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ENERGY SUPPLIERS ON TRACK TO MEET ENERGY EFFICIENCY TARGETS

- **Gas and electricity suppliers on track to meet Energy Efficiency Commitment (EEC) targets**
- **Since 2002, the amount of electricity saved is enough to power 2 million homes per year**
- **Cavity wall insulation and energy saving light bulbs most popular measures**
- **Ofgem highlights need to achieve right balance between future costs and benefits of EEC**

Gas and electricity suppliers are firmly on track to meet Government energy efficiency targets, announced energy regulator Ofgem today (Thursday) following the publication of the second annual report on the Energy Efficiency Commitment (EEC).

Ofgem administers EEC on behalf of Government and approves energy efficiency schemes set up by suppliers for their customers. To date, Ofgem has approved 120 such schemes which have achieved savings of 47 terawatt hours.

This figure is equivalent to powering all the homes in the West Midlands for a year. This represents more than three quarters of the savings needed to reach the 62 terawatt hour target set for the first phase of EEC between 2002 and 2005.

Managing Director for Corporate Strategy, Dr Boaz Moselle, said: "Around 10 million customers, roughly half of whom will be in vulnerable groups, will benefit from these schemes. From a very encouraging start, suppliers have continued to make significant progress, so much so it seems likely that they will easily hit the EEC target by March 2005.

"Energy efficiency measures play a vital role in reducing domestic energy bills and lifting people on low incomes out of fuel poverty. The most popular measures so far have been the installation of cavity wall insulation and the provision of energy saving light bulbs."

Coinciding with today's publication, Ofgem has responded to a consultation by the Department for Environment, Food and Rural Affairs (Defra) proposals for the second phase of EEC which will run between 2005 and 2008 and has set out its intentions for administering the new programme.

In its response, Ofgem agrees that encouraging domestic customers to use energy more efficiently is a cost-effective way of reducing carbon emissions. However, Ofgem points out that as the costs of the EEC rise, it is important to achieve the right balance between future costs and benefits to customers.

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Notes to editors:

1. Copies of the document 'A review of the Energy Efficiency Commitment to the end of the second year - A report for the Secretary of State for Environment, Food and Rural Affairs can be found on the Ofgem website at www.ofgem.gov.uk .

2. Copies of the document 'Energy Efficiency Commitment 2005-2008 Administration Procedures Consultation Proposals' can also be found on the Ofgem website at www.ofgem.gov.uk.
3. The Energy Efficiency Commitment (EEC), which began in April 2002, is set by Defra and requires gas and electricity suppliers with at least 15,000 domestic customers, to meet a combined energy saving target of 62TWh by 2005, which is the equivalent to a 1% per annum reduction in carbon emissions from households.
4. Companies have to target at least half of their energy savings at households receiving income related benefits or tax credits – known as the 'priority group'.
5. Ofgem administers the EEC. Ofgem's role is to oversee suppliers' work by approving each energy efficiency scheme set up and by monitoring their progress. The annual cost of the EEC is around £3.60 per household, per fuel, per annum.
6. The Energy Efficiency Standards of Performance (EESoP) programme was created by Offer in 1994, with the help of the Energy Saving Trust. It was the first energy efficiency programme of its kind and scale, setting energy savings targets on domestic energy suppliers. Two further EESoP programmes followed in 1998 and 2000, each setting progressively more challenging energy efficiency targets on suppliers.
7. The current EEC is expected to curb household carbon emissions by 0.4MtC per annum, or by 1% pa. The Energy White Paper '*Our energy future – creating a low carbon economy*' stated that the Government intends to consult on expanding the EEC at possibly twice its current level of activity after 2005. Overall the Government aims to reduce carbon emissions from the domestic sector by 4.2 million tonnes per annum by 2010.
8. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Our aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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