

Lessons learned from CERT and CESP

Date: 30 July 2011
Version: 1
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EXECUTIVE SUMMARY

1. Introduction

This paper presents lessons learned from the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP), setting out positive features and challenges of the obligations.

The objective of this paper is to inform the development of future obligations, the design of which can benefit from past experience.

2. Summary of key points

Suppliers have built up a wealth of knowledge and expertise in how obligations are delivered 'on the ground'. To ensure Government meets its targets for reducing the UK's carbon dioxide emissions by 80 per cent by 2050, it is imperative that future obligations, like the Energy Company Obligation (ECO), can benefit from past experience.

Key lessons from CERT and CESP

- Clear and simple carbon target which is easy to translate into a wide range of measures based on clear, comparable and accurate information
- Measures can be awarded a carbon score and therefore they can be easily assessed on a commercial and contractual basis
- Clear, simple, and transparent long-term rules enable obligated parties to innovate in order to form strong relationships with a range of partners and deliver low-cost carbon savings
- Suppliers use diverse supply chains to deliver their obligations
- Mandated local partnering in overly confined local areas adds costs and reduces effectiveness by limiting the nature of local partnerships
- A range of measures are required in order to drive long-term behaviour change
- Regulatory certainty promotes long term planning and the cost effective achievement of goals
- Clarity for all obligated parties and stakeholders, as well as certainty of policy, helps promote strong partnerships and innovation.

Key requirements for the ECO

Based on experience with CERT and CESP, the key requirements for the ECO are:

- early policy and administration certainty
- evidence based policy with clear objectives
- understanding consumer demand
- understanding the housing stock needs and opportunities
- encouraging product innovation and investment
- facilitating stakeholder engagement
- ensuring legislation enables partnerships which benefit the consumer

It is imperative that the lessons learned from CERT and CESP allow for the robust design of the ECO, which will benefit consumers and facilitate innovation.

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3. Background

The Electricity and Gas (Carbon Emissions Reduction) Order 2008, the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 provide the statutory basis for the current Carbon Emissions Reduction Target (CERT).

CERT is a highly successful scheme, which continues to deliver carbon savings in accordance to its objective of 185 million tonnes of carbon dioxide, which includes a specific focus on vulnerable households.

The Community Energy Saving Programme (CESP) has initiated local partnerships and geographically concentrated schemes, with a view to encourage a localised way of delivering savings of 19.25 million tonnes of carbon dioxide in geographical areas selected using the Income Domain of the Indices of Multiple Deprivation (IMD) in England, Scotland and Wales. CESP has been designed as a trial obligation and DECC monitors CESP projects in order to apply the lessons learned to the design of future obligations.

The Electricity and Gas (Community Energy Saving Programme) Order 2009 was made on 20 July 2009 and came into force on 1 September 2009 and provides the statutory basis for CESP. Obligated suppliers and generators must meet their obligations between 1 October 2009 and 31 December 2012.

Both CERT and CESP feature a number of positives which, if understood, will help develop the future obligation, the Energy Company Obligation (ECO). There are also a number of challenges which should be thought through during the design of the future obligation, to avoid repeating them.

4. POLICY DEVELOPMENT

4.1 Evidence based policies

Policy must be evidence based, to ensure that it can be delivered in an efficient and cost effective manner which helps consumers and builds up the supply chain.

CERT policy was developed on the basis of technical evidence with regards to carbon savings and take up of measures. This has resulted in the scheme being highly successful to date in achieving its targets, as it was deliverable on the ground. Suppliers were consulted extensively in the development of CERT and the CERT extension and that has helped with the applicability and the delivery of the scheme. Key aspects of CERT, although somewhat diluted through recent changes, have been transparency of design and clear targets. Many of the positive elements of CERT discussed throughout this document flow from these factors.

In contrast, the development of CESP had limited evidential support in terms of the viability of local partnerships and the challenges of localised deployment of measures. Additionally, the potential of houses in the CESP areas for applying a variety of measures might have been overstated, as suppliers are finding that properties may not be suitable for many measures. It is now evident that

this has resulted in challenges with the approval of projects by the administrator and the actual delivery of measures, as well as the cost, due to the unavailability of multiple measure opportunities. A key concern has been the complexity of the scheme design which has presented problems in relation to delivery – detailed throughout this document. However, it is important to remember that CESP was designed as a trial obligation and DECC will be monitoring the challenges with a view to feed in lessons learned to the design of the ECO.

KEY POINTS

- CERT's simplicity and transparency of design, somewhat diluted through recent changes, has helped ensure cost effective delivery of the scheme and the development of diverse partnerships and a diverse supply chain.
- CESP's limited evidence base on local partnerships and viability of deployment of multiple measures has resulted in challenges with the design and approval of projects.

LESSON LEARNED / RECOMMENDATIONS

For the ECO to be successful it is imperative for it to be designed on robust evidence regarding policy, administration, measures included and partnerships necessary, taking into account the experience and input of the obligated parties and others with the experience of delivering energy efficiency retrofit.

4.2 Encouraging customer engagement and take up of measures

In order to support any obligation and encourage customer take up, all stakeholders must equally contribute to messaging and promotion, including the government, who benefits from a high level of trust. The policy must be designed with customer engagement and constant improvement of consumer behaviour in mind. The policy should, therefore, look beyond time constrained delivery by suppliers, in order to ensure long term carbon saving by consumers themselves.

The development of CERT over time has created a scheme which is focused on delivery. This ensures that carbon is saved. However, by introducing ad hoc changes such as the removal of some measures, the choice available to customers becomes limited; CERT may have continued to encourage more customer engagement and more significant changes in consumer behaviour and energy choices if a wider range of measures had remained available.

With regards to CESP, the strict geographical boundaries (CESP only being delivered in geographical areas selected using the Income Domain of the Indices of Multiple Deprivation (IMD) in England, Scotland and Wales) are not conducive to meaningful engagement with a broad range of third parties since suppliers require certainty of take up to meet the obligation within its strict timelines. This effectively means that engagement becomes selective, with more outreach to social landlords – who have high numbers of properties - than private rented or private householders. This means that whilst standards in social housing are being raised, residents are not necessarily engaged with the process nor are they encouraged to change their behaviour with regards to energy consumption. This is exactly why, as mentioned above, a future policy must be designed with customer engagement and constant improvement of consumer behaviour in mind.

Moreover, both obligations are primarily promoted by suppliers and/or their commercial partners. More effective government-led campaigns to educate consumers convincingly about the availability of measures and the difference they can make to their bills and energy consumption by taking them up is required.

