

# The GB energy supplier energy efficiency experience

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# Structure of this presentation

1. Who are the ERA?
2. The evolution of GB energy efficiency policy in the energy supply market
3. Lessons from the GB experience
4. The future for GB energy efficiency policy



# Who are the Energy Retail Association?

- Formed in 2003, represents the major electricity and gas suppliers in the domestic market in Great Britain.
- The ERA leads on issues such as:
  - Supporting the delivery of energy efficiency schemes
  - Smart metering
  - Tackling fuel poverty and protecting vulnerable customers
  - Ensuring good sales practice
  - Developing hassle-free systems for changing electricity or gas supplier
  - Developing industry standards for customer billing
  - Preventing debt and disconnections



# Evolution of energy efficiency policy in GB

2005- 2008

- **Energy Efficiency Commitment (EEC) (2<sup>nd</sup> phase)**
  - Suppliers required to meet energy saving targets in domestic properties
  - At least half to be achieved from a “priority group” of low income customers
  - Suppliers achieved 187 TWh of savings against target of 130 TWh (144%)
  - 60% of savings from insulation measures

2008-2012

- **Carbon Emissions Reduction Target (CERT) (2008 – 2012)**
  - Target of 293 Mt CO<sup>2</sup> (excess savings from EEC carried over into CERT)
  - By end of 3<sup>rd</sup> year 1.5 million cavity walls, and 2 million lofts insulated
  - Insulation and lighting made up 87% of carbon savings
  - 43% of total savings in the Priority Group
- **Community Energy Saving Programme (CESP) (Oct 2009 – Dec 2012)**
  - Overall target of 19.25 Mt CO<sup>2</sup> placed on generators and suppliers
  - Delivery in poorest 10% of areas in England and Wales and poorest 15% in Scotland
  - Bonus carbon for whole house approaches, solid wall insulation, treating over 25% of properties in an area
  - Lots of partnership working with Social Housing Providers and Local Authorities

Oct 2012  
onward

- **Green Deal**
  - Finance mechanism allows Green Deal Providers to install measures with a positive payback and be repaid through instalments on the electricity bill by the ***occupier of the property***
- **Energy Company obligation**
  - Energy suppliers provide subsidy for Green Deal plans and free measures to vulnerable customers (details to be confirmed)

# Lessons from the GB experience

- A. A clear target based on a simple metric works best
- B. Long-term and simple rules enable innovation and strong delivery relationships
- C. Partnerships essential to providing local trust and co-ordination
- D. Over-administration and micro-regulation of installations slows delivery
- E. Certainty and carry-over at the end of obligation periods is key to ensuring an enduring supply chain

ERA Lessons Learned paper – [www.energy-retail.org.uk](http://www.energy-retail.org.uk)

# The future: Green Deal and the Energy Company Obligation (ECO)...

**Green Deal Finance** *only* for those cost-effective measures that meet the “golden rule”; e.g. loft top up and cavity wall for able to pay customers



**ECO subsidy only** for heating measures such as boiler replacement for vulnerable customers

**Subsidy and Green Deal finance** for solid wall insulation and loft/cavity insulation for poorest customers



Happy to answer any questions...

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