

Northern Ireland Energy Agency

The Northern Ireland Energy Agency was formed in 2007 and is part of the Bryson Charitable Group. Our aim is “to secure the support and active engagement of Northern Ireland’s energy users, particularly households, in implementing strategies, programmes and measures to combat climate change.”

It plays a central role in changing attitudes and behaviors and promotes action by householders and not-for-profit organisations on

- Energy efficiency
- Renewable energy
- Low carbon transport
- Water
- Waste
- Affordable warmth

The Agency, (formerly Belfast Energy Agency, WREAN and Foyle Energy Agency) has been instrumental in the delivery of energy efficiency and fuel poverty schemes within Northern Ireland for over thirteen years.

Since the introduction of the Energy Efficiency Levy (EEL) the Agency has worked closely with NIE Energy in the successful delivery of domestic sector priority and non-priority schemes which have resulted in substantial carbon savings, energy savings, reduction in customer fuel bills and the fuel poverty proofing of homes.

Response

Question 1: *Comment on the level of detail contained in the Framework Document. Are there any points which need to be clarified in order to facilitate the smooth operation of schemes for the year commencing April 2010?*

Overall the Agency feels that there is good level of detail within the document and this is sufficient to provide sound guidance for potential bidders to the NISEP.

The main Framework Document provides a good introduction on all the elements of the NISEP and background to the EEL, thus allowing potential bidders who may be unfamiliar with the programme to obtain the relevant information. The document is presented in a clear, user friendly way that is easy understand and navigate.

Information presented within the Appendices, which relates specifically to the scheme bidding/ management process is well detailed and clearly presented. It is also noted that application to the programme is relatively simple without being unnecessarily complicated.

Despite inclusion of detailed information on many elements of the programme there is little information provided about the proposed branding of the NISEP and how schemes should be branded. Although there is mention of a planned NISEP logo (Appendix 1) there needs to be further information regarding branding. This should include clear branding requirements and guidelines. This is a particularly important issue which needs to be firmly addressed as there is the potential to cause a high level of customer confusion should a multitude of schemes be available through different bidding organisations. This confusion may also extend to referral agencies working on the ground.

The idea of a NISEP specific logo is welcomed and the Agency feels it is also important to include the logo of the corresponding delivery organisation.

These two logos should take precedence over the Project Administrator's logo and it is questionable if this is required.

The Agency also believes that there has been a missed opportunity to emphasise the importance of energy efficiency advice provision following the installation of energy measures. This should be built in as a requirement of any scheme. Energy advice has proven energy savings and could be used to increase the effectiveness of schemes.

Question 2: *Comment on whether or not you agree with the proposal to carry out a further round of consultation on the types of organisations permitted to bid for funding, before the second wave of opening up the NISEP to competition begins?*

The Agency agrees with the Regulators proposal for further consultation on types of organisation permitted to bid for funding and it would welcome the opportunity to respond to this.

It considers that post December 2009 is an appropriate time for consultation as this allows learnings from the 1st stage of opening to be included.

The Framework Document puts a strong emphasis on financial soundness and experience in the delivery of energy efficiency schemes as essential criteria for non licensed bidding organisations, however there needs to be clarification as to what other criteria will be used and an opportunity for consultation on this.

The Framework Document also suggests the setting of maximum levels of funding for first time bidders. The Agency believes that although there needs to be caution applied when dealing with new bidding organisations this may cause disadvantage to organisations that have already proved financial soundness and expertise in the delivery of energy efficiency programmes. For example the Northern Ireland Energy Agency has managed a number of large energy schemes such as Beechmount, Willowfield and Warm Homes. Such

organisations will have restricted access to funding during the first year (2011/12) and potentially subsequent years as up to 75% of funding may have been ring-fenced by organisations for more than 1 year (as discussed in 2.3 of the Framework Document).

If setting a maximum level is deemed appropriate then this should be applicable to *all* first time bidders including the licensed suppliers who will bid in September/ December 2009.

Question 3: *Comment on whether or not you agree with the stated purpose of the target setting and incentive mechanism as presented in Table 1 of the consultation document.*

To date any work associated with the EEL that has been undertaken by the Agency has involved the delivery of schemes on the ground rather than direct scheme management. As such we do not have a working knowledge of target and incentive elements of the programme.

However the Agency does welcome the revision in target setting and incentive mechanism given that this has led to an increase in £1,000,000 into the funding pot, as stated in the Framework Document. Reviewing the mechanism and setting clear criteria around targets and incentives is a positive move given the previous issues surrounding targets and incentives (as discussed in the Skyplex report).

Question 4: *Comment on whether or not you agree with the target setting and incentive mechanism as set out in 3.9 and 3.10 of the Framework document and 3.0 of the consultation document.*

As stated above the Agency has had no direct experience in targets and incentive payments on the EEL and is therefore not well placed to give an detailed response to this question.

Our experience in the delivery of levy schemes shows that it is often very difficult to identify vulnerable, priority customers. This difficulty is likely to increase due to the opening up of the Warm Homes eligibility criteria. Therefore we see the doubling the targets for priority groups and the doubling on the incentive payment as a welcome move.

The Agency strongly believe that recycling incentives above 8% threshold should continue as this will allow funding to be used where it is required most in fuel poverty projects rather than simply generating profits for bidding organisations.

A review of the target setting and incentive mechanism should be undertaken should organisations in the 1st phase of opening easily reach targets and generate incentives beyond the 6% stated as an average.

Question 5: *List any topics or issues which you would like to be further considered when preparing the Framework Document for September 2010 and beyond.*

- As previously discussed the Agency believes that there has been a missed opportunity to emphasise the importance of energy efficiency advice provision following the installation of energy measures. This should be built in as a requirement of any scheme. Energy advice has proven energy savings and could be used to increase the effectiveness of schemes.
- The Framework Document highlights the Regulators decision to double the cost effectiveness targets and incentives for priority schemes. This allows for the additional work involved in identifying hard-to-reach vulnerable customers and mentions provision of benefit checks. The Framework Document should clearly outline what the expected outcomes of priority schemes are – otherwise there is a risk that some organisations may bid and include added value services such as

benefit checks, energy advice, fuel payment advice yet the overall cost effectiveness will be lower compared to schemes based solely around measures.

- The issue of branding needs to be clarified. This will be particularly relevant for the 2010 Framework Document as there is the potential for a greater number of bidding organisations and thus greater customer confusion.

Other Comments:

The EST has undoubtedly played an important part in the successful development and delivery of the EEL in the past and through the 'Heads of Agreement' contract with the Regulator has been appointed to continue in its role as Project Administrator. However the document does not make clear whether this role has been tendered.

In order for greater transparency the appointment of the Project Administrator should be tendered. There also needs to be greater transparency in the overall cost of management proportioned to EST and the Regulator as this presumably will increase as number of scheme providers increases.