The possibility of fiscal incentives, for consumers to improve their house and lower their energy consumption, has to be analysed and supported by all government departments. It is imperative to design any obligation with a view to educate and incentivise consumers, since if consumer behaviour does not change the measures can only save carbon up to a certain point.

KEY POINTS

- While CERT delivers carbon savings, by its nature and the limitation of measures over time, it does not offer the chance of more sustained and comprehensive customer engagement.
- CESP geographical and density requirements mean that obligated parties may elect to work with specific partners who can offer high levels of carbon saving; this is not necessarily conducive to customer engagement or engagement with the private rented sector.
- Lack of government-led campaigns to educate consumers has a knock on effect on the promotion of measures by suppliers and their commercial partners.
- Fiscal incentives on consumers have to be considered.

LESSON LEARNED / RECOMMENDATIONS

The ECO must find mechanisms to ensure that customer engagement and long term behaviour change are encouraged.

The ECO should also be promoted by all stakeholders, including the government, especially with a view to educating consumers.

Fiscal or other incentives will be required in the future. A road map for all householders (as per Private Rented Sector) needs to be created to make consumers take responsibility for their energy consumption and change their household and individual behaviour.

4.3 Policy certainty and timelines

Obligated parties' experience is that the more certainty they have relating to their obligation, the easier it is to plan and deliver an obligation within time constraints and in a cost efficient manner.

Long term policies and early certainty mean that an obligated party can:

- plan early
- assign the relevant budgets
- engage with stakeholders
- reach commercial agreements
- cooperate with others to research and encourage innovative energy saving products
- pace delivery in a way that will ultimately benefit the supply chain and consumers.

However, CERT and the CERT extension have seen the impact of changes to measures with limited evidential basis. Those changes do not necessarily take into account the need for continuity in the delivery of the obligations, in terms of planning, contracting and delivery chain development. Furthermore, the lack of certainty with regards to changes also impacts on planning and delivery.

The expected changes to carbon scores of CFL retail schemes is a characteristic example of a last minute policy change which impacts on existing commercial agreements and capacity for delivery. The DECC consultation on non insulation-measures discounts the value of gadgets and other non insulation products, even though they can be instrumental as a gateway to more disruptive measures (for example cavity or solid wall insulation). Importantly, they help with the equitability of the scheme; since not all properties are necessarily appropriate for the installation of insulation measures (e.g. hard to treat properties, flat roofs etc.) These changes are based on limited subjective evidence that the existing policy is at fault or is having any adverse effects.

With regards to CESP, the challenges of lack of early certainty, project complexity and fixed timelines make the overall delivery of the scheme extremely demanding and with limited delivery flexibility. This means that local partners and communities have not reaped the maximum anticipated policy intention and benefits.

There have also been a number of delays with the administration of the scheme – such as in project approvals - and the publication of comprehensive guidance. This, combined with the fixed timeline and the policy demand for local partnerships (which had not been required previously) means that CESP brings a number of regulatory and delivery uncertainties, and financial risk. Furthermore, initial indications forecast that there is a lack of opportunities for multiple measures applied to each property and hence the density uplifts are not commercially enticing. These factors all add costs to the scheme and undermine its ability to deliver carbon reductions at a reasonable cost.

KEY POINTS

- The delivery of any obligation in a cost effective manner which benefits the consumer requires early certainty and long term policies.
- When designing or changing an obligation it is imperative to plan for customer engagement, introduction to 'difficult' measures through 'gateway measures' and for the development of a healthy supply chain. This cannot be achieved when an obligation experiences constant changes.
- Obligations which do not have early certainty of policy and guidance are at constant risk of failure with regards to design, measures, partnerships and final delivery.

LESSON LEARNED / RECOMMENDATIONS

The ECO must offer early certainty of law, policy and guidance in order for suppliers to be able to plan and deliver to the maximum benefit of consumers.

All measures need to support the process of taking householders on an “energy efficiency journey” and therefore must balance carbon saving potential and customer engagement potential, in order to inspire long term changes in how consumers save energy and what measures they take up in the future.

4.4 Regulatory independence

Whilst CERT and CESP may be government designed policies, safeguarding the regulator and ensuring that it can work free from political and/ or media influence is imperative to the design and delivery of any obligation. An independent regulator is able to engage with stakeholders, research measures and their delivery and safeguard a competitive market to the ultimate benefit of consumers.

Lobbying, political and media pressures on a regulator can have a devastating and detrimental impact on the design and delivery of any obligation, such as unplanned changes to schemes and over-administration. Energy suppliers consider the regulator's contribution to the energy sector invaluable if its independence is safe guarded. Clear lines of responsibility between political and regulatory authorities can help the regulator fulfil its role to its full potential, unperturbed by external pressures and following the principles of Better Regulation.

KEY POINTS

- The independence of the regulator must be safeguarded to ensure engagement and best practice.
- Pressures from stakeholders, politicians and the media resulting in unforeseen changes to regulation or scheme rules can have a devastating impact on trust in the supply chain and delivery of measures.

LESSON LEARNED / RECOMMENDATIONS

The regulator must remain independent and be protected from political or other pressures which may lead to hastened decisions and changes, instead of the long term analysis of the market, to ensure that it benefits consumers and facilitates delivery of the ECO and Green Deal.

5. APPROVED QUALIFYING ACTIONS

5.1 Certainty and continuity

Policy must have a robust evidence base, to ensure that it can be delivered in an efficient and cost effective manner which helps consumers and builds up the supply chain.

Policy should also be designed with customer engagement and on-going behaviour change in mind (instead of time constrained delivery by suppliers) to ensure long term carbon saving by consumers themselves.

Obligated parties' experience is that the more certainty they have relating to their obligation, the easier it is to plan and deliver an obligation within time constraints and in a cost efficient manner.

Safeguarding the function and independence of the regulator, both from political and/or media influence, is one of the most important aspects of the design and delivery of any obligation.

Consumers will benefit meaningfully if an independent regulator is able to understand the market in depth, engage with stakeholders, research measures and their delivery and safeguard a competitive market.

The inclusion of measures based on evidence of their performance in the beginning of CERT ensured that the market was expanded, innovation encouraged and commercial arrangements had a lower level of risk. However, changes in qualifying measures – which may have no or limited evidential basis – can affect the structure of the market and the relationships between stakeholders can break down.

With regards to CESP, the inclusion and promotion of solid wall insulation has proved problematic. Solid wall insulation does not have the robust industry delivery structures, trained installers and assurance processes that other measures have. While this was understood at the stage of policy design it was not fully taken into consideration. This resulted in significant delays to the publication of guidance by the regulator, with severe impact on the design and delivery of CESP projects on the ground. These issues need to be understood and resolved for the ECO.

