



Ofgem E-Serve
in Wales by Numbers
2015



Ofgem E-Serve

Ofgem E-Serve is the delivery arm of Ofgem. We are experts in operational design and delivery excellence. We are responsible for the delivery and administration of the Department of Energy and Climate Change's (DECC) environmental schemes and social programmes.

Our work is to assist DECC in making considerable progress towards its decarbonisation targets. Ofgem E-Serve is responsible for the administration of all schemes while DECC remains in charge of its policy. We develop and administer these programmes on a not-for-profit basis, for less than 0.5% of their total value.



Energy Company Obligation (ECO)

ECO is a domestic energy efficiency programme introduced by the UK government in January 2013. It follows on from previous government energy efficiency schemes that Ofgem and its predecessors have administered since 1994.

ECO places a legal obligation on Britain's largest energy suppliers to install energy efficiency measures, such as loft and wall insulation, to households in Britain. Each year we allocate suppliers a proportion of the overall targets. This is determined by a supplier's share of the gas and electricity supply market. Suppliers then gain credits towards their obligations for eligible energy efficiency measures they install at domestic properties.

ECO has the joint aims of reducing carbon dioxide emissions from the domestic sector and tackling fuel poverty. It does this through three distinct obligations:

- Carbon Emission Reduction Obligation (CERO) - targets homes generally in need of energy efficiency measures, primarily loft and wall insulation measures, but can include other types of insulation as well as connections to district heating systems
- Carbon Saving Community Obligation (CSCO) -Targets specified low income and rural areas with insulation and district heating measures
- Home Heating Cost Reduction Obligation (HHCRO) -Targets reduction of heating costs through the installation of heating and insulation measures to private sector households on certain means-based benefits

Energy Company Obligation (ECO)

The first period of ECO ended in March 2015 and its second phase, ECO2 launched in April 2015 and runs until March 2017.

- By the end of September 2015, 81,123 measures had been installed in Wales using ECO funding- this equates to 5.1% of all ECO measures installed.
- Around 62 ECO measures have been installed for every 1,000 households in Wales compared to an average of 59 measures per 1,000 households in England and 76 measures per 1,000 households in Scotland.
- The proportion of HHCRO measures delivered in Wales is greater than expected based on the number of households in Wales. This is likely due to funding assistance being provided through both ECO and the Welsh Government's Nyth/Nest scheme, which targets similar households.

The following table shows delivery of ECO measures in Wales, by administrative area, up to the end of September 2015

Country/ Local Authority Area	CERO	CSCO	HHCRO	Total ECO measures	% of ECO measures	ECO measures per 1,000 households
Great Britain	686,151	420,425	485,246	1,591,822	100	60.7
England	572,584	352,330	402,493	1,327,407	83.4	59.0
Scotland	84,703	54,197	44,392	183,292	11.5	76.3
Wales	28,864	13,898	38,361	81,123	5.1	61.5
Isle of Anglesey / Ynys Môn	199	187	431	817	0.1	26.5
Gwynedd / Gwynedd	587	260	627	1,474	0.1	27.9
Conwy / Conwy	1,423	314	1,699	3,436	0.2	66.5

Country/ Local Authority Area	CERO	CSCO	HHCRO	Total ECO measures	% of ECO measures	ECO measures per 1,000 households
Denbighshire / Sir Ddinbych	1,348	538	1,511	3,397	0.2	82.8
Flintshire / Sir y Fflint	1,481	378	1,709	3,568	0.2	55.3
Wrexham / Wrecsam	1,064	585	970	2,619	0.2	45.1
Powys / Powys	811	65	453	1,329	0.1	22.6
Ceredigion / Ceredigion	795	118	344	1,257	0.1	39.6
Pembrokeshire / Sir Benfro	847	340	768	1,955	0.1	36.3
Carmarthenshire / Sir Gaerfyrddin	1,569	798	2,096	4,463	0.3	56.1
Swansea / Abertawe	1,393	800	3,076	5,269	0.3	50.3
Neath Port Talbot / Castell-nedd Port Talbot	1,632	964	2,445	5,041	0.3	83.2
Bridgend / Pen-y-bont ar Ogwr	1,113	1,211	2,479	4,803	0.3	80.9
The Vale of Glamorgan / Bro Morgannwg	1,631	292	1,379	3,302	0.2	60.9
Cardiff / Caerdydd	4,180	2,738	4,132	11,050	0.7	75.6
Rhondda Cynon Taf / Rhondda Cynon Taf	1,373	1,370	5,641	8,384	0.5	82.8
Merthyr Tydfil / Merthyr Tudful	471	540	1,082	2,093	0.1	85.8
Caerphilly / Caerffili	2,246	976	3,012	6,234	0.4	83.1
Blaenau Gwent / Blaenau Gwent	347	371	1,302	2,020	0.1	66.0
Torfaen / Tor-faen	1,303	242	974	2,519	0.2	64.8
Monmouthshire / Sir Fynwy	1,152	27	442	1,621	0.1	41.8
Newport / Casnewydd	1,899	784	1,789	4,472	0.3	72.3



