

# *The way forward to 2020*

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# Looking to 2020

- Policy in the UK
- The Energy Efficiency Directive
- Global Developments

# EEC1 and EEC2

- **April 2002 – March 2008: Set cumulative energy saving target of 192 TWh**
- **Achieved 256 TWh**
- **Estimated Investment: £1,950 million, of which energy supplier investment £1,325m**
- **6.6 million insulation measures installed representing some 80% of achievement of the targets**
- **Carbon savings: 3.2 MtCO<sub>2</sub> achieved annually by the end of the schemes**

# CERT - Objectives

- **A GB wide obligation on gas and electricity suppliers to meet household carbon emission reduction targets;**
- **Commenced 1st April 2008 and ends December 2012;**
- **Target of 293 MtCO<sub>2</sub> by 2012 - critical to achieving our climate change targets;**
- **Professional Insulation Minimum (68%)**
- **CFLs ineligible from April 2011**
- **Solid wall insulation incentivised**
- **At least 40% of the carbon saving obligation has to be achieved in a priority group of low income and elderly vulnerable households (15% super priority group)**

# The future Energy Company Obligation (ECO)

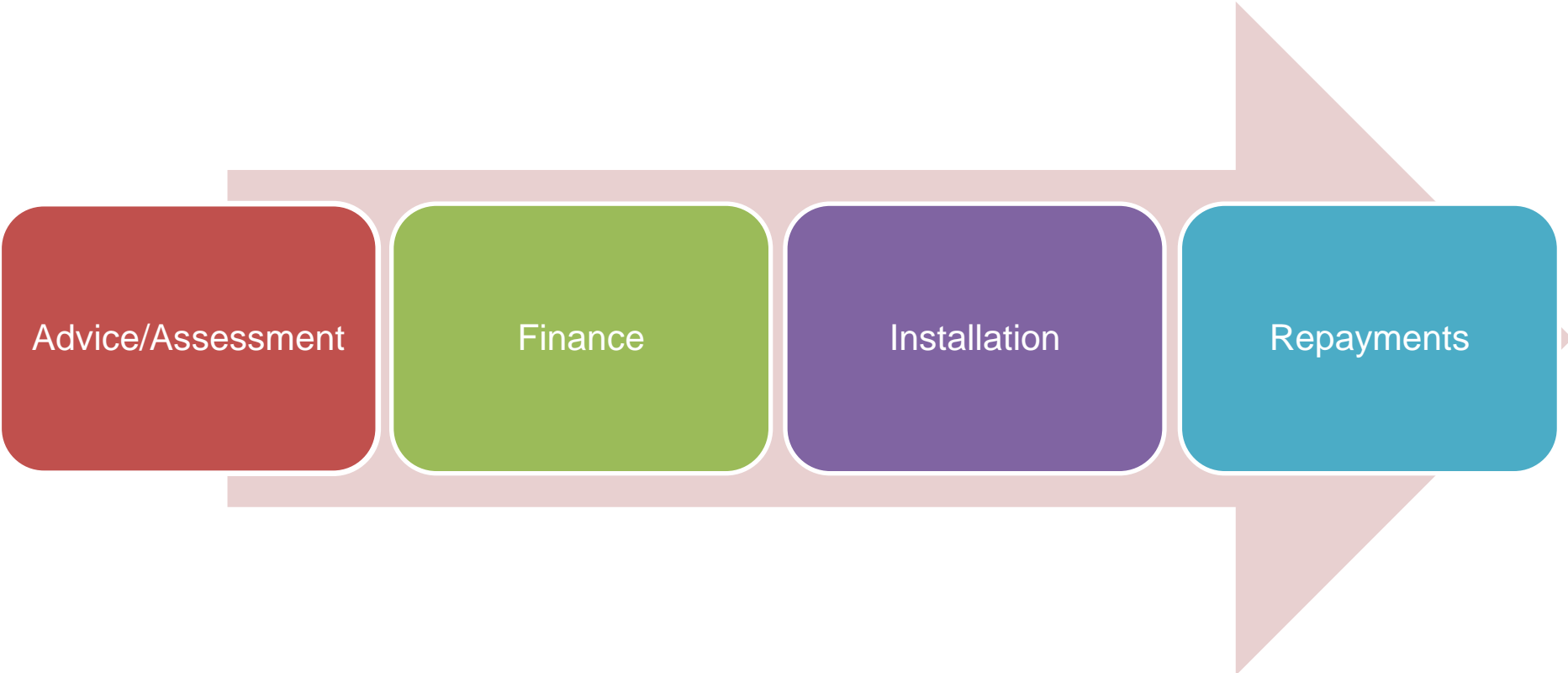
The landscape has changed:

- **CERT ends in December 2012, and Warm Front ends in March 2013**
- **Need to move on tackle 6.6 million homes with solid walls where significant energy saving potential remains**
- **A new approach, The Green Deal will allow householders to capitalise the savings on energy bills to pay for upfront cost of energy efficiency measures. However there are some situations where the Green Deal is less likely to work. Therefore, we still need an ECO.**
- **The future ECO will:**
  - Be designed to work with the Green Deal
  - Support a more restricted list of technologies