KEY POINTS

- Certainty and continuity are imperative for building a robust and sustainable supply chain to deliver the obligation
- Relationships with commercial partners and consumers can break down when qualifying actions change with little evidential basis and without sufficient consultation
- When qualifying actions are included in any obligation, their structures, properties and assurance processes available need to be taken into account.

LESSON LEARNED / RECOMMENDATIONS

Any qualifying actions under the ECO need to be long term and based on robust evidence. Changes to these actions need to be equally based on evidence and be subject to a formalised and impartial consultation process and allow time for the supply chain to make any necessary changes.

5.2 Introduction of new measures

Technological developments can move rapidly between the setting of an obligation's policy and its completion. Environmental obligations that support technological improvements over and above legal changes can encourage quicker development and innovation in electrical and other products – such as advances in solid wall materials. Therefore flexibility and the introduction of new measures can be a positive result of an obligation which will help wider industry develop and consumers benefit from the latest environmental products.

However, in order to take advantage of new technologies, a robust and rapid process of assessment is required, as well as an established consultation process. Constrained timelines and the absence of robust performance research – as we have seen with some CESP measures such as solid wall insulation and district heating solutions – can mean that the delivery of new measures may be abandoned or severely minimised. This results in neither suppliers nor customers benefiting from the roll-out and adoption of newer products and associated carbon savings.

KEY POINTS

Balance is required between the introduction of new measures and the need for robust and efficient processes and assessment of those measures.

LESSON LEARNED / RECOMMENDATIONS

The ECO must allow for a quick inclusion of new technologies via an established process of research, consultation and approval so that customers can benefit from the adoption of the latest environmental products which will have been robustly assessed in terms of safety and reliability by industry and independent processes.

5.3 Range of measures: Competition, innovation, equitability

A wider range of measures available under any obligation will result in multiple benefits to both the market and consumers.

The variety of qualifying actions was first of all beneficial to competition. That meant that numerous industries also benefited from the extra demand. Significant investment also resulted in increased innovation. This can be seen in products such as CFLs (which have changed dramatically since their introduction) and electronic devices, the improvement and increased visibility of which can be partly attributed to CERT.

Moreover, by allowing a wide range of mechanisms under CERT, it has been possible for delivery to be equitable. Admittedly it is not possible for all households to benefit from carbon efficiency schemes in the same way due to differences in house types and householder needs and circumstances and this should be recognised in future obligations. Nevertheless, even in cases when a household could not benefit from measures applied to the building fabric, other CERT subsidised products have been available.

KEY POINTS

A wide range of qualifying measures promotes:

- competition
- innovation and research into new products
- supply chain development
- increased visibility of energy saving products
- equitability of delivery

LESSON LEARNED / RECOMMENDATIONS

The ECO needs to include a wide range of measures so that it can

- foster competition
- allow for investment into new products
- allow for the development of supply chains in multiple product categories
- increase the variety of energy saving products that a customer can choose from, and
- ensure equitability of delivery, with customers having a range of opportunities to benefit from the ECO, even if their house or circumstances are not appropriate for all measures.

5.4 Impact on market development and customer engagement of the obligation, targets and sub-groups.

To ensure that suppliers meet their carbon targets and avoid a substantial financial penalty, a culture of subsidising energy efficiency products has emerged. This can be seen in offering measures free of charge to certain target groups and heavily discounted to others. This may vary dependant on where suppliers are in terms of meeting their target and certainty about the value of activity in future obligation periods.

Subsidising measures has resulted in a number of benefits for market development. However, the levels of the obligations, combined with increasing uncertainty and changes to qualifying measures, as well as the inclusion of the Priority and Super Priority Group quotas, has resulted in obligated parties resorting to offering some measures for free or heavily subsidised in order to have certainty of customer take up. This can be seen by the delivery of professionally installed loft insulation and cavity wall insulation.

Introducing different levels to an obligation, like the Priority and Super Priority Groups in CERT, means that trying to find representatives of those groups becomes ever more time consuming, complex and expensive. Furthermore, the historical availability of “free” measures in some cases for Priority Group members means that members of the Super Priority Group may have no incentive to identify themselves as such. Over time, the pool of available households under those sub-targets shrinks, not just in terms of numbers, but also in terms of householders who are prepared to take up the measures. Additionally, due to the need to meet those sub-targets, representatives of the Priority and Super Priority Groups receive measures for free in many cases, a fact that does not necessarily promote the value of the measure, nor does it in all cases allow for behavioural change in terms of lower levels of energy consumption.

Free or heavily subsidised measures effectively create a false market for providers and consumers. Providers and associates – such as insulation installation companies – become heavily reliant on subsidies as well as the obligated supplier being a ‘guaranteed customer’, which within a free-market environment is very unorthodox. This may result in the associated industry having little or no incentive or time to develop the market and innovate in terms of product offering, marketing and engagement. Consumers come to expect energy efficiency measures for free or at heavily discounted prices. This may mean that they do not value the need or effects of the measure and do not make associated changes, such as in their behaviour, in order to fully benefit from the potential cost savings.

In light of the fact that customers have been accustomed to free or heavily subsidised measures it

would be important to ensure that mechanisms are in place in order to encourage investment at market and non-subsidised rates if the subsidies are not available in the future.

KEY POINTS

- Free or heavily subsidised measures create a false market
- The delivery chain becomes overly reliant on the obligated parties
- Consumers do not value the measures that are installed
- Consumers may need relevant mechanisms in order to invest in measures at market and non-subsidised rates

LESSON LEARNED / RECOMMENDATIONS

During the development of the ECO the government needs to take into consideration the need to balance meeting the obligation and creating a false market. Consumers need to appreciate the measures installed, for long term change in behaviour to be possible

5.5 Joint measures with other industries

With environmental measures being so important to the government, multiple industries are now obligated to deliver energy or other savings. Being able to cooperate and deliver jointly can facilitate innovative partnerships which should be encouraged by regulation.

With the introduction of water saving obligations there could have been significant opportunities for joint efforts between energy and water companies. This however has not been possible under CERT due to regulatory concerns regarding “double counting”. It precluded companies from commonly promoting water and energy saving measures and restricted the development of hot water saving products. It also meant that opportunities to enter into a discussion with customers regarding other energy saving opportunities were lost.

KEY POINTS

- Opportunities for cooperation with other industries and customer engagement should be encouraged through regulation

LESSON LEARNED / RECOMMENDATIONS

The ECO should allow for cooperation across industries to ensure that coordinated action is taken, to the benefit of consumers with regards to range of measures available and opportunities for changes to their environmental behaviour

5.6 Lessons learned from specific measures

5.6.1 Loft Insulation

Loft Insulation is an example of a measure which is cost effective and technically, typically, more straightforward to install and can have immediate impact on the comfort or energy consumption habits of the householder.

