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*Promoting choice and
value for all customers*

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Date: 13 February 2009

Dear Mr Johnson

Carbon Emissions Reduction Target

Thank you for your letter of 20 January and the enclosed copy of the London Assembly Environment Committee's report *Lagging Behind: Insulating homes in London*. The letter requested a response to the recommendation in the report that:

The Office of Gas and Electricity Markets Authority, the industry regulator, should regularly compile, and make public, regional figures for the delivery of the Carbon Emissions Reduction Target.

Ofgem welcomes the report and its timely contribution to the current debate. Please find our response to Recommendation 1 below.

Response

The Carbon Emissions Reduction Target (CERT) is an obligation placed on gas and electricity suppliers to deliver carbon emissions reductions in domestic premises. The overall policy and target are set by the Department of Energy and Climate Change (DECC) with Ofgem being responsible for the day to day administration of the legislation. Suppliers meet their targets by installing or promoting measures e.g. insulation (loft, cavity etc.), lighting (CFLs), consumer electronics (TVs, printers etc.), micro-generation (ground source heat pumps, solar water etc.) etc.

The CERT is a GB wide obligation and there is no legal requirement on the obligated suppliers to deliver specific proportions of their targets in specific areas. There is also no legal requirement for the suppliers to report area specific information. It is up to the suppliers to determine how and where to meet their target. For measures to be targeted in specific areas and then reported on there would need to be a requirement in the legislation: Ofgem's administrative powers do not allow us to impose this on suppliers. We do however understand the desire of the London Assembly to obtain figures on the level of insulation activity within the Greater London area for the uses outlined in the report.

It would not surprise you to hear that we have received similar requests from the devolved administrations and a number of local authorities. We have recently been involved in discussions with the Scottish Government and the obligated suppliers on similar issues and you will be interested to know that the Scottish Government has managed to secure a voluntary agreement with the obligated suppliers to supply some 'Scotland specific' information to them on an annual basis. This initiative was led by the Scottish Government, with input from Ofgem and other interested parties.

In September the Prime Minister announced the Home Energy Savings Programme (HESP). This included a proposal to amend the CERT programme (increasing the target by 20%) and the introduction of the Community Energy Savings Programme (CESP). The Government launched the consultation on HESP yesterday and you will be interested to know that one of the proposals is that DECC are looking to a voluntary agreement (akin to that agreed with the Scottish Government) with the suppliers to provide area specific information to them at the level of the devolved administrations. This is however at consultation stage only and it has yet to be seen what will result.

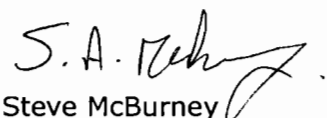
You may also be interested in the Home Energy Efficiency Database (HEED), run by the Energy Savings Trust (EST). This database should be able to provide the sort of information that you are after however I am aware that there are severe time lags between measures being installed and the HEED database being updated by suppliers. Suppliers provide data to the HEED database under a voluntary agreement.

The current legislation does require Ofgem to produce a report, annually, to the Secretary of State on suppliers' progress under CERT. The first of these is due on 31 July. There is however no requirement for area specific information to be included.

As I have indicated above we fully understand your concerns and the recommendation of the Committee however the CERT is a GB wide obligation – with no regional requirements for implementation or reporting – and as such Ofgem, as administrator of the programme, is not in a position to request this information from the obligated suppliers.

If you have any questions please feel free to contact me.

Yours sincerely



Steve McBurney
Head of Energy Efficiency