

## Press Release

**01 May 2013**

### **ENERGY COMPANIES ACHIEVE 99% OF GOVERNMENT ENERGY EFFICIENCY TARGETS OFGEM OPENS INVESTIGATIONS INTO ENERGY COMPANIES WHO FAILED TO MEET THEIR TARGETS**

- **Energy companies achieved 99% of government energy efficiency targets by December 2012 deadline**
- **EDF energy, Eggborough power, E.ON and RWE npower have achieved all of their energy efficiency targets**
- **Over six million energy efficiency measures have been delivered to consumers, but Ofgem has a statutory role to ensure timely compliance and is investigating those firms who have failed their targets**
- **British Gas, Drax, GDF Suez / IPM, Intergen, Scottish Power and SSE will be investigated for failing one or more of their energy efficiency targets**

Energy companies have successfully achieved over 99% of their energy efficiency targets according to a report published today by Ofgem. Consumers have received over six million professionally installed energy efficiency measures, including approximately 700,000 of the most vulnerable households under the government's Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP) schemes. Government gave Ofgem the role of administering both schemes.

During the final year of the programmes the energy companies stepped up delivery of the schemes. To ensure as much benefit was delivered to consumers as possible Ofgem reminded the industry in September 2012 that companies risked facing enforcement action if they failed to meet their energy efficiency targets. Ofgem also stated it would take into account as 'mitigation' additional energy saving measures installed after the December 2012 deadline as part of any enforcement process or possible fines. Since January 2013 a number of energy companies have chosen to continue installing energy efficiency measures.

Sarah Harrison, Ofgem's Senior Partner in charge of enforcement, said: "At a time of rising energy bills energy efficiency can make a big difference for consumers. The fact that the industry has delivered 99 per cent of its government energy efficiency targets is to be welcomed. However, Ofgem's role is to ensure that consumers do not lose out by the failure of firms to deliver all the help required or are not disadvantaged by late delivery. This is why Ofgem is today launching investigations into six firms who have failed one or more of their energy efficiency targets set by government."

Ofgem is launching investigations into British Gas, Drax, GDF Suez / IPM, Intergen, Scottish Power and SSE, after we notified the Secretary of State in a report published today that each of them had failed to achieve one or more of their energy efficiency targets.

The overall targets were set by the Department of Energy and Climate Change (DECC) under the Community Energy Saving Programme (CESP) and the Carbon Emissions Reduction Target (CERT). Under CERT over 3.9 million lofts and 2.5 million cavity walls were insulated. The CESP scheme was targeted at vulnerable customers in the most deprived areas across Great Britain. Over 150,000 households had at least one energy efficiency measure installed including insulating over 75,000 external solid walls and replacing nearly 43,000 old, inefficient boilers. The energy efficiency schemes saved 312 million life time

tonnes of carbon dioxide emissions through energy efficiency measures installed before 31 December 2012.

## Ends

### Notes to editors:

#### 1. Energy company achievement against their CERT targets:

	<b>Main target</b>	<b>Priority Group target</b>	<b>Super Priority Group target</b>	<b>Insulation target</b>
<b>British Gas</b>	98.9%	109.4%	105.0%	95.5%
<b>E.ON</b>	101.8%	102.5%	105.6%	104.4%
<b>EDF Energy</b>	103.0%	108.3%	116.1%	109.6%
<b>RWE npower<sup>1</sup></b>	106.0%	100.2%	107.4%	109.2%
<b>Scottish Power</b>	102.4%	102.0%	119.2%	106.2%
<b>SSE<sup>1</sup></b>	98.5%	99.7%	73.8%	99.9%

<sup>1</sup> SSE and RWE npower submitted additional information, but this information was too late to be considered before publication of the CERT final report.

The different target groups are defined below:

- the Priority Group: At least 40% of the overall target had to be achieved from certain low-income domestic consumers or those over 70 years old
- the Super Priority Group: This is a sub category of the Priority Group and suppliers had to deliver 16.2 Mt CO<sub>2</sub> of the overall targets in this group. It included those on certain qualifying benefits, including households in receipt of child tax credits with an income under £16,190
- the Insulation target: Energy suppliers had to deliver 73.4 Mt CO<sub>2</sub> of the overall carbon dioxide target through insulation measures.