However, there have been cases where consumers do not necessarily understand the benefits of the measure or they perceive that the work will be intrusive. For example, a lot of householders do not want to lose loft space. This is exactly where coordinated campaigns to engage and educate customers would be helpful.

As the standards for loft insulation have increased over the years, there are many houses with a low level of loft insulation which require “topping up” to bring them up to today’s standards. However, the carbon score for loft insulation “top ups” is not at a level that would make it a cost effective measure.

Finally, as measures and the circumstances under which they are installed change it is imperative for each measure to have standards, and suppliers welcome the recent DECC-led project for loft insulation installation standards.

KEY POINTS

- Loft insulation is a cost effective measure but loft top ups do not offer enough carbon saving
- Customers may not want to lose loft space
- Quality of loft insulation has been a concern

LESSON LEARNED / RECOMMENDATIONS

Measures under the ECO should balance carbon scoring and cost effectiveness in a way that makes them attractive to obligated parties in order that consumers can benefit

It is imperative to educate and engage with customers about all measures

Measures under the ECO must have standards which ensure quality of installation and are aligned with Green Deal where appropriate

5.6.2 Cavity Wall Insulation

Cavity wall insulation is a measure that has benefitted greatly from its inclusion in CERT with regards to:

- Investment and development
- Visibility to consumers
- Industry structures
- Installers’ training

The creation of the Cavity Insulation Guarantee Agency (CIGA) has helped to provide assurances to all stakeholders about the lifetime and quality of the measure installed. This is exactly the type of

industry assurance and certification that creates trust in a measure.

However, cavity wall insulation is not a measure that can be applied in exactly the same way in all properties. There are instances of houses with conservatories or where the cavity width is not considered suitable or where the property height is above technical specifications for suitability. As more and more cavities of an average type are being filled it is now imperative for the administrator to be flexible and provide the tools for carbon calculation and quality checks in installations that are not the norm.

KEY POINTS

- CIGA has helped establish and build trust in cavity wall insulation
- Flexibility of administration is needed, to deal with non standard properties

LESSON LEARNED / RECOMMENDATIONS

Measures under the ECO must have standards which ensure quality of installation

Flexibility of the administrator when dealing with houses outside the normal parameters is paramount

5.6.3 Solid Wall Insulation

Solid wall insulation is an example of a measure which can potentially save a high amount of carbon. However, its take up is currently curtailed due to absence of:

- Industry standards
- Cost effective solid wall products
- Assurance processes
- Certification
- Standardised administrative processes

Under CESP the inclusion and encouragement to use solid wall insulation has the potential to develop that market, encourage innovation and promote healthy competition between system designers and installers. The inclusion of the measure can also increase the awareness of solid wall insulation among consumers. However, the fact that such an expensive and underdeveloped measure has been included in an obligation with tight deadlines introduces extremely challenging conditions to the planning and delivery of CESP. Installing solid wall insulation is done on a property by property basis as there are so many options that must be considered based on their suitability and are dependent on each situation (i.e. internal v external, flat roof etc) and should be seen more as a building project than simply rolling out a type of insulation – as for example is the case with loft insulation. Furthermore, the potential for solid wall insulation and the numbers of properties available will have to be researched, to encourage investment in the measure, assuming the volumes permit such a development.

The limited availability of robust guidance and solid wall industry standards and mechanisms to promote the measure and guarantee the quality of installation can result in the measure becoming too risky to invest in at this juncture, as obligated parties may choose instead to invest in measures

which deliver fewer carbon savings but with more certainty and in a more cost efficient manner.

The installation of solid wall insulation solutions – both internal and external – are effectively intrusive building projects. As such they first of all require high levels of commitment from the customer. Secondly they also demand additional costs, due to approval processes, building regulations, specialised and highly skilled members of staff etc.

There are also customer barriers to take up, as whilst solid wall insulation may improve the external and/or internal fabric of the home it can also conceal features that the customer may wish to keep – such as original decorative features. Additionally there are conservation areas that Local Authorities want to preserve, making solid wall projects either not desirable or mandating a combination of internal and external wall solutions which maximise the disruption to the customer and the cost of the installation.

KEY POINTS

Inclusion of solid wall insulation in an obligation at this juncture

<i>Pros</i>	<i>Cons</i>
Developing the market	Solid wall is more expensive and costs are often unknown. This makes it challenging to forecast and plan
Encouraging innovation	There are not enough trained installers
Promoting competition	Quality assurance processes are not available
Improving consumer knowledge	Robust guidance is not available
Can improve aesthetics of houses and communities	Scale of opportunity is unknown
	Installation is a complicated and disruptive building project

LESSON LEARNED / RECOMMENDATIONS

Any measure that the government wants to encourage under the ECO should have:

- Industry standards
- Evidence of cost effectiveness for consumers
- Robust assurance processes
- Certification
- Standardised administrative processes

6. PRIORITY GROUPS AND TARGETING

6.1 Priority and Super Priority Groups

Government introduced the Priority Group and Super Priority Group to ensure social fairness in the obligations and to use the obligations to help it reach their fuel poverty targets.

This has resulted in specific targeting of sub-sets of eligible customers for the Priority Group and Super Priority Group which can be expensive, time consuming and places significant risk on suppliers. This may mean that bills for all customers, including those being targeted under the Priority Group and Super Priority Group, may rise as a consequence. Therefore those customers who have not benefited from CERT or CESP measures may be more at risk of becoming fuel poor.

KEY POINTS

- Social benefits and cost-effectiveness of solving fuel poverty via a carbon reduction scheme are highly uncertain
- The creation of a Super Priority Group introduces challenges in targeting
- The cost of the obligation is increased

LESSON LEARNED / RECOMMENDATIONS

Carbon reduction obligations are not an appropriate vehicle for meeting the government's fuel poverty targets. Alternative policies must be considered, along with how policies can work symbiotically for the long term benefit of the customer

6.2 Targeting

While suppliers understand the reasoning behind introducing the Priority Group into CERT, there are questions surrounding the requirement for an additional Super Priority Group.

Having subgroups which need to be targeted also means that these groups need to be identified in a concise, fair and cost effective manner. However, the more complicated the structure, the more difficult it is to identify members of a particular group. Self identification is not widespread, especially when the benefits of insulation and other energy efficiency measures are not being widely marketed or supported by trusted agents such as the government and local authorities. Additionally, a complicated structure of groups and sub-targets becomes extremely complicated for customers who may not be able to easily identify the measures they are entitled to. A simple obligation structure will allow obligated parties to market in a simpler way.

