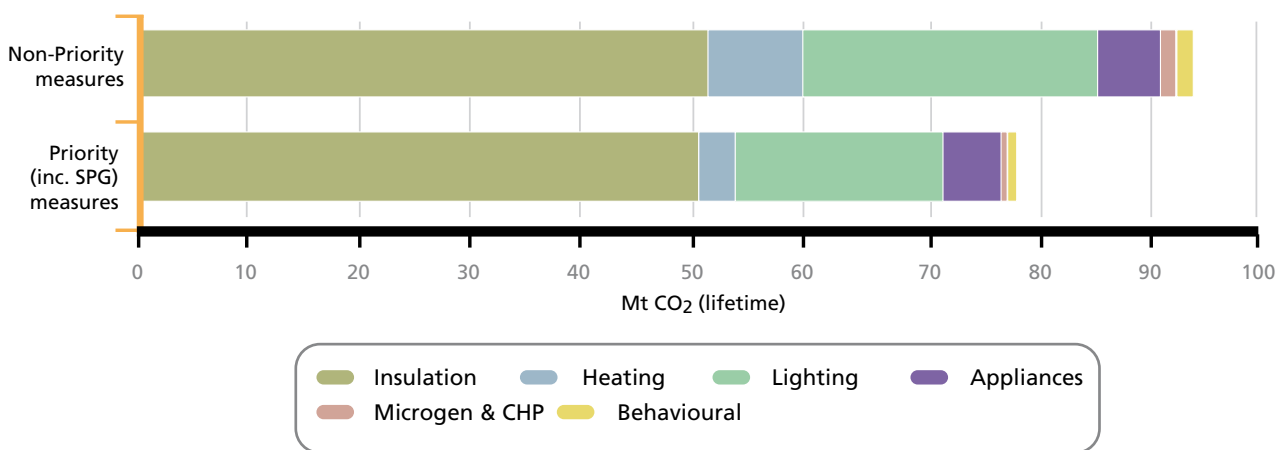


Chart 3 shows carbon savings since the beginning of CERT, split by measure type and PG / nPG status. The chart excludes carbon savings carried over from EEC2. As with Chart 2, IO and SPG savings are included in the data.

In total, PG and nPG savings, excluding EEC2 carryover, rose by 6.1% and 6.5% respectively. Savings from insulation measures remain fairly equally split between PG and nPG, however savings from other measure types are greater in the nPG than the PG.



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