

eaga plc's response to NIAUR's consultation document on the Energy Efficiency Levy.

eaga's involvement to date

eaga has been involved in managing various projects funded by the Energy Efficiency Levy (EEL) on behalf of NIE Energy during the past four years. At present we are working with a number of public and voluntary sector organisations who work in partnership with NIE Energy to deliver the EEL programme. We have seen a vast improvement year on year as to how the various schemes are managed and have been encouraged by the timeous submission of qualified referrals. For example, as at the 01/11/2008 all schemes are fully subscribed and referral generation has ceased.

Response to Specific Proposals (Listed on pages 46-48 of the consultation document.)

1. Competition for Levy Funding

eaga see no reason why other organisations should not be permitted to compete for Levy funding. However, the very strong NIE Energy brand, provides considerable benefits in terms of credibility when marketing projects. The brand and the company are part of the fabric of Northern Ireland society and are still referred to as the Electric Board by many older people, and would be recognised as "safe hands". Should additional organisations become involved in Levy Schemes there is the potential for customer confusion with a multitude of schemes and funders.

2. Measure providers-Bid for funding

eaga is of the opinion that most measure providers would not want to bid for Levy funding. The few that may, would need to provide to necessary guarantees that costs would be in line with all other projects and that schemes proposed would be targeted at the needs of the clients.

3. Funding Level

eaga feels that projects requiring only £10k of levy funding are too small and would result in many more schemes which in turn would increase the administration costs considerably. Eaga would suggest that a £75k project is a more realistic figure.

4. Incentive Structure

Incentive payments to maximise energy savings are good and should be retained. Transparency of costs of measures again is good and helps to put downward pressure on prices. Controls of management and administration costs is also vital, however eaga would strongly suggest that surveying and inspection costs are treated as “measure costs” as they are the first and last steps in the project and provide a detail of the work to be carried out and a measure of the quality of the work and customer care.

5. Incentive rate

eaga are not fully au-fait with what £5120/GWh means in terms of overall payment, as an incentive. However we would suggest that the reduction seems rather excessive at around 80%.

6. Appropriate targets

From our experience of the Warm Homes Scheme where we were initially set energy efficiency targets and then measured against fuel poverty targets which was very frustrating. NIAUR may wish to consider a range of targets from CO₂ saving to increase in SAP ratings or removal from fuel poverty.

7. Framework document

eaga are of the opinion that the Framework Document does provide clarity at present, but no doubt could be expanded upon.

8. Performance

eaga do not consider that it is good practice to plan for failure. Any under performance should be identified early and corrected ASAP.

9. Level of funding

Due to the recent drastic increases in fuel prices there would be many more householders in N.Ireland forced into fuel poverty. NIAUR should consider increasing the levy funding by introducing a levy on gas and oil. In the rest of G.B electricity and gas suppliers are incentivised to provide energy savings schemes to their customers. At present the oil industry in N.Ireland does nothing for it's customers in this regard, in spite of their highest percentage of market share.

10. Priority customers

Once again due to the increase in fuel costs eaga would recommend that the alleviation of fuel poverty remains at the forefront of NIAUR thinking. Consideration should be given to increasing the percentage allocated to priority schemes from 80% to 90%.

11. Whole house solutions

eaga is in favour of "Whole House Solutions". On the ground we see many clients who receive insulation measures but do not have efficient heating systems. As a result the house remains cold and in many cases the householders cannot afford the fuel required by an inefficient system to bring the temperature of the house to the required standard. As a result the client remains in fuel poverty. The whole house solution solves this problem and leaves the house energy efficient for many years to come.

12. Purchase of heating oil

eaga believe that assisting in the purchase of heating oil would not be in the best interests of the scheme or the householders, in the long term. It would also be difficult and expensive to administer and would not be as sustainable as tackling the issue of energy efficiency or income. Oil deliveries to priority customers have been discussed at numerous N.I. Fuel Poverty Advisory Group meetings and are perhaps something that should be introduced outside the framework of the levy funding.

13. Ring fencing of commercial/domestic funding.

eaga is in favour of ring fencing funding for different priority groups. With the downturn in the economy commercial as well as domestic customers will be adversely affected.

14. Additionality

In some cases it may be difficult to justify why measures are additional. NIAUR should reconsider how rigorous it's adjudication of this element of the scheme is, as additional funding is something that should be encouraged.

15. Indirect costs

eaga agrees that indirect costs should be reviewed and agree that the maximum amount of funds possible are spent on measures. We would also welcome a review of interpretation of indirect costs as we feel strongly that elements such as technical surveys and inspections should be classified as operational and not administrative.

16. Gas Levy

eaga would suggest that levy funding or some form of assistance to priority groups be investigated for both the gas and oil industries.

17. Number of schemes.

eaga would suggest that quality not quantity of schemes would be a more appropriate measure. An obligation to submit a certain quantity of schemes would depend on the number of suppliers and may be driven by supplier's needs rather than those of the client.

18. Origin of funding

eaga agrees that the “origin of the funds” has been talked about for some time. This is not really an issue that has been raised by clients; it is something that is discussed within the energy fraternity. Eaga would suggest that if NIAUR consider an explanation of the origin of this funding necessary that it is done in a manner which is easily understood by prospective clients.

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