Based on initial indications with the Warm Home Discount scheme, data-matching exercises with government and obligated parties' sources are a lot more likely to accurately, fairly and cost effectively identify individuals. However, data-matching exercises do not involve the customer and this arguably does not promote engagement and understanding of the measures. Finally, the suitability of data-matching as an identification technique will depend on the size of any future obligation.

The easily accessible properties and the easily recognisable beneficiaries of the scheme were targeted early on in CERT and previous programmes. Suppliers are now in a phase of increasingly

difficult targeting and harder to treat properties which increase the cost and risk of the scheme.

With the introduction of specific customer groups to target under CERT, marketing to customers became even more complicated as certain offerings are available only to a small number of households and will be dependent on many elements out of the suppliers' control, such as their property-ownership, suitability of the measure on the property and their willingness to have the measure installed. Moreover, finding and targeting those households requires meticulous and expensive searching.

Targeting also has important impacts on reporting and auditing, which is addressed in section 8.2

KEY POINTS

- The easy targeting has already been done. As a result targeting measures are becoming increasingly expensive
- Marketing due to CERT targets is becoming more complicated

LESSON LEARNED / RECOMMENDATIONS

The cost of targeting consumers should be taken into account in the development of the ECO, and ways for Government to encourage consumer take up should be considered

7. ADMINISTRATION

7.1 Approval of projects

The project approval process must be robust and time efficient. This will allow obligated parties to deliver more quickly and with higher levels of certainty.

Obligated parties and the administrator have been working on CERT for a number of years. CERT measures have also remained in place for quite some time and administration processes are quite well established – excluding the changes which the CERT extension brought on. This exposure has meant that suppliers, their contractors and the administrator all understand what information is required at every stage of a CERT project, from submission to approval to banking. Effectively this means that there is trust in the processes and suppliers can be more certain of the level of approvals and their carbon scores early on in the process. This in turn allows suppliers to negotiate commercial agreements early, for example a contract for deployment of cavity wall insulation, and with lower risk. This is to the ultimate financial benefit of consumers, since with less risk and higher levels of trust, projects can be more cost effective.

The approvals of projects under CESP have been extremely challenging due to:

- Significant delays in guidance which means that projects cannot be planned or started
- Lack of technical knowledge and experience with the measures (especially solid wall insulation) which means that there are uncertain outcomes and planning cannot be

finalised

- Lack of industry structures and certification which mean that technical monitoring becomes burdensome and assessment of work is expensive, and;
- Instances of over administration, with too much detail required at approval stage, which can delay projects significantly and putting delivery at risk.

However, the key aspect that has impacted on all of these is the over-complexity of the CESP design and significant constraints on obligated parties' ability to have full commercial freedom to meet their demanding targets. This means that delivery is being delayed significantly and the level of risk that each commercial agreement entails is extremely high.

KEY POINTS

- Quick delivery of CERT – which ultimately benefits customers who can lower their bills or maximise their comfort – is helped by higher confidence and a good working relationship with the regulator in terms of project approvals
- CESP projects are not delivered as quickly as CERT, both due to the nature of the measures and due to short timelines, lack of guidance and absence of robust assurance processes

LESSON LEARNED / RECOMMENDATIONS

Approval of projects needs to be based on an established process through a proportionate evaluation which provides early certainty in a timely manner. This will allow

- early deployment of measures
- higher certainty of delivery
- less risk associated with commercial agreements for delivery
- more certainty of investment for participants in the supply chain

7.2 Reporting of scheme progress and completion

Reporting is a significant part of the obligations' administration and provides updates on delivery and achievements to all interested parties. However, reporting that becomes burdensome can have an adverse impact on the delivery of the obligations.

The differences between CERT and CESP in terms of reporting requirements to the administrator are indicative of how reporting can help with planning and monitoring or how it can hinder the completion and delivery of a scheme. While in CERT reporting hinges on the overall scheme, in CESP a significant amount of line by line reporting is required which can result in delays. Even though reporting can be an extremely positive feature and help with further scheme development, it is important to keep in mind legal barriers – for example sensitive personal data – and how the data reported will be used. This means that an obligated party may be compelled to report certain sensitive data such as the name and benefits received by a householder, however the reporting of this data might invite legal challenges.

Additionally, multiple levels and recipients of reporting, for example Ofgem, HEED and DECC, can introduce confusion to both stakeholders and the public. An indicative example is the difference in reporting to the Homes Energy Efficiency Database (HEED) and to Ofgem. While the first is an

analysis tool, the second requires reporting for statutory purposes. This means that different processes are required, complicated notifications must be sent to consumers about the use of their data, as well as significant investment in different data gathering and analysis systems. More specifically, different systems and processes mean that different data are submitted. For example obligated parties may report on projects underway in order to keep Ofgem up to date and report on projects finalised in order to claim carbon for a project. These different uses of submitted data need to be clear and simple, to avoid misinterpretations regarding measures' delivery.

KEY POINTS

- Reporting has to have clear objectives
- Reporting has to take into account legislation on personal and sensitive data

LESSON LEARNED / RECOMMENDATIONS

Reporting for the ECO needs to be designed as a powerful tool which allows for future planning and not as a burdensome process which adds cost and delays to delivery

8. DELIVERY

8.1 Developing strong partnerships

The delivery of an obligation in a timely and cost effective manner relies on the development of strong partnerships between the obligated party and stakeholders, commercial entities and consumers. Without those it is not possible to build relationships and deploy measures via a wide variety of outlets to ensure maximum take up.

CERT and CESP have encouraged a number of strong partnerships and good stakeholder relationships. The wide array of measures available under CERT has meant that various organisations, such as charities, installation companies, product designers, retailers, consumer groups etc. could offer advice and cooperation. This has encouraged the co-development of the supply chain and the stakeholder analysis and critique of the obligation, resulting in meaningful feedback and better opportunities for the development of measures. It has also meant that via cooperative efforts, it was possible to promote CERT on a mutual basis and encourage take up by consumers.

As there is commercial freedom for obligated parties in relation to how they develop such partnerships, then a number of innovative approaches have been created. Suppliers have worked with local authorities, initiated contractor partnerships and set up a variety of projects with commercial partners. This has been possible due to this commercial freedom rather than overly complex rules trying to force such activity in a constrained manner. Commercial freedom has also meant the negotiation of lower prices for delivering the obligation, to the ultimate benefit of consumers.

