

Carbon Emissions Reduction Target

Update

Issue 10/December 2010

Quarter 10 Headlines:

- 169 Mt CO₂ emissions reductions achieved in CERT to date, including carryover. This equates to 58% of the newly extended target of 293 Mt CO₂.
- 42% of total savings to target are from the Priority Group.
- 62% of total savings to target are from insulation (including DIY).
- 26% of total savings to target are from lighting.

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 was 185 Mt (lifetime) CO₂ by 31 March 2011. In August, this was extended (on a pro-rata basis) to the end of December 2012, increasing the target to 293 Mt (lifetime) CO₂.
- 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 Priority Group includes those aged 70 and over and those on qualifying benefits.
- The Super Priority Group represents 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. These represent estimated activity and do not constitute fully approved, finalised figures¹.

Table 1

	Type	Number of measures
Insulation	Cavity wall insulation	1,429,917
	Loft insulation (excluding DIY)	1,746,074
	Solid wall insulation	34,508
Heating	Fuel switching	56,614
Lighting	CFLs	252,621,751
Microgeneration	Heat pumps (Ground source)	27,561
	Solar water heating (m ²)	784
	Small scale CHP	1
Behavioural	Real Time Displays	1,139,655

Table 1 shows the number of measures delivered by suppliers to the tenth quarter (July to September 2010) of CERT, excluding measures carried over from EEC2.

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.

Insulation remains the most significant group of measures delivered in CERT. A total of 3.2 million professional insulation measures have been undertaken since April 2008 under CERT, in addition to the 53.4 million m² of DIY loft insulation which has been distributed through retail outlets. In the last quarter all major insulation measures have seen continued activity; for example the number of solid wall homes insulated has increased from 31,745 to 34,508 over the three months July to September 2010.

Numbers of heat pumps and solar water heating have seen changes that

are primarily a result of the reporting process, rather than indicating real changes in activity levels in CERT delivery. The number of heat pumps reported as installed has increased sharply, increasing from 2,790 to 27,561 units. Conversely, the total reported level of solar water heating has decreased 23% (238 m²), indicating that there has been a correction to the data submitted in the previous quarter.

CFL distribution continues but the rate of delivery continues to slow. Numbers have risen from 244 million lamps at the end of June to 253 million at the end of September. This increase of around 8 million lamps is the smallest quarterly distribution for CFLs since the start of CERT.

This quarter shows the second set of behavioural activity being reported by suppliers, with 1.1million RTDs being distributed to date under the programme. This represents a significant increase on last quarter's result, with an extra 272,273 units (31% increase). No Home Energy Advice packages (HEAs) have been reported to date.

Carbon Savings Achieved

The six obligated energy suppliers update Ofgem every 3 months with their progress towards each of their carbon emissions reduction obligations, with and without carryover from EEC2. In the following analysis, this is summarised and broken down into carbon saving measures and priority group status. These represent estimated activity and do not constitute fully approved, finalised figures¹.

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

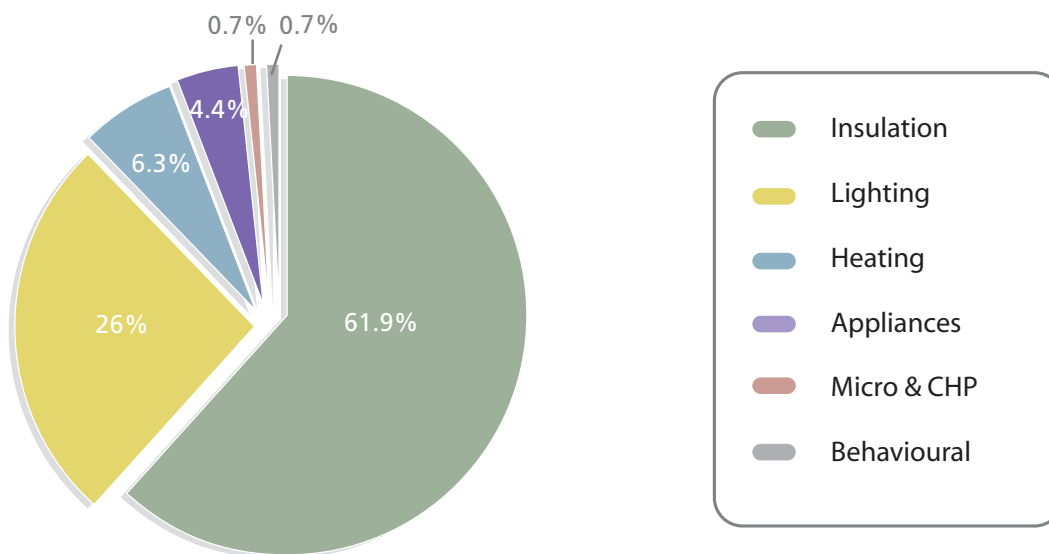


Chart 1 (above) shows the total 169 Mt CO₂ saved to target, which includes carryover from EEC2, split into each measure group. Overall the proportion of savings from the major sectors remains fairly stable, although lighting has dropped further.

