Carbon Emissions Reduction Target Update

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Quarter 16 Headlines

- 241.8 Mt (lifetime) CO_2 emissions reductions achieved in CERT to date, including EEC2 carryover.
- This equates to 83% of the overall target of 293 Mt (lifetime) CO_2, 84% of the way through the programme.
- 43% of total savings to date are from the Priority Group (PG).
- 64% of total savings to date are from insulation (including DIY loft insulation).
- 21% of total savings to date are from lighting.
- 39.7 Mt (lifetime) CO_2 achieved towards the new Insulation Obligation (IO) target of 73.4 Mt (lifetime) CO_2 (54%)
- 5.0 Mt (lifetime) CO_2 achieved towards the new Super Priority Group (SPG) obligation target of 16.2 Mt (lifetime) CO_2 (31%)

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 to achieve 293 Mt (lifetime) CO_2 by 31 December 2012.
- 40% of the obligation must be met in the Priority Group (PG).
- 16.2 Mt (lifetime) CO_2 (15%) of the extension obligation must be met in the Super Priority Group.
- 73.4 Mt (lifetime) CO_2 (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.

The CERT Update is based on estimated data provided to Ofgem by obligated energy suppliers. Ofgem recognises the importance of the CERT Update in keeping industry and other stakeholders informed about progress in the programme.

For clarity, this estimated data is not calculated in the same way as the data used to determine compliance with supplier's CERT obligations.

Unfortunately, after the publication of Issue 16 in June this year, it was discovered that incorrect measure number data was included for cavity, loft and solid wall insulation as well as fuel switching measures. The Super Priority Group (SPG) figures were found to have been included twice, once under SPG and once under Priority Group data – this caused the total measure numbers for the above measures to be incorrect.

We apologise for any inconvenience this may have caused, however please note that all other data as published remains valid.

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 the data, liaising with suppliers to ensure it is robust. Figures within this update represent provisional, cumulative activity and are not fully approved, finalised figures.[i]

Table 1 shows the cumulative number of measures delivered by suppliers up to and including the sixteenth quarter (ending 31 March 2012) of CERT, excluding measures carried over from EEC2. This includes those installed under the IO and within the SPG.

Table 1

	Measure type	Number of measures
Insulation	Cavity wall insulation	2,103,150
	Loft insulation (excluding DIY insulation	2,915,389
	Solid wall insulation	47,405
Heating	Fuel switching	90,476
Lighting	Compact Fluorescent Lamps (CFLs)	303,555,479
Microgeneration	Heat pumps	6,618
	Solar water heating (m2)	3,091
Behavioural	Real Time Displays (RTDs)	2,412,883
	Home Energy Advice Packages (HEAPs)	28,571

(continued overleaf)

[i] 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.

(Number of Measures Delivered continued)

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 are a slight underestimation of the actual activity achieved to date. Furthermore, Table 1 contains key measures only, and does not represent the full breadth of CERT activity. Figures contained in this update are reported to Ofgem cumulatively from the beginning of CERT.

The numbers of cavity wall, professional loft and solid wall insulation measures have continued to increase, with more installations reported than in the previous three quarters. In addition 90.8 million m^2 of DIY loft insulation has been distributed to date through retail outlets and online (increased from 86.1 million m^2 last quarter).

Heat pumps remain the leading microgeneration measure, with a total of 6,618 reported to date. No solar water heating activity has been reported for the third consecutive quarter, with 3,091 m^2 reported to date.

Real time displays remain the most prevalent behavioural measure under CERT with 2.4 million reported to date, whilst the number of HEAPs reported remains unchanged at 28,571.

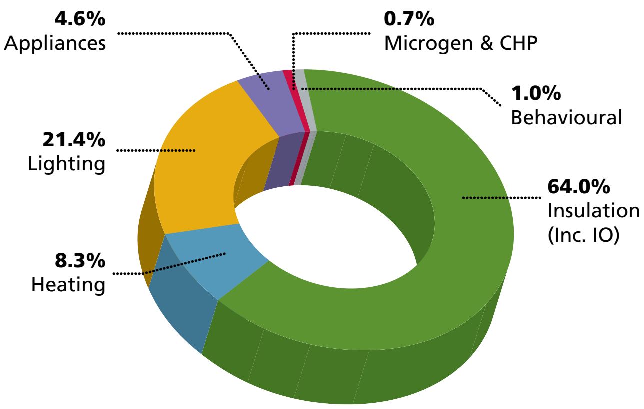
While CFLs have not been eligible under CERT since 31 March 2011, there has been a slight increase in the number of reported bulbs since last quarter. This 0.1% increase is a result of some suppliers receiving improved sales data from retail partners.