Conversely, partnerships under CESP are a lot more challenging, primarily due to the fact that obligated parties **must** obtain approvals from local authorities, who do not necessarily have the expertise or focus required, and work with local partners. Additionally, CESP projects can only be undertaken in strictly defined areas, irrespective of the needs of the local community. Furthermore, obligated parties are finding that the measures anticipated in each house are not available, making the economics of the scheme different than the initial impact assessment. A high number of Social Housing Providers work to long term plans of five or six years. If they choose to do a CESP project they are obliged to make significant changes to their long term plans. Finally, the constrained timelines do not afford enough time for design and knowledge development to all partners, hence a risk adverse culture emerges which minimises opportunities and willingness to engage under CESP.

KEY POINTS

- CERT encouraged positive stakeholder relationships – see appendices for details
- Long term certainty has meant commercial agreements could be innovative and cooperation could be encouraged with a range of partners, such as local authorities
- CESP does not encourage strong or innovative partnerships; it rather compels cooperation with specific partners. This means that quality can be impacted since meeting the target becomes a priority, rather than finding the most appropriate partner

LESSON LEARNED / RECOMMENDATIONS

The ECO must facilitate the building of strong cooperative structures between partners who can align their objectives over the medium term (5 to 10 years). These partners may not be the same in every case, for example a charity might be a better partner in a certain project than a local authority. The ECO should allow the market to establish natural partnership to deliver the obligation

8.2 Robust assurance processes

It is important to have robust assurance processes in place for each measure to lessen the burden of technical monitoring and detailed information required at the approval stage of each project. It may also mean that trust in the measures is fostered and consumers are confident of the value and quality of the measure they are receiving.

Some measures under CERT and CESP, such as cavity wall insulation, have robust assurance processes. These can cover measures in terms of design, installation, the skills of the installers, monitoring, onsite technical assessments, health and safety, and long term guarantees. Such processes can assist with quick approvals of schemes and with offering assurance to stakeholders and customers.

There are other measures however, like solid wall insulation, which present many challenges. The inclusion of solid wall insulation under CESP for example has not taken into account the lack of standardised processes and the lack of skills and assessment. This means that obligated parties

have to negotiate and settle all of those issues during the actual obligation delivery time instead of during the obligation design stage.

Furthermore, as measures become more complex and more akin to a building project, it is imperative to have an organised approach whereby each stakeholder can contribute. For example, it would be important to be able to engage with the Health and Safety Executive or to see robust processes from the insulation industry in terms of best practice and technical guidelines.

By having strong assurance and certification processes, each part of the supply chain can co-operate and deliver under high standards and avoid lengthy negotiation processes with regards to needs and technical details for each individual project. It also means that the administrator of the scheme can examine each assurance and certification process and by accepting it, minimise the additional burden of monitoring.

Even though CERT has encouraged the development of robust assurance and certification processes for some measures (e.g. cavity wall insulation) it has not been equally successful with other measures (e.g. solid wall insulation). The absence of robust training, assurance and certification on solid wall insulation is introducing great challenges in CESP for designing projects, applying measures, agreeing contracts with partners and giving confidence to the administrator.

KEY POINTS

Robust assurance processes offer confidence in terms of:

- Quality
- Training
- Health and Safety
- Guarantees to customers
- Quick approvals of schemes
- Building trust
- Environmental impact of activity

LESSON LEARNED / RECOMMENDATIONS

The ECO must mandate the development of robust assurance processes for every measure prior to its inclusion in the obligation. This will ensure that:

- Administration is less burdensome
- Control and checks are cost effective
- Quality of product and installation are assured
- Consumers can be confident in the value and quality of the measure they are receiving
- Green Deal and ECO assurance processes are aligned

8.3 Technical monitoring and audit

Technical monitoring and audits are necessary processes in order to control the quality and compliance of measures and ways of meeting the obligations. However, the objectives of each monitoring exercise and audit need to be clear, to ensure that they are fit for purpose.

The processes of technical monitoring and audit have historically been undertaken together. This

meant that a specific installation could fail the checks for a missing document which was not instrumental to the technical assessment. Even though this process is now being reviewed it is important to set out at the beginning the purpose of each monitoring exercise and institute separate documents and/or processes when needed that can be completed in one visit.

The same consideration of objectives is also necessary for measure-specific monitoring which should take into account the characteristics of each measure. For example the same checks are not appropriate for solid wall insulation as for cavity wall insulation, nor are the timelines under which the check should happen the same.

Finally, it is important to take into account any robust industry assurances and guarantees that might exist which can replace monitoring exercises undertaken by suppliers, to reduce the time and expense required. By encouraging the replacement of supplier monitoring with robust industry assurance processes, each industry would also be encouraged to invest in the development of certification and similar schemes.

KEY POINTS

- Each monitoring exercise needs to have clear objectives, to avoid confusion and allow for robust technical and audit standards
- Monitoring of measures should take into account the characteristics of the measure, to ensure validity of checks
- Industry assurance and certification processes have to be encouraged, as they can lessen the burden to the administrator

LESSON LEARNED / RECOMMENDATIONS

Any monitoring and audit processes need to have clear objectives and be fit for purpose, in order to encourage best practice and come to meaningful conclusions about each ECO project

8.4 Efficient delivery

Efficient delivery of the obligations is necessary, to ensure that consumers can reap the maximum benefit of measures in a cost effective manner.

By allowing industry to deliver carbon saving measures the delivery will be efficient - as has been demonstrated in CERT. It has been possible to deliver in a cost effective and timely manner because there have been the incentives on suppliers, and the opportunities to do so. It is unlikely that this would have been achieved via a 'fund' or 'pool/auction' structure.

However, cost effectiveness and timely delivery are constantly being challenged due to a variety of changes to the obligations such as the rapid and radical reduction of measures, the specific delivery areas of CESP, the inclusion of measures which lack robust assurance processes (like solid wall insulation) etc.

KEY POINTS

- Delivery of measures by industry, if the industry has scope for competition and early certainty, results in efficiency and cost effectiveness.

LESSON LEARNED / RECOMMENDATIONS

The ECO needs to allow industry to deliver in a competitive manner by providing early certainty and consistent policies. It is important for obligated parties to have an early understanding of the future value of measures and any transition allowances so that businesses can ensure continuation of activity.

8.5 Supply chain

Strong supply chains can help the delivery of the obligations by allowing obligated parties and other stakeholders to invest and cooperate. They can also give early certainty of delivery due to the fact that by having a strong supply chain one is able to calculate and plan for delivery needs and times.

Based on the experience of obligated parties with CERT and CESP, the importance of a strong supply chain cannot be overstated. The speed, geographic coverage and the administrative needs of the scheme mean that each part of the supply chain is central to the success of the scheme. With CERT, obligated parties have been in a position to build strong relationships and partnerships, allowing for innovation and availability of measures for timely deployment.