- Insulation accounts for around 62% (98.3 Mt CO₂) of savings including DIY and carryover from EEC2. This sector's representation remains stable over the last 12 months.
- Savings from lighting continue to count for a lower share, having decreased from 26.7% to 26.0% of the total (44.0 Mt CO₂).

All other measure groups retain an increasingly significant place in CERT, with microgeneration, appliances, behavioural measures and heating accounting for the combined remainder of 12.1% - up from 11.5% last quarter. This increase is mainly accounted for by the growth of microgeneration and behavioural sectors relative to other areas.

- Savings from heating measures, dominated by fuel switching activity, for example from oil to gas, has increased in real terms from 9.8 Mt CO₂ at the end of last quarter to 10.7 Mt CO₂. The relative proportion of savings has increased slightly from 6.1% to 6.3%.
- The appliances sector includes white goods, consumer electronics and standby reduction devices. Following recent

significant increases in reported savings (the previous two CERT Updates), reported savings from appliances have grown in real terms from 6.8 Mt CO₂ in the last quarter to 7.4 Mt CO₂. The relative proportion of savings has increased slightly to 4.4%.

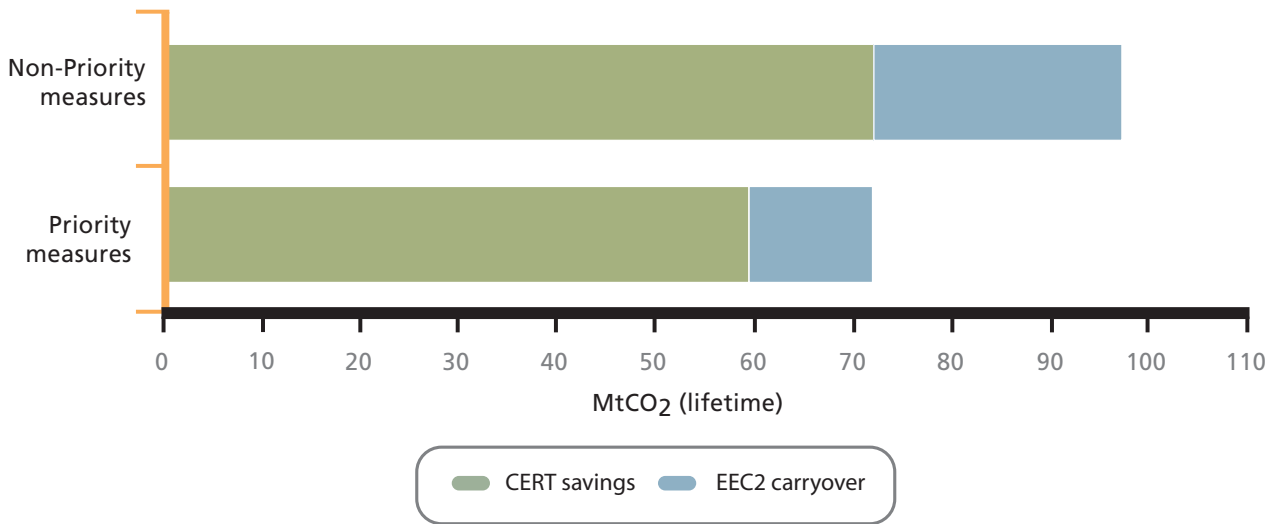
- Savings from microgeneration have increased in real terms from 0.93 Mt CO₂ at the end of last quarter to 1.1 Mt CO₂. This is an increase of 22%. The relative proportion of savings has increased to 0.7%. Please note that these figures take into account the impact of relevant measure numbers in this sector (see page 1).
- Behavioural measures, entirely RTDs at the current time, have increased in real terms from 0.86 Mt CO₂ at the end of last quarter to 1.2 Mt CO₂. This is an increase of 36%. The relative proportion of savings has increased to 0.7%

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 demonstrations 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 finalised. 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

¹Ofgem carries out checks on the data, liaising with the suppliers over unexpected data points or trends. Where numbers provided in the tables do not exactly match those cited in the text it is due to rounding errors. Final figures will be confirmed at the end of the scheme.