Warm Home Discount (WHD)

The WHD scheme is an important element of the UK government's strategy for addressing fuel poverty. It provides low income consumers with an annual electricity bill rebate of £140 as well as providing indirect support, such as energy advice and assistance in reducing energy debts. The scheme is divided into three elements: the Core Group, the Broader Group, and Industry Initiatives. DECC administers the Core Group and is in charge of the scheme's policy while Ofgem E-Serve administers the remaining elements and monitors compliance with scheme obligations.

Initially intended to run for four years, the scheme has been extended to continue supporting low income consumers. Participation of energy companies has grown since April 2011 and the 11 largest GB energy suppliers now offer WHD support to consumers. We continue to work closely with suppliers and DECC to ensure efficient and effective delivery of the current scheme whilst also offering government the benefit of our experience and expertise as it explores future policy options to tackle fuel poverty. The WHD scheme has now delivered over £1 billion in support from obligated suppliers for those at risk of fuel poverty since it began in April 2011.

An example of an activity targeting Wales is NEA Wales, which is funded partly through WHD Industry Initiatives, and provides fuel debt training and mentoring projects across Wales.

Feed-in Tariff (FIT)

The FIT scheme encourages the uptake of a range of small-scale renewable and low-carbon electricity suppliers to pay micro, small renewable and micro Combined Heat and Power (CHP) generators for electricity generated and exported to the grid. Suppliers are also required to make payments into a levelisation fund, which is redistributed to those companies that have made more payments to accredited installations than they would be required to by their market share contribution.

As of 31 December 2015, Wales represented 6.7% of the total number of installations registered on FITs (711,461). This is from the launch of the scheme in 2010. A breakdown of technology type and capacity in Wales is shown here:

Technology	Total installations	Total Installed Capacity / kW
Anaerobic digestion	7	3,267
Hydro	153	7,514
Solar PV	46,630	211,678
Wind	514	45,088
Total	47,304	267,547

Renewables Obligation (RO)

The RO is one of the main mechanisms for supporting the deployment of large-scale renewable electricity generating stations in the UK. It puts an obligation on licensed electricity suppliers to source some of their supply from renewables, and this proportion increases every year. In Wales the most common technology type is onshore wind where there were 44 accredited stations as of 31 March 2015.

Whilst there are only three offshore wind stations accredited under the scheme, they make up 720MW of renewable capacity and feature Gwynt y Mor, one of the largest of this type in the world. In 2014/15 3.8 million Renewables Obligation Certificates (ROCs) were issued to operators of Welsh stations, with these certificates having a value of around £168 million.

Technology	Number of installations			Capacity		
	Number of stations in the UK (excluding microgenerators)	Number of stations in Wales	% of Welsh stations in the UK	UK capacity (MW)	Wales capacity (MW)	% of UK capacity generated in Wales
Hydro	253	31	12.3%	720	77.2	10.7%
Solar PV	485	34	7.0%	3,817	285.8	7.5%
Onshore wind	702	44	6.3%	7,935	527.3	6.6%
Offshore wind	30	3	10.0%	4,976	720.2	14.5%
Landfill gas	450	18	4.0%	929	31.2	3.4%
Sewage gas	158	16	10.1%	165	12.2	7.4%
Total	2,078	146	7.0%	18,541	1,654	8.9%

Notes:

- There are also eight fuelled generating stations in Wales. Capacity details on these will appear in our RO annual report, which will be published before 1 April 2016.
- No tidal or wave power sites in Wales.
- Based on RO accreditation data as of 15 December 2015.



Renewable Heat Incentive

The Renewable Heat Incentive is a world first. It provides financial incentives to encourage the switch from oil and gas fired heating systems to sustainable sources such as bio-fuels, solar thermal panels, heat pumps and renewable combined heat and power systems. The scheme is the UK Government's key mechanism for driving uptake of renewable heat to reduce carbon emissions and help meet EU renewable targets.

The Renewable Heat Incentive has two schemes - Non-Domestic and Domestic. They have separate tariffs, joining conditions, rules and application processes. We administer both.