However, it has also been the case that unforeseen changes to CERT and CESP create complications for the supply chain with great impact on trust. Companies such as insulation installers may invest in training and staff which they will then have to let go due to a change or uncertainty in policy. This is not conducive to maintaining trust in the market or a build up of capacity, necessary for any future schemes.

KEY POINTS

- Without early certainty and capacity to innovate or with many constraints, the supply chain will fail and delivery will be uncertain

LESSON LEARNED / RECOMMENDATIONS

The ECO needs to ensure that strong supply chains are encouraged via the ability to invest and innovate in cooperation and types of measures allowed

**APPENDIX 1
Indicative examples of CERT and CESP projects**

1. BRITISH GAS

1.1 Sony (CERT)

QUICK FACTS

A CERT scheme enabling a partner to raise the energy efficiency bar within their sector and taking the key policy drivers to product development strategy.

- Commercial partnership, supporting Sony as a household brand with the development and promotion of energy efficient products
- Started as a single scheme to incentivise the inclusion of the IDTV function within the TV, negating the need for a separate high consuming box. This led to many more developments in product design, including the following;
 - Reducing consumption against the improving industry average
 - Minimising standby consumption, and rolling out light sensor technology to a wider proportion of the range
 - Improving the proliferation of integrated video recording throughout their range, and more recently HD receivers, again reducing the need for additional appliances
 - Increased promotion and roll out of LED TVs
- The scheme has given the opportunity to reduce energy consumption in households that can't take advantage of insulation measures, or have already benefited from insulation in this or previous schemes.

1.2 Toryglen (CESP)

QUICK FACTS

A local CESP scheme encompassing both social housing tenants and leaseholder properties, encouraging and signing up all private properties so they could access the CESP funding.

- A £17million scheme to refurbish over 1000 homes in Toryglen, which are a mixture of houses, tenement blocks and high rise flats
- The scheme is run in partnership with Scottish Gas and Thistle Housing Association.
- Properties are receiving
 - solid wall insulation
 - new heating which includes 800 new gas boilers and a further 200 properties will benefit from air source heating
 - new roofs
 - new double glazing
 - loft top ups
 - painting
 - new balconies
 - individual home energy advice visits from Energy Experts to ensure that tenants and owners receive the maximum benefit from the works that have been undertaken
- To complement the energy saving initiatives there will also be a PV array worth over £3m

- This scheme represents over four hundred thousand tonnes of CO2, and is scheduled to be completed in the summer of 2012
- The scheme includes social housing tenants and leaseholder properties, encouraging and signing up all private properties so they can access the CESP funding.

2. EDF ENERGY

2.1 Ice Energy (CERT)

QUICK FACTS

1,300 heat pumps predominately for private homeowners in close partnership with Ice Energy.

- Working in partnership with Ice Energy, EDF Energy has delivered 1,300 heat pump units
- Units have been predominantly delivered to private homeowners, where Ice Energy guide customers through the installation process and access grant funding from EDF Energy to increase accessibility of the product
- Some work has been completed with Housing Associations, where Ice Energy offers a full range of product engagement sessions from the asset managers to the response staff as well as tenants
- Without the CERT programme funding support these installations would largely have not been feasible.

2.2 Lemnis (CERT)

QUICK FACTS

LED light bulbs were delivered to selected customers. The trial saved approximately 4,200 tonnes of carbon, helping innovation development and customer engagement.

- Lemnis LED light bulbs were delivered to selected customers via a CERT demonstration trial. The LED bulb type was trialled as the bulb is not scored under CERT because the technology is new, innovative and unproven
- Used EDF Energy Technical field services staff to distribute 3,000 bulbs to EDF Energy customers
- Fuel poor customers also benefitted and EDF Energy worked with London Warm Zone surveyors, who delivered 2,000 bulbs to fuel poor and vulnerable customers throughout London. 90% of customers participating in the trial liked the bulb
- The 5,000 trial bulbs will save approximately 4,200 tonnes of carbon

2.3 London Warm Zone (CERT)

QUICK FACTS

An area based scheme which has delivered measures such as cavity wall and loft insulation, along with benefits entitlement checks, building strong relationships with 24 London boroughs and other local stakeholders

- Under the CERT programme¹ the scheme has delivered c.350k t/Co2
- Measures used:
 - Cavity wall & loft insulation
 - Benefits entitlement checks – income maximisation to date has raised in excess of £1m
- Partnerships built:
 - 24 London boroughs
 - LGA
 - London Mayor
 - West London Housing Partnership
 - East London Renewal Partnership
 - DECC

Illustration

- The London Warm Zone (LWZ) operates on a street by street basis, working closely with the local community
- Offering cavity wall and loft insulation as well as benefits entitlement checks, the LWZ provides an end to end process and guides applicants through the process, reducing potential cancellations
- LWZ use local knowledge to support customers in these areas.
- Since 2001 the LWZ has delivered:
 - 200,000 Assessments across 24 London Boroughs
 - £30m invested through EDF Energy, local authority and Warm Front the UK Governments national energy efficiency scheme
 - 50,000 homes have benefited from an improvement in their energy efficiency
 - £8m cumulatively is being claimed in welfare benefits

2.4 Brighton and Hove Warm Homes (CERT)

QUICK FACTS

Completed area based scheme with a financial contribution of c£450k, using the council's local knowledge and delivering in a targeted way

- Since the beginning of 2008, scheme finished end of 2010
- Financial contribution: c£450k
- Measures used:
 - Cavity wall and loft insulation
 - Benefits entitlement checks
- EDF Energy has worked closely with the council and shared experiences from the LWZ as well as providing support with marketing materials and scheme management

¹ Carbon only under the CERT scheme not since scheme conception

Illustration

- Using the local knowledge of the council, EDF Energy was able to support a targeted area based scheme
- Targeted marketing material was used and EDF Energy offered support in developing this
- EDF Energy representatives sat on the steering group of the scheme to provide support and experience to the council

3. **E.ON**

3.1 **Dudley (CESP)**

QUICK FACTS

A CESP scheme which has innovated with a robust waste take-back scheme due to the partnerships it established

- A CESP scheme in Brierley Hill Dudley which ran from October 2010 until March 2011
- 206 houses were fitted with external solid wall insulation
- Measures used:
 - Solid Wall Insulation
 - Loft Insulation
 - Boiler replacements
 - Heating Controls
 - Fuel Switching
 - Energy Efficient Glazing
- Partnerships included
 - Dudley City Council
 - Kingspan Insulation Ltd (KIL)
 - Wetherby Building Systems (WBS)
 - ENTEC UK
- Via the partnership a robust waste take-back scheme for phenolic board off-cuts (site waste generated during external wall installation) was developed and implemented. This minimised costs and environmental impacts by recycling 100% of this waste stream rather than sending it to landfill.