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 / non-PG status. Figures within this update represent provisional, cumulative activity and are not fully approved, finalised figures.[i]

Chart 1 shows the total 241.8 Mt CO_2 saved to date, which includes 37.8 Mt CO_2 carryover from EEC2, split by measure type. Overall the proportion of savings from the major sectors remains fairly stable compared to last quarter.

Chart 1: Total CO_2 savings by measure type (including EEC2 carryover)



Insulation (including IO and DIY loft insulation) contributes the greatest volume of carbon savings under CERT, accounting for 64.0% of savings (154.7 Mt CO_2). Overall carbon savings from insulation measures have increased by 7% this quarter; the highest increase in any quarter during the 2011/12 financial year. The savings attributed to the IO have increased by 30%, reflecting suppliers' continuing focus on this extension obligation.

Lighting measures account for 21.4% (51.72 Mt CO_2) of carbon savings. This small increase from the 51.36 Mt CO_2 reported in the previous quarter reflects that some suppliers received improved CFL sales figures and the continuing sales of other lighting measures (e.g. halogen bulbs).

Microgeneration, appliances, behavioural and heating measures account for the remaining 14.7% of carbon savings - increasing from 14.5% last quarter.

- Savings from heating measures, including fuel switching (for example from oil to gas) and the distribution of shower regulators, have increased from 19.4 Mt CO_2 at the end of last quarter to 20.2 Mt CO_2, whilst the proportion of savings from these measures decreased from 8.5% to 8.3%.
- The appliances sector includes white goods, consumer electronics and standby reduction devices. Reported savings from appliances have grown from 9.8 Mt CO_2 in the last quarter to 11.1 Mt CO_2 this quarter, with the proportion of savings increasing from 4.3% to 4.6%.
- Savings from microgeneration and Combined Heat and Power (CHP) have increased from 1.6 Mt CO_2 to 1.7 Mt CO_2, with the proportion of savings from microgeneration remaining at 0.7%.
- Behavioural measures, comprising both RTDs and HEAPs, have saved 2.5 Mt CO_2 to date (increasing from 2.4 Mt CO_2 last quarter), with the proportion of total savings attributed to behavioural measures decreasing from 1.1% to 1.0%.

To date, 241.8 Mt CO_2 savings have been achieved towards the CER target of 293 Mt CO_2. **Chart 2** shows how these reductions in carbon emissions have been achieved in the PG and non-PG, broken down by CERT activity and EEC2 carryover. The data includes SPG and IO activity.

Chart 2: CO_2 savings achieved under CERT in the Priority and non-Priority Groups (including both CERT & EEC2 carryover)