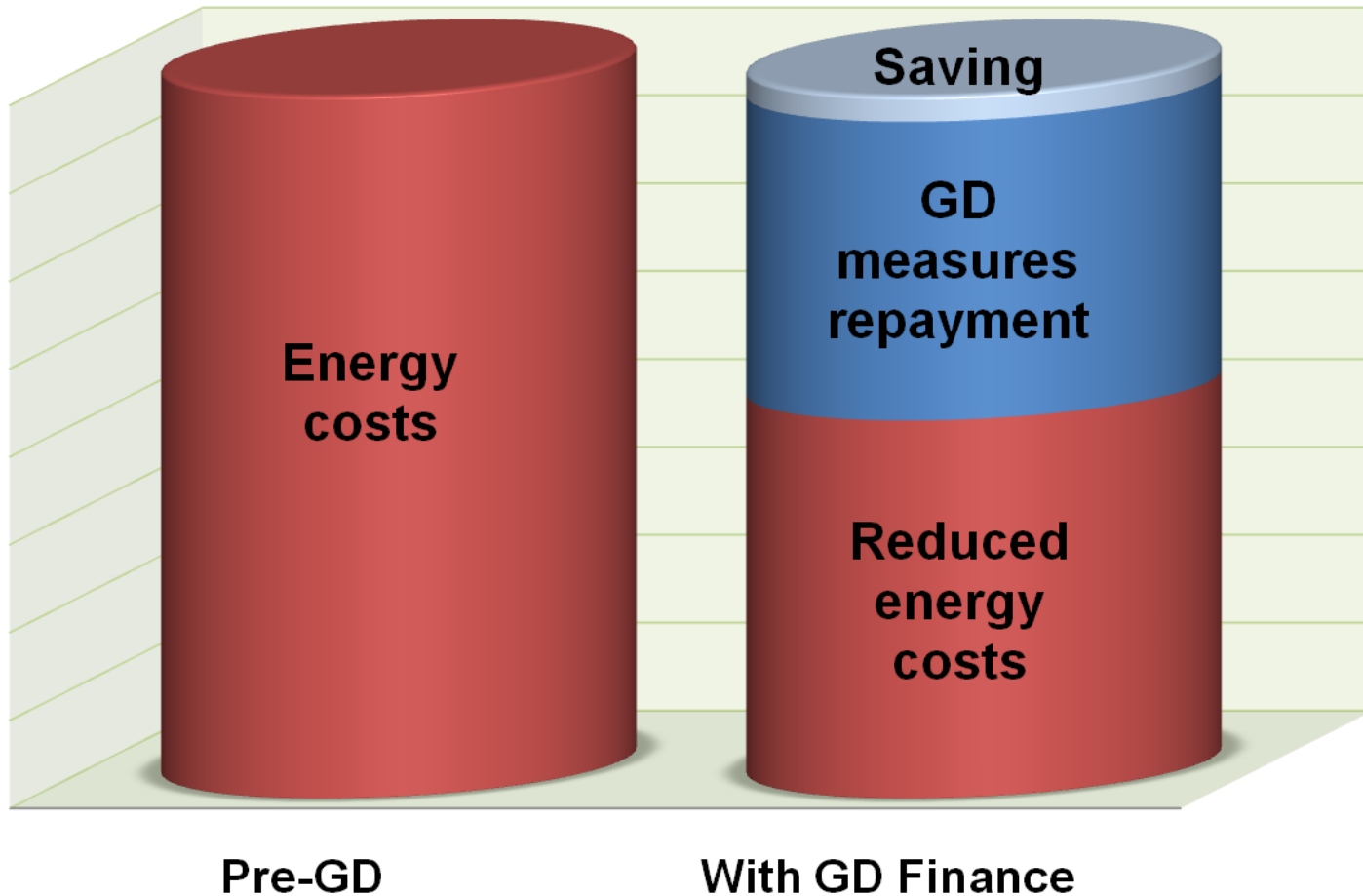
# What is the Green Deal?

- The customer receives a package of **energy efficiency measures** from a 'Green Deal provider'.
- The cost of the measures is **paid back over the long term** (for example, 25 years) through repayments made via energy bills.
- The Green Deal will include **owner-occupiers, the private and social rented sectors** and the **commercial** sector.

# The Green Deal Process



# The Golden Rule





# The role of ECO

- There will be households for whom Green Deal cannot be (the whole) story
- ECO to integrate with the Green Deal, with a focus on:
  - hard to treat properties; and
  - vulnerable and poor households



# ECO costs & projected outcomes

- ECO expected to cost energy suppliers **£1.3bn pa** with a rough 25/75 Affordable Warmth/Carbon split
- Initially to **March 2015**, on trajectory to 2022

## Outcomes by March 2015

- Lifetime savings to Affordable Warmth group of notional £3.4bn
- Carbon savings from Carbon target 0.52 MtCO<sub>2</sub>/yr
- Minimum 325,000 households assisted by Affordable Warmth
- Around 380,000 Solid Wall Insulation installations

# Where does the Energy Efficiency Directive Fit ?

- Delivering significant savings for end-users will be key to delivery of 2020 targets
- Experience in the UK and elsewhere shows supplier obligations can deliver significant savings in a cost-effective manner
- But is a supplier obligation the answer for everyone ?
  - What are the alternatives ?
  - Who pays ?
  - Can they deliver more than the low-hanging fruit ?

# The Energy Efficiency Directive – Getting the detail right

- Prescription vs. Flexibility
  - Scope
    - Thresholds
    - Sectors
  - Obligated Parties
  - Measures and Methodologies
  - Social aspects
  - Trading
- National or EU

# Thinking Globally

- EEOs started in vertically integrated utilities...
  - Continued working in liberalised markets on both grid bound retailers and distributors...
  - Have expanded into other fuels for stationary end uses...
  - Now being piloted with road transport fuel providers...
  - Have spread across the globe
  - Clearly must be doing something right!
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- IPEEC
  - PEPDEE - A resource at your disposal
  - Clean Energy Ministerial in London, April 2012

# Thinking Globally

## Continuing the Dialogue

- **IPEEC**
- **PEPDEE - A resource at your disposal**
- **Clean Energy Ministerial in London, April 2012**