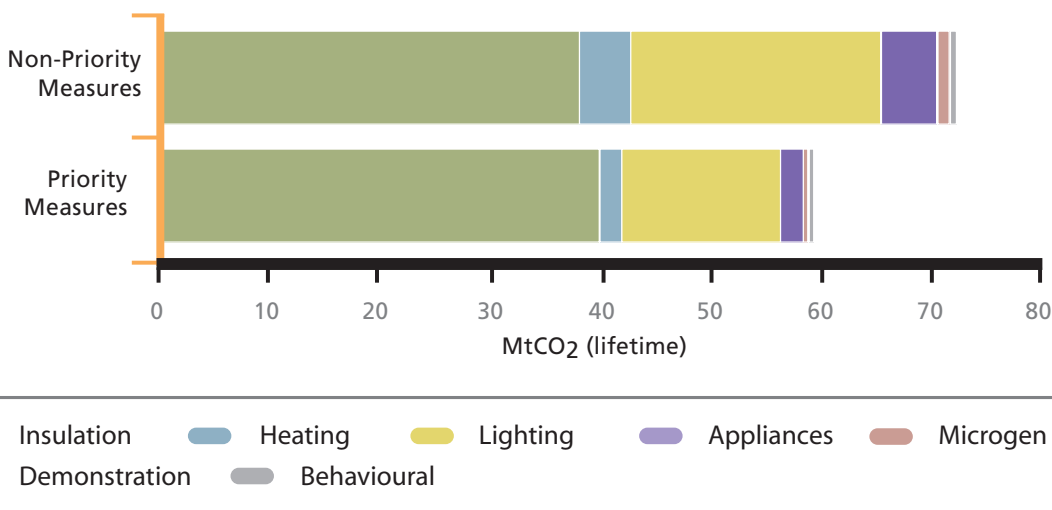
Chart 2: CO₂ savings achieved in CERT and EEC2 carryover in the Priority and non-Priority Group



To date, 169 Mt CO₂ savings have been achieved towards the CERT programme target of 293 MtCO₂. **Chart 2** shows how these reductions in carbon dioxide emissions have been

achieved in the priority (PG) and non priority (nPG) groups, broken down by CERT activity and EEC2 carryover. This chart shows that the nPG savings continue to exceed PG savings.

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



Similarly to **Chart 1**, **Chart 3** details carbon dioxide savings split by measure groups. However, **Chart 3** differentiates on priority group status, and analyses activity only since the start of the CERT period, excluding EEC2 carryover.

The relative rates of savings increase – i.e. comparing PG activity rates with nPG rates – are similar to the last quarter for all measures except lighting and insulation.

- The decrease in the proportion of lighting activity in CERT, discussed above, is more pronounced in the priority group than in the non-priority group.
- The increase in behavioural activity in CERT as a whole is more dominant in the non-priority group.



Policy Developments

Following government consultation on amendments to the CERT, on 30 July 2010 the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 was signed into law. This Amendment Order provides the statutory basis for the Government's changes to the CERT. Ofgem published a consultation on its administration procedures of the CERT Amendment Order which has now closed. We intend to issue new guidance documents in early 2011.

In their decisions document published this summer, DECC indicated that they would issue a short consultation on the role of appliances and consumer electronics in CERT. This was published² on 16 November and closes 7 January 2011.

It proposes that there are several core principles against which any measure to be promoted under CERT should be assessed:

- confidence that carbon savings are realised
- avoidance of deadweight
- focus on non-traded sector
- positive impact on vulnerable households; and
- contributes to scheme transparency.

DECC have indicated that they are likely to want to introduce restrictions, from April 2011, on any product where evidence of meeting these principles is lacking.

²available on DECC website: www.decc.gov.uk/en/content/cms/consultations/appliance_cert/appliance_cert.aspx

CERT team contact details



Steve McBurney, Head of Energy Efficiency

Tel 020 7901 7063 Email steve.mcburney@ofgem.gov.uk

Priya Patel, Compliance Manager

Tel 020 7901 7155 Email priya.patel@ofgem.gov.uk

Emily Flatt, Energy Efficiency Manager

Tel 020 7901 7361 Email emily.flatt@ofgem.gov.uk

Emily Batchelor, Fraud Prevention & Audit Manager

Tel 020 7901 7488 Email emily.batchelor@ofgem.gov.uk

Sue Corbett, Energy Efficiency Officer

Tel 020 7901 7170 Email susan.corbett@ofgem.gov.uk

Lakhvinder Sandhu, Energy Efficiency Officer

Tel 020 7901 7339 Email lakhvinder.sandhu@ofgem.gov.uk

For more detail 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.