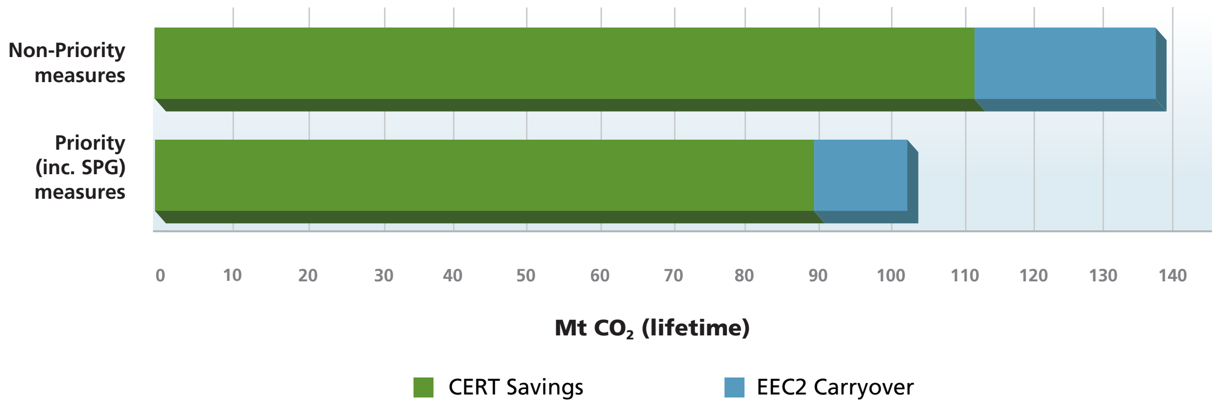
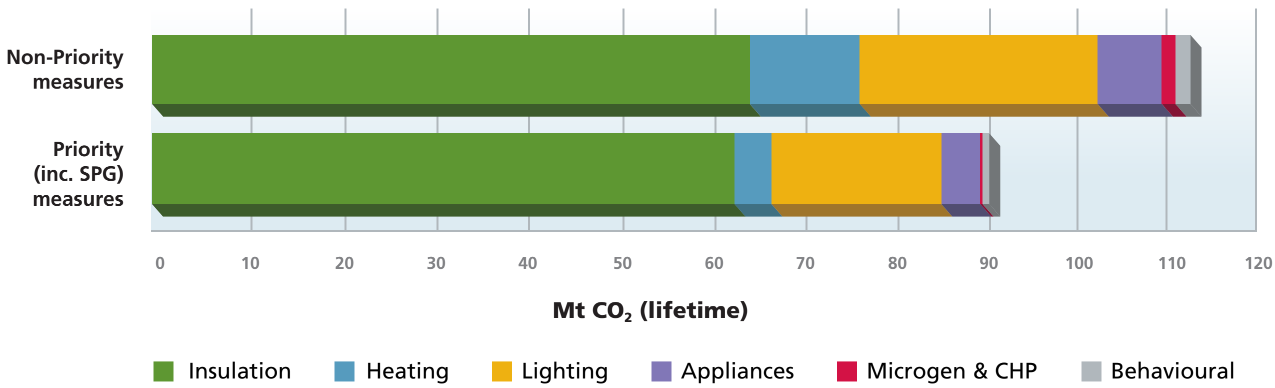


Chart 3: CO_2 savings by measure type delivered to Priority and non-Priority Groups (excluding EEC2 carryover)



To date, 43% of all savings have been achieved through PG activity, exceeding the CERT PG target of 40%.

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

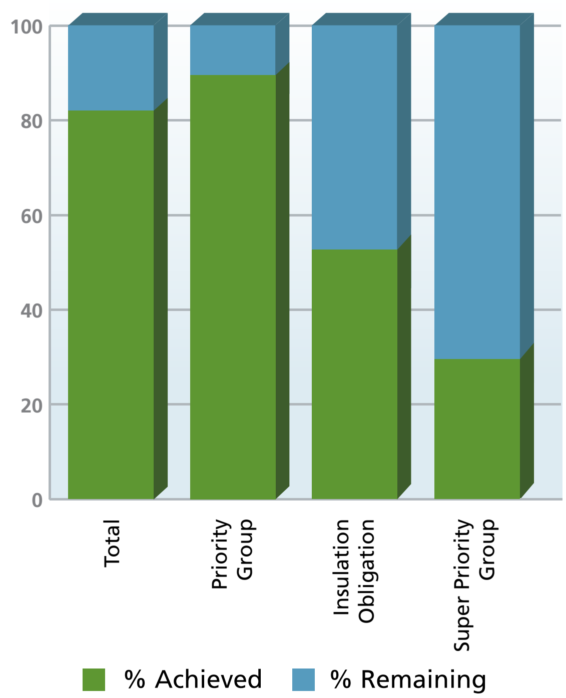
Chart 4 shows the progress made at 31 March 2012 and the work required in order to meet the overall CERT obligation and sub obligations.

While 83% of the overall obligation has been completed, the full obligation cannot be achieved without also achieving the Insulation, Super Priority Group and Priority Group obligations.

Suppliers have completed 88% of their PG obligation (increased from 84% last quarter), 54% of their IO obligation (increased from 42% last quarter) and 31% of their SPG obligation (increased from 22% last quarter).

It is worth noting that while the overall and priority group obligations have been running since 2008, the IO and SPG extension obligations were not introduced until August 2010.

Chart 4: Percentage of CERT overall and sub obligation targets achieved to date



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or visit our website **www.ofgem.gov.uk/cert.** The website contains the contact details for those suppliers with a CERT obligation.