E, M&V role of the UK Energy Regulator (Ofgem) in Energy Efficiency Obligations (EEOs)

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Eoin Lees
Senior Advisor RAP Europe

The Regulatory Assistance Project
China
European Union
United States
www.raponline.org
Overall administrative procedure for UK EEOs

**Government**
Sets policy, overall target & appoints an administrator

**OFGEM**
Allocates individual targets to energy retailers; defines all administrative requirements of the obligated energy retailers; ensures quality standards and determines actual energy savings; reports total and individual progress to Government on an annual and final basis

**Energy Retailer**

**DELIVERY**
Mainly by bilateral contracts with EE industry but also by energy retailers directly or via partners e.g. social housing

**Households**
Ofgem’s overall role in EEO

- UK Government sets overall energy saving target (advice from Ofgem)
- Ofgem divides overall target between the individual energy companies using its data
- It is responsible for M&V of energy savings by companies & accrediting savings (WC)
- Reports annual progress and final out-turn on individual company to Government
- It does partial evaluation
Ofgem’s statutory duties in EEO

- Ofgem’s statutory duties for CERT include:
  - target apportionment among the companies
  - approving the companies actions/schemes on energy efficiency (EE)
  - determining the energy savings at the completion of each scheme
  - taking enforcement action to ensure compliance with the statutory order
Ofgem’s initial tasks in EEO - 1

• Ofgem’s publishes guidance & administrative procedures to be followed to ensure harmonisation of reporting; e.g.

• spread sheets to be completed with deemed energy saving values set out by EE measure & house type etc.;

• dates & pro forma for quarterly progress reports to be received from the energy companies;

• the required levels of sampling of completed EE measures to justify final energy savings
Ofgem’s initial tasks in EEO - 2

• It establishes technical guidance for the energy companies detailing the basis of e.g.
  • the energy savings and lifetimes for EE measures to be used for deemed savings;
  • technical standards or specific requirements that need to be met when delivering or installing the actions.
• Ofgem also includes specific Best Practice guidelines on installation of the energy efficiency measures.
Ofgem’s M&V specifics in EEO - 1

• Ofgem checks for all submissions that:
  • Measures & delivery routes are eligible
  • Sampling & monitoring levels of EE measures are correct for technical, customer satisfaction, subsequent customer utilisation
  • Other aspects (e.g. low income requirements, innovation etc) have been correctly assigned
Ofgem’s M&V specifics in EEO - 2

• Energy suppliers use own (qualified) staff and/or other contractors to carry out the sampling and monitoring

• However, Ofgem uses their own independent auditor to verify a sample of energy company’s energy saving claims

• Double counting monitored by DECC (was Energy Saving Trust) who have a national database of homes which is populated by all energy company activities and others
Ofgem’s evaluation role in EEO

• Primarily concerned with energy companies meeting their targets (or not); also where energy savings have come from to inform stakeholders e.g. EE installers, local authorities etc.

• Government or independent consultants have done the previous overall EEO evaluations in terms of national cost effectiveness, customer benefits, market transformation impacts etc.