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Carbon Emissions Reduction Target Update

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Quarter 17 Headlines

- 256.0 Mt (lifetime) CO_2 emissions reductions achieved in CERT to date, including EEC2 carryover.
- This equates to 87% of the overall target of 293 Mt (lifetime) CO_2, 89% of the way through the programme.
- 42% of total savings to date are from the Priority Group (PG).
- 66% of total savings to date are from insulation (including DIY loft insulation).
- 20% of total savings to date are from lighting.
- 50.6 Mt (lifetime) CO_2 achieved towards the Insulation Obligation (IO) target of 73.4 Mt (lifetime) CO_2 (69%)
- 6.3 Mt (lifetime) CO_2 achieved towards the Super Priority Group (SPG) obligation target of 16.2 Mt (lifetime) CO_2 (39%)

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

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 seventeenth quarter (ending 30 June 2012) of CERT, excluding measures carried over from EEC2. This includes those installed under the IO and within the 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 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.

Table 1

	Measure type	Number of measures
Insulation	Cavity wall insulation	2,282,967
	Loft insulation (excluding DIY insulation	3,220,661
	Solid wall insulation	51,202
Heating	Fuel switching	94,641
Lighting	Compact Fluorescent Lamps (CFLs)	303,544,484
Microgeneration	Heat pumps	6,618
	Solar water heating (m^2)	3,091
Behavioural	Real Time Displays (RTDs)	2,419,694
	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 number of insulation measures have continued to increase this quarter; with an increase of 9% reported for cavity wall insulation, 10% for professional loft insulation and 8% for solid wall insulation. In addition 101.5 million m^2 of DIY loft insulation has been distributed to date through retail outlets and online, an increase of 12% compared to the 90.8 million m^2 reported last quarter.

Microgeneration activity remained the same this quarter, with 6,618 heat pumps and 3,091 m^2 of solar water heating measures reported to date. This is the fourth consecutive quarter that no increase in solar water heating activity has been reported.

There has been a slight decrease in the number of CFLs reported this quarter. CFLs have not been eligible under CERT since 31 March 2011, so changes in the numbers being reported are likely due to some suppliers receiving more finalised sales data from retail partners.

The number of real time displays has increased, although at a smaller rate than previous quarters, with 2.42 million reported to date. The number of HEAPs reported remains unchanged at 28,571.

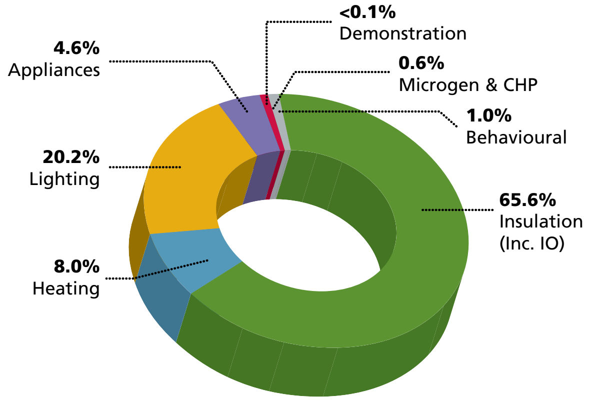
Carbon Savings Achieved

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 256.0 Mt CO_2 saved to date, including 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 previous quarters.

Insulation (including IO and DIY loft insulation) continues to contribute the greatest volume of carbon savings under CERT, accounting for 66% of savings (167.9 Mt CO_2).

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



Overall carbon savings from insulation measures increased by 9% this quarter; the highest reported increase during the last year. However, the savings attributed to the IO increased by 28%; a smaller increase than that seen in recent quarters.

Whilst the proportion of savings from lighting measures decreased from 21% to 20% and the overall CFL measure numbers decreased, the total savings from lighting increased slightly from 51.7 Mt CO_2 to 51.8 Mt CO_2. This is due to continued sales of other lighting measures, such as LED's.

Microgeneration, appliances, behavioural and heating measures account for the remaining 14% of carbon savings - decreasing from 15% last quarter.

- Savings from heating measures, including fuel switching activity and the distribution of shower regulators increased to 20.5 Mt CO_2, whilst the proportion of savings from these measures remained at 8%.
- The appliances sector includes white goods, consumer electronics and standby consumption reduction devices. The proportion of savings from these measures remained at 5%, whilst the overall savings increased from 11.1 Mt CO_2 to 11.6 Mt CO_2.
- Savings from microgeneration and Combined Heat and Power (CHP) remained at 1.7 Mt CO_2. The proportion of savings for these measures also remained at 1%.
- The proportion of savings from behavioural measures, comprising both RTDs and HEAPs, remained the same at 1% whilst the total savings attributed to these measures remained at 2.5 Mt CO_2.

Demonstration actions (DA) allow suppliers to get a carbon return for approved financial investment in trials of innovative measures. Although, the savings from DA saw an increase this quarter, the actual savings and proportion of savings reported from these measures still remains small at 0.1 Mt CO_2 and below 0.1% respectively.

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

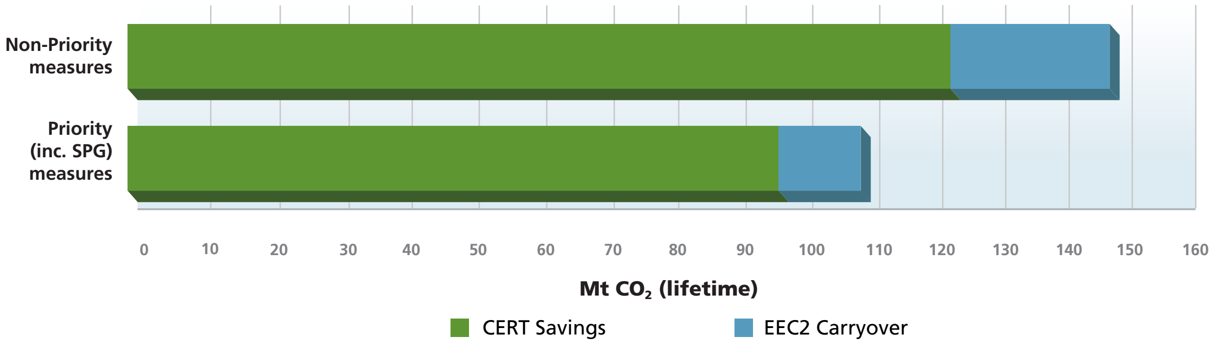


Chart 3: CO_2 savings by measure type delivered to Priority and non-Priority Groups (excluding EEC2 carryover)

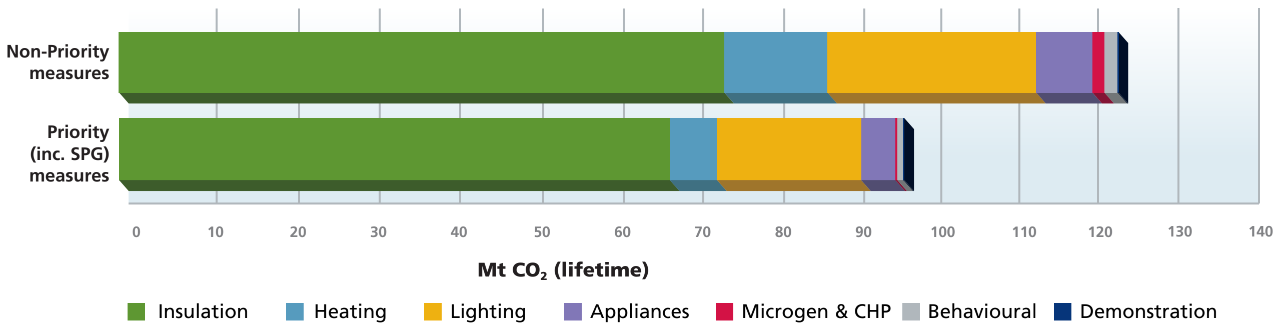


Chart 2 shows how reductions in carbon emissions have been achieved in the PG and non-PG, broken down by CERT activity and EEC2 carryover. The data includes SPG and IO activity.

To date, 256 Mt CO_2 savings have been achieved towards the overall CER target of 293 Mt CO_2. Of these savings 42% (108.4 Mt CO_2) 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.

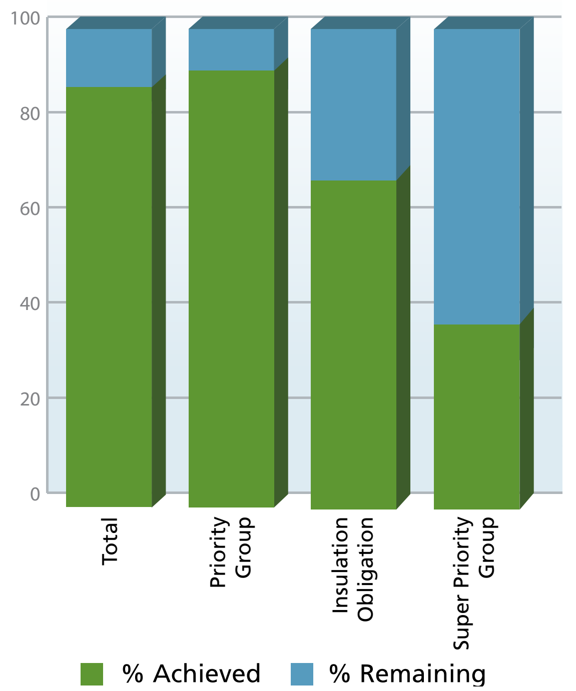
In total, PG and NPG savings, excluding carryover, increased by 5% and 8% respectively. Savings from insulation remains the most prevalent measure type for both groups.

Chart 4 shows the progress made at the end of quarter 17 and the work required in order to meet the overall CERT obligation and sub-obligations.

While 87% of the overall obligation has been completed, the full obligation cannot be achieved without also achieving the three sub-obligations.

Suppliers have continued to make progress against the sub-obligations; with 93% completed against their PG obligation (increased from 88% last quarter), 69% against their IO obligation (increased from 54% last quarter) and 39% of their SPG obligation (increased from 31% last quarter).

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



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, to begin in April 2011.

CERT team contact details

Steve McBurney, Head of Energy Efficiency
Email steve.mcburney@ofgem.gov.uk

Andrew Abraham, CERT Compliance Manager
Email andrew.abraham@ofgem.gov.uk

Cassie Sutherland, Energy Efficiency Policy and Technical Manager
Email cassie.sutherland@ofgem.gov.uk

Chandni Patel, CERT Asst Manager (Technical)
Email chandni.patel@ofgem.gov.uk

Chris Hunt, CERT Delivery Manager
Email chris.hunt@ofgem.gov.uk

Jenny Chaplin, CERT Asst Manager (Compliance)
Email jenny.chaplin@ofgem.gov.uk

Sue Corbett, CERT Asst Manager (Compliance)
Email susan.corbett@ofgem.gov.uk

Peter Frampton, Energy Efficiency Officer
Email peter.frampton@ofgem.gov.uk

Pete Finlay, Fraud Prevention and Audit Manager
Email peter.finlay@ofgem.gov.uk

Leanne Peirce, Asst Fraud Prevention Manager
Email leanne.peirce@ofgem.gov.uk

For more information on CERT, please email CERT@Ofgem.gov.uk

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