3.2 **Challenge 100 (CERT/CESP)**

QUICK FACTS

CERT and CESP measures installed to improve the fuel poverty rating of 100 families in 100 homes in 100 days

- Measures were installed in rural areas of County Durham, Luton, Manchester, Birmingham and South Staffordshire
- Measures include:
 - Solid Wall Insulation
 - Cavity Wall Insulation
 - Loft Insulation
 - Ground Source Heat Pumps
 - Energy Monitors

- Energy Efficiency Advice
- Partnerships include
 - Durham County Council
 - Birmingham City Council
 - Manchester City Council
 - South Staffordshire Council
 - Luton Borough Council
 - Local community groups
 - Energy Saving Trust
- Using local community groups to engage the community played a key role in ensuring people took up measures, particularly in urban areas
- The support of community partners in reassuring householders about such projects is crucial. By working with LAs, Challenge 100 was able to gain credibility which encouraged householders to be open to the initiative
- The fact that CESP is driven by carbon savings has meant that it was not always possible to offer the best solutions for some vulnerable householders. For example, the team came across boilers which were not operational or posed safety risks. However it was not possible to fund their replacement under CESP since they were not G-rated.

4. NPOWER

4.1 DIY loft insulation (CERT)

QUICK FACTS

A CERT DIY loft insulation partnership with Build Centre and Rockwool which increases the uptake of energy efficiency measures / expands the insulation market by offering consumers a more convenient way to purchase loft insulation.

- Launched in July 2009 the scheme has delivered insulation to over 70,000 customers saving over 1.3m tonnes of lifetime carbon
- Online ordering system and free delivery makes it easier for homeowners to insulate their loft. Insulation price also includes a safety kit and an instructions guide to aid successful installation and provide customer assurances. Insulation price has been kept consistent and simple at £3 a roll in the 2010/2011 season to help the customer and advice centres evaluate the offer
- Offers free delivery nationwide thereby extending CERT funding to areas of the country traditionally missed by CERT/EEC funding
- Captures address level delivery data
- Customers respond to the npower brand, Rockwool produce installation guides, Build Centre branded vans offer free delivery

4.2 Flintshire scheme (CESP)

QUICK FACTS

A CESP partnership with Flintshire County Council's Housing Improvement Programme and Energising the Area housing renewal scheme to deliver £600,000 worth of energy efficiency measures to homes in Higher Shotton.

- Co-operation with Flintshire County Council's Housing Improvement Programme and Energising the Area housing renewal scheme with an aim to deliver £600,000 worth of energy efficiency measures to homes in Higher Shotton
- Measures include:
 - new boiler installations
 - fuel switching
 - improving access to gas central heating
 - significantly reducing carbon emissions in affected properties
 - introducing micro generation projects where suitable
- In order to improve targeting, data held by Flintshire County Council for both council and private dwellings was assessed to determine which properties are in need of an energy upgrade, including detailed information on how many are eligible for fuel switching and replacement boilers
- Contributions were also made from local housing organisations in Flintshire, whilst private homeowners were offered interest-free loans to ensure that improvements were available to everyone living in the area
- Completion is expected in September 2011, with total savings for residents likely to reach £130,000 each year.

5. **SSE**

5.1 Home/Shop Mode televisions (CERT)

QUICK FACTS

Encouraging and incentivising the production of televisions capable of operating in two modes. CERT funding has helped to encourage energy efficient changes in the electronics market, which count for a significant proportion of household electricity use.

- Part of the Integrated Digital Televisions CERT scheme.
- Traditionally televisions were produced with only one default level of brightness which was designed to be bright enough to allow the unit to be viewed clearly in a well lit shop.
- The measure was implemented to encourage and incentivise television manufacturers to produce and sell televisions which incorporate software capable of operating the unit in two modes; one designed for viewing in a shop where a high level of brightness is required and the other (the factory default setting) designed for home viewing where the television brightness should be less.
- The scheme succeeded in encouraging manufacturers to produce and market televisions with the Home/Shop feature. Manufacturers are encouraged to invest in producing televisions with low energy home mode as well as just implementing the feature.

5.2 Northumberland Warm Zone (CERT)

QUICK FACTS

Local scheme which has developed key partnerships and delivered almost 14,000 insulation measures over a three year period.

- The aim is to reduce fuel poverty in domestic homes within a specific area in a cost effective manner while promoting energy efficiency and carbon reduction
- Partnership working is the key to the success of an area-based programme and Warm Zones, as managing agent, ensure that the balance is maintained between all partners involved
- Northumberland Warm Zone has a partnership with the following organisations (shown here with individual requirements)
 - Northumberland County Council, Homes for Northumberland, Wansbeck HA - Meet Decent Homes Standards, collect housing data, carbon reductions
 - Care Trust/Fire Service - Identify and assist vulnerable households
 - SSE - Deliver cost effective carbon reductions
 - Installers - Sustained levels of work, new business opportunities
- A combination of funding from CERT, topped up with funding from the Local Authority resulted in high levels of installed measures free of charge or at affordable prices.
- Over a three year period (2008-11), almost 14,000 insulation measures have been installed across Northumberland. In addition, 540 successful Benefit Entitlement Checks were carried out over the same period, providing additional benefits totalling £921,366.

6. SCOTTISH POWER

6.1 Area based schemes (CERT/CESP)

QUICK FACTS

Area based schemes require more time and coordination; however they are a key vehicle to delivering energy efficiency measures to specific areas.

- A variety of area based schemes including Newcastle, Gateshead, North Tyneside, North Staffordshire, Kirklees, Manchester Warm Homes and Lanarkshire Community Partnership
- A variety of partners including Councils, Social Housing Providers, National Grid, Primary Health Trust, Police, Fire Brigade, Pension Service, Citizens Advice Bureau and other third parties
- Measures installed within the schemes have included insulation measures, face-to-face energy advice, benefits advice, fire safety checks and security checks. A hardship fund has also provided heating to vulnerable households.
- Achievements:
 - Around 80% of homes in the area receive a simple energy assessment
 - Around 50% of homes have benefited from at least one energy efficiency improvement measure
 - Schemes offer something for every household in the area, with measures free for pensioners and those in receipt of benefit or specifically targeted groups such as families with young children or over 60's and heavily subsidised measures for the remaining households.
 - All of the area based initiatives have created local jobs and Kirklees Warm Zone created over 100 jobs
 - The total economic impact is estimated that for every £1m invested brings £10m to the area from a combination of direct funding, job creation, and householder fuel savings and benefits uptake