Generally, if the renewable heating system is in commercial, public or industrial premises, it could be eligible under the Non-Domestic RHI. Key to joining the Domestic scheme is that the renewable heating system heats only a single property which is capable of getting a domestic Energy Performance Certificate (EPC).

Non-Domestic Renewable Heat Incentive (RHI)

The Non-Domestic RHI scheme started in November 2011.

Applications in Wales

- Applications Received – 1,529 (10% of total GB applications)
- Applications Accredited and registered biomethane producers – 1,314 (10% of total GB applications)

In the financial year 14/15, we had a total of 987 applications in Wales. This shows significant growth compared to previous years:

2015/2016 (up to 30 November 2015)	2014/2015	2013/2014	2012/2013	2011/2012 (from November 2011)
160	987	256	107	19

The total installed capacity figure is 187,905 (188MW). **This is 11% of all GB applications.**

Technology breakdown and capacity:

Technology	Number of applications	Installed Capacity (kW)
Solid Biomass Boiler	1,262	186,737
Ground Source Heat Pump (GSHP)	27	422
Solar Thermal	18	165
Biogas	1	178
Air Source Heat Pump	3	37
Water Source Heat Pump	2	366
Bio-Methane	1	0
Total	1,314	187,905



Domestic Renewable Heat Incentive (RHI)

The Domestic RHI scheme opened in April 2014 and covers England, Scotland and Wales. It's targeted at, but not limited to, homes off the gas grid. Those without mains gas have the most potential to save on fuel bills and decrease carbon emissions.

Anyone who meets the joining criteria can apply, including people who own the homes they live in, social and private landlords and self-builders.

Participants are paid quarterly for seven years. For most, payments are based on an estimation of the property's most recent heat use. A minority of participants need to install meters and submit regular readings to be paid.

The eligible heating systems are: biomass boilers and biomass pellet stoves, air source and ground source heat pumps and solar thermal panels.

- On average, Wales has 1 accreditation per 1,000 people, which is well above the GB average of 0.7 per 1,000 people.
- Powys has the most Domestic RHI accreditations per person with 4.2 accreditations per 1,000 people. Ceredigion, Carmarthenshire and Monmouthshire also have a high number of accreditations per capita at 2.9, 2.6 and 2.1 per 1,000 people respectively.
- Out of the 14 geographic areas in GB, that the Domestic RHI report on, Wales has the fourth highest number of biomass accreditations and the fourth highest number of solar thermal accreditations
- Overall, 5.2% of all GB Domestic RHI accreditations are located in Wales. Broken down by technology, Wales provides 3.6% of all air source heat pump accreditations, 6.8% of all biomass accreditations, 5.9% of ground source heat pump accreditations and 6.7% of solar thermal accreditations.

Domestic Renewable Heat Incentive (RHI)

The following table shows uptake across Wales

County	Air Source Heat Pump	Biomass	Ground Source Heat Pump	Solar Thermal	Total
Blaenau Gwent		3			3
Bridgend	5	10	5	6	26
Caerphilly	10	14	4	5	33
Cardiff	10	7	3	10	30
Carmarthenshire	116	167	108	94	485
Ceredigion	68	68	44	43	223
Conwy	27	21	16	14	78
Denbighshire	58	60	30	34	182
Flintshire	50	63	11	32	156
Gwynedd	81	68	37	28	214
Isle of Anglesey	56	25	34	16	131
Merthyr Tydfil	5	3	2	3	13
Monmouthshire	61	54	48	30	193
Neath Port Talbot	16	6	2	4	28
Newport	9	13	9	11	42
Pembrokeshire	61	84	34	58	237

County	Air Source Heat Pump	Biomass	Ground Source Heat Pump	Solar Thermal	Total
Powys	147	183	100	123	553
Rhondda Cynon Taf	14	14	3	5	36
Swansea	22	13	22	19	76
The Vale of Glamorgan	16	16	12	17	61
Torfaen	2	3		1	6
Wrexham	75	40	11	64	190
Grand total	909	935	535	617	2996

Government Electricity Rebate (GER)

The GER was established following the Chancellor of the Exchequer's 2013 autumn statement in which the UK Government outlined plans to help lower the impact of environmental and social policy costs on domestic energy bills. It is part of a wider package of measures designed to reduce domestic energy bills by an average of around £50 per year.

GER requires electricity supply licence holders to provide an annual £12 rebate to all domestic customers in 2014/15 and 2015/16. Customers are paid by suppliers via their normal payment method and suppliers must provide the rebate by 28 February each year. We check that suppliers have made these payments and the UK Government then reimburses them for the rebates provided.



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