2. EDF, E.ON, RWE npower and Scottish Power all achieved their CERT targets. British Gas and SSE were non-compliant in one or more of their CERT targets. SSE submitted additional information in relation to two of its CERT targets, but this information was too late to be considered before publication of the CERT final report. At this time Ofgem is not investigating SSE for CERT non-compliance, as we are processing and validating the additional information they submitted.

#### 3. Energy company achievement against their CESP targets:

<b>Energy Companies</b>					
British Gas	EDF	E.ON	RWE npower	SSE	Scottish Power
62.4%	133.0%	116.5%	106.8%	90.9%	70.0%
<b>Independent Generators</b>					
	Drax Power	Eggborough Power	GDF Suez/IPM	Intergen	

	37.1%	100.5%	38.6%	6.5%	
--	-------	--------	-------	------	--

4. In the CESP programme the following energy companies achieved their targets: EDF, E.ON, RWE npower and Eggborough Power. The following companies did not achieve their CESP target: British Gas, Drax, GDF Suez / IPM, Intergen, Scottish Power and SSE.
5. Ofgem has published the CERT and CESP Final Reports for the Secretary of State. These can be found on the Ofgem website:

Final report of the Community Energy Saving Programme (CESP) 2009-2012:

[http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/cesp/Documents1/CESP%20Final%20Report%202013\\_FINAL%20300413.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/cesp/Documents1/CESP%20Final%20Report%202013_FINAL%20300413.pdf)

Final report of the Carbon Emissions Reduction Target (CERT) 2008-2012:

[http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Documents1/CERT\\_FinalReport2013\\_300413.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/EnergyEff/Documents1/CERT_FinalReport2013_300413.pdf)

6. The [CERT](#) and the [CESP](#) overall targets were set by the Department of Energy and Climate Change (DECC). Ofgem administered the two schemes while DECC was responsible for their policy. Ofgem's role included calculating the individual targets of qualifying energy companies, reporting to the Secretary of State and initiating enforcement action where appropriate. More information on the two programmes is available on [Ofgem's website](#).
7. Ofgem issued a [press release](#) and open letter on the 21 September 2012 that warned energy companies that they risked enforcement action if they failed to meet their CESP and CERT targets. We encouraged energy companies to continue to install energy efficient measures for a short period after 31 December 2012. These mitigation actions are not, and cannot be, a substitute for compliance. These mitigation actions will be taken into account as part of any enforcement action and in the size of any resulting penalty. Ofgem is currently processing and validating the mitigation actions that some energy companies have submitted.
8. Ofgem investigations

Since April 2010, Ofgem has completed 14 full scale investigations. More than £35 million of penalties have been imposed and around £6 million of redress payments have been made to benefit consumers. We have recently consulted on a proposed £10.5 million penalty against SSE for mis-selling.

The fact that Ofgem has launched an investigation should not in any way be taken as implying that British Gas, Drax, GDF Suez/ IPM, Intergen, Scottish Power and SSE have breached relevant requirements which if established would mean the Authority could impose a financial penalty.

As part of the investigation process Ofgem will examine any evidence of non-compliance and consider whether there are grounds for exercising enforcement powers. Further information on the investigation process and the potential outcomes can be found in Ofgem's enforcement guidelines.

Ofgem has powers which include imposing significant financial penalties of up to 10% of an energy company's annual turnover, following an investigation. Ofgem does not yet have powers

to require companies to award consumer compensation. We are currently seeking powers of redress and are pleased that government is supporting our efforts with the proposed new consumer redress powers contained in the Energy Bill.

- 9.** Ofgem takes decisions about its approach to potential enforcement in accordance with its Enforcement Guidelines. These include ensuring that action is proportionate and targeted. The assessment includes the steps taken by a company to try and comply and to mitigate the impact of non-compliance. Ofgem's enforcement approach can be found on our website - [Enforcement Guidelines on Complaints and Investigations 2012](#).
- 10.** Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

**For further press information contact Ofgem:**

Felicity Beverley 020 7901 3858  
Rory Edwards 0207 7901 7246  
Lisa O'Brien 020 7901 7426  
Chris Lock 020 7901 7225  
Mark Wiltsher 020 7901 7006