

Iain Osbourne  
Chief Executive  
Northern Ireland Authority for Utility Regulation  
Queens House  
Queens Street  
Belfast  
BT1 6ER

8<sup>th</sup> January 2009

**Feedback on public consultation on the ‘NI Energy Efficiency Levy Strategic and Operational Review 2008’**

B&Q was very interested to discover that the Northern Ireland Authority for Utility Regulation had conducted a review and public consultation on the NI Energy Efficiency Levy. B&Q is the UK’s leading home improvement retailer and has been heavily involved in delivering energy savings to its customers through the CERT scheme in Great Britain. As you may know, we have a long history of innovation and leadership in the field of social responsibility and have been recognised for our achievements in this area and so felt it important to be involved with developments to the Energy Efficiency Levy Programme in Northern Ireland.

To date B&Q’s involvement in the EELP in Northern Ireland has not been as strong as the involvement in CERT in Great Britain. We however believe there is a great opportunity to drive energy efficiency in a similar way in Northern Ireland if the scheme develops to allow similar levels of funding being made available. This is particularly important to allow us to drive awareness of energy efficiency and to offer DIY top up loft insulation to the non priority group domestic customers at the price levels we strive to. As such although we are aware the deadline for feedback on the consultation has now passes B&Q was keen to share its thoughts with you and offer an opportunity to discuss this with you in more detail.

Research undertaken in B&Q stores has consistently confirmed that price is our customers’ primary consideration as they debate whether or not to undertake home improvement for the purposes of reducing energy consumption and whether the resultant benefits will clearly outweigh the up-front costs. For this reason, we believe that reducing the price of loft insulation significantly this year and on going will have a major effect on consumer behaviour. Through the marketing programme and price investment planned for 2009 B&Q intends to more than double the number of homes it helps to insulate.

B&Q intends to deliver this significant growth rate by heavily discounting the price of insulation to remove cost as a barrier to a customer choosing to insulate their loft. To give you an indication of this level of investment that is possible through the CERT scheme in Great Britain and the scale of buying power that B&Q is able to leverage to support its energy efficiency programme, B&Q intends to be able to allow all our DIY customers to purchase 200mm top up loft insulation at around 60 pence per square metre. This will allow a typical sized loft to be completely topped up to at least 200mm thick insulation for less than £30.

B&Q would very much like to extend this offer and similar offers planned throughout 2009 and beyond to our Northern Ireland stores so that our customers throughout Northern Ireland can enjoy the same discounts as those in the rest of the UK. However, the subsidies that exist in Great Britain do not extend in Northern Ireland to support these schemes that focus on delivering high levels of energy saving benefits through loft insulation to a wide range of households in all economic groupings.

B&Q has worked historically with NIE and is currently in discussions with them; however the current framework of the EELP does not allow this type of support to match the scheme that runs extremely well in Great Britain. Without a similar scheme these promotions are not a viable proposition commercially and we reluctantly are unable to offer them to the benefit of our Northern Ireland customers.

Through its discussions with NIE, B&Q believes that support in line with the CERT schemes in Great Britain is not currently available through the EELP due to the following key differentials between the CERT scheme and current EELP. It is these points that B&Q would like to feedback on as part of the consultation paper and discuss further at your request.

- 1) The EELP puts a greater weighting on the allocation of resource to the priority group customers compared to the CERT scheme. B&Q seeks a more equal weighting to the non priority group customers as it believes its access to all customers in the market and significant price discounting possible through appropriate funding will benefit priority group customers as well.
- 2) The EELP puts a greater weighting to the eradication of significant fuel poverty to a smaller group of beneficiaries rather than the overall gain to energy efficiency and carbon saving within the whole community. With the increase to fuel prices and economic situation B&Q believe a bigger group of people fall within or close to the fuel poverty group and its approach is to allow a broader spread of support to all these groups through low cost insulation for all.
- 3) The current EELP schemes appears to focus on supporting loft insulation programmes that bring levels from zero to 270mm. B&Q believes support of products within the 100mm to 200mm range allows a wider group of people to benefit from increasing any levels of existing insulation.

- 4) The current EELP around loft insulation focuses on the professional installation of loft insulation rather than DIY top up. B&Q believes a more equal focus to DIY top up loft insulation provides two key benefits it believes is overlooked. The installation of loft insulation is a relatively simple DIY job and one B&Q is making more accessible through its literature and DVD's available on the subject. B&Q believes that the limited funding available can be used more efficiently and to benefit more households if used to encourage customers to DIY their insulation rather than pay for more expensive professional loft installation.

The second benefit is that B&Q knows through its sales data of loft board panels that a large proportion of customers wish to use at least a portion of their loft for storage. The current EELP does not allow for the flexibility of how customers wish to use their loft space. B&Q continues to develop new products and support alternative loft insulation measures that allows customers to use their loft how they wish but maintain the insulation levels required to deliver the energy savings.