NI Energy Efficiency Levy
Strategic and Operational Review
2008

Phoenix Natural Gas Group

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Phoenix Natural Gas Group
Executive Summary

NIE Energy (NIEE) has successfully coordinated and managed the bulk of the Levy funding since the Levy's inception. The Phoenix Natural Gas Group supports the achievements of NIEE in managing the Levy funding and will continue to support the Energy Efficiency Levy Programme in the future. The NIEE team has brought together a strong network of organisations to maximise the cost effectiveness of Levy funding, and to ensure a varied programme is submitted each year. By working closely with funding partners such as Phoenix Natural Gas Ltd, NIEE's coordination role has facilitated in-year flexibility such as re-allocating funding to ensure that the Levy is fully utilised each year when schemes perform differently from expectations.

However, we welcome this review and the proposed extension of the application process to other organisations if they can provide a similar level of dedication, market experience and management expertise as NIEE. This is a significant challenge and our specific comments and recommendations are as follows:

Scope for further energy savings measures

1. Northern Ireland (NI) may have reached saturation in terms of undertaking the more cost-effective insulation measures and the remaining households in our Licensed Area using solid fuel, Economy 7 or have no heating have become increasingly difficult to penetrate. We see this as an appropriate juncture to review these targets alongside the changing environment, discount rate and generation mix becoming less carbon intensive since inception of the Levy fund.

2. Figures from the Energy Saving Trust (EST) suggest a 40% energy saving when replacing an old boiler with no thermostatic control with a highly efficient condensing boiler together with room and HW cylinder thermostats and thermostatic radiator valves.

3. The Framework Document needs urgent revision to reflect the actual energy savings that can be achieved by switching from old, poorly controlled heating systems, with the view to targeting energy efficiency improvements to this sector.

Carbon Savings

4. Natural gas produces around 25% less carbon dioxide than oil and around 45% less than solid fuel. Therefore a typical household, when converting to modern high-efficiency natural gas heating systems from older heating oil systems, reduces its central heating carbon footprint by more than 50%.

Energy Savings

5. Energy savings should continue to be credited solely to the licensed electricity supplier or other body managing the Levy fund, and shared only if the energy savings are also being credited elsewhere.

Raising of Levy funds

6. The solid fuel and oil industries are not regulated and are not therefore required to promote energy efficiency like gas companies. Furthermore just under 12% of households use natural gas for central heating[1]. It is therefore not appropriate to extend the Levy to natural gas consumers.

Remit of the Levy

7. This is an Energy Efficiency Levy and ought to have energy efficiency as its primary objective. The prioritisation of fuel poverty schemes limits the ability of the Levy to meet this primary objective. Phoenix recommends that priority schemes should make up 50% of the Levy. This allows the Levy to implement more cost effective schemes, while still addressing NI's high level of fuel poverty.

8. The size of the Levy should remain broadly at current levels and whole house solutions should remain within its remit.

9. If a commercial scheme is cost effective, the business ought to choose to undertake it without grant aid. We therefore recommend removing the segregation of funds between non-priority domestic measures and non-priority commercial measures and implement promotional activity to make businesses aware of the available cost effective measures.

Purchase cost of heating oil

10. The upfront cost of heating oil is an issue for Government and the oil industry to resolve. The Levy should continue to focus on energy efficiency measures.

Management

11. UReg/EST may have to assume NIEE's management role to ensure that the Levy funding is fully utilised and energy savings are maximised each year.

12. The current provisions within the Framework Document[2] should be reviewed to ensure that they are comprehensive, robust and cover a range of scenarios.

13. A minimum funding application threshold would ensure that UReg's costs are kept to an acceptable level and schemes can be effectively monitored.

Branding

14. Marketing literature should advise customers of the origin of funds.

15. UReg should ascertain public perception of where the funds originate to inform future publicity.

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[1] NI HCS 2006 Statistical Annex
[2] Framework for Northern Ireland's Energy Efficiency Levy Programme - Updated September 2008

Phoenix Natural Gas Group
Response to Specific Proposals

1. **Organisations other than licensed electricity suppliers should be permitted to compete for Levy funding:**

NIE Energy (NIEE) has successfully coordinated and managed the bulk of the Levy funding since the Levy's inception in 1997/8. The Skyplex report[3] suggests that the Utility Regulator's (UReg's) current process merely endorses schemes put forward by NIEE. The Phoenix Natural Gas Group (Phoenix) believes that the NIEE team has brought together a strong network of organisations to maximise the cost effectiveness of Levy funding, and to ensure that a varied programme is submitted each year. In addition, NIEE's coordination role has facilitated in-year flexibility such as when schemes perform differently from expectations.

Levy funding has improved the efficiency of housing stock in Northern Ireland (NI) which has benefited consumers and produced significant energy and carbon savings. We support the achievements of NIEE in managing the Levy funding and will continue to support the Energy Efficiency Programme in the future. However it may be appropriate to extend the eligible competitors beyond licensed electricity suppliers. This may introduce further innovative offers and encourage a wider range of households to improve the energy efficiency of their home thereby reducing their carbon footprint and alleviating fuel poverty where appropriate.

Other organisations may wish to compete for Levy funding to enable them to administer their allocation in a manner which they believe will best target the appropriate households. If this materialises, we believe that bids should only be accepted from other organisations that like NIEE have considerable market experience and have proven expertise in such a management role.

However there are a number of issues which should be considered before such a decision is made. Firstly the Framework Document[4] will have to be reviewed to ensure that it is comprehensive, robust and covers a range of scenarios.

Secondly we have commented that NIEE has successfully co-ordinated a range of schemes each year and by working closely with funding partners such as Phoenix Natural Gas Ltd, has been able to re-allocate funding to ensure that the Levy is fully utilised each year. If other organisations manage sizeable portions of Levy funding, the Framework Document will need to establish how this could be re-allocated in-year as the performance of each scheme is assessed e.g. if NIEE have a successful scheme which will exceed its funding allocation, will there be provisions to re-allocate funding between bidders if other schemes fall short of expectations or will bidders be allocated a pot of money and this can only