

## **Annex 3D**

### **The Energy Efficiency Commitment and its predecessor**

3D.1 A large increase in the level of energy efficiency investment in the domestic sector followed the introduction of the Energy Efficiency Commitment (EEC) in April 2002. Substantial investments had already been made under the Energy Efficiency Standards of Performance (EESoP) scheme which operated from April 1994 through to March 2002.

3D.2 EEC commenced in April 2002 on the basis of the overall energy efficiency obligation set by the Government, each supplier's individual targets are set by the Regulator, Ofgem. The EEC is one of the Government's policies for improving the energy efficiency of households. It is expected to curb carbon dioxide emissions by around 1 per cent per annum. Under EEC 2002-05 which ended on 31 March 2005, suppliers collectively implemented measures that led to savings of 84 TWh. Defra plans to review the EEC by 2007 before considering and setting the target for the period 2008-2011.

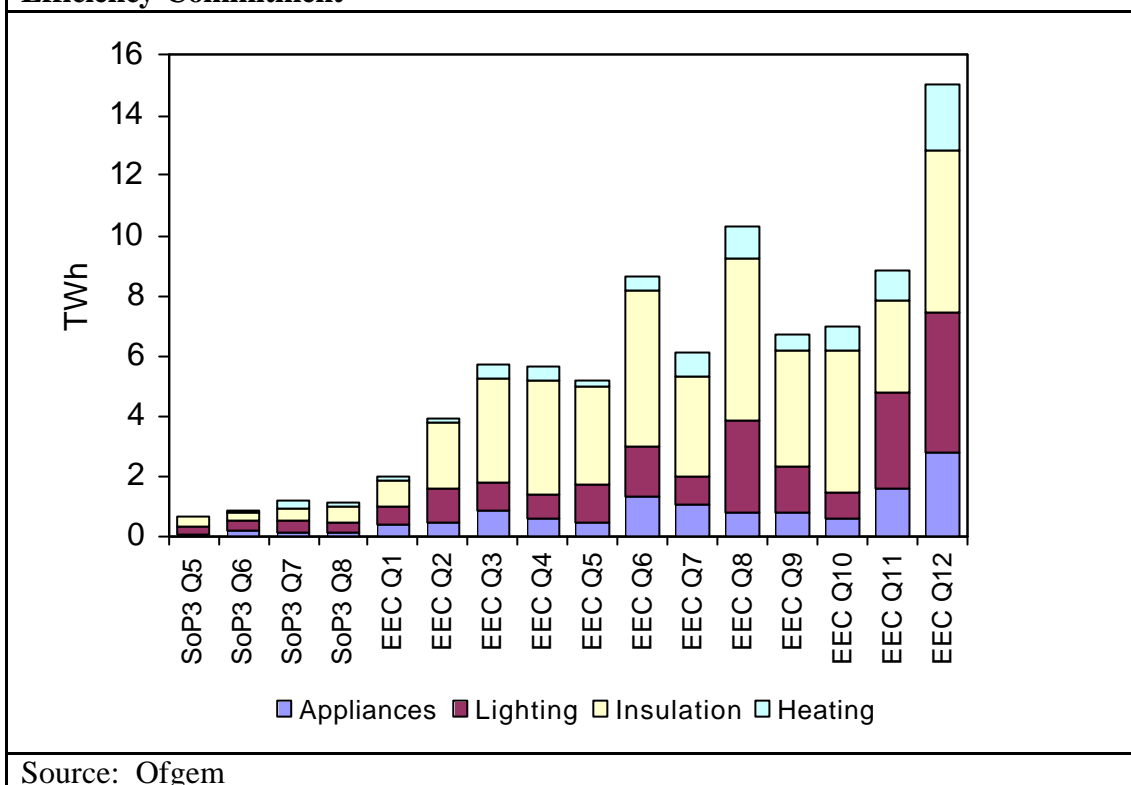
3D.3 EEC 2 which commenced on 1 April 2005 and runs until 31 March 2011, will see the level of activity double and is estimated to lead to investment of around £1.425 billion, saving customers £3.4 billion from their bills by 2020.

3D.4 Measures delivered under EEC can be broken down into four categories: lighting, insulation, heating and appliances. It is not possible to say with any certainty how many consumers will actually benefit from EEC, but of the four categories, insulation and lighting have recorded the largest levels of installation with much of this being to the Priority Group of households – those on low incomes.

3D.5 Cavity wall insulation has been a popular measure to promote by the suppliers as it delivers a large energy saving, and is cost effective for the consumer. Cavity wall insulation involves injecting the wall cavity with insulating material from outside. Suitable materials include mineral wool (glass or rock) and polystyrene beads or granules.

3D.6 EEC activity has resulted in large numbers of conventional light bulbs being replaced with Compact Fluorescent Lamps (CFLs) at low cost to the consumer. The installation of CFLs is one of the most cost effective measures in terms of the energy saved relative to expenditure, and is the easiest measure to supply in large volumes. It is expected under EEC on average almost 10 million CFLs per year will be supplied.

**Chart 3D.1 Achieved energy savings on a quarter by quarter basis for the last year of the EESoP3 programme and the first three years of the Energy Efficiency Commitment**



3D.7 The cost of each light to energy suppliers has decreased, from around £6.70 in 1994 to £3.00 today. Retail prices have also fallen: approved lights cost around £15 in 1994 but are now available for as little as £5. These lamps only consume 20-25 per cent of the electricity consumed by filament light bulbs for a similar amount of light. The lifetime of a CFL is about 12 times that of a conventional lightbulb and, after about 900 hours of use, the cost savings through reduced energy use will have offset the extra amount paid for the bulb. The savings on a consumer’s energy bill over the lifetime of a single CFL could be as much as £35.

3D.8 EEC will also deliver innovative solutions to help suppliers meet their energy saving targets, particularly in EEC 2005-08 as the Government has provided an incentive for new technologies. Some suppliers are offering ground source heat pumps to extract warmth from the ground as a useful source of heat. However, the scale of this activity is quite small. Other measures being offered albeit on a small scale, include solar thermal water heating but take up is limited as it is costly and therefore will only be purchased by those most able to afford this technology. Suppliers have also shown a limited interest in Micro-CHP units. The number of installations is only likely to pick up once the Carbon trust’s field trials are complete.

**Useful websites:**

[www.defra.gov.uk/environment/energy/eec/](http://www.defra.gov.uk/environment/energy/eec/)

[www.ofgem.gov.uk/](http://www.ofgem.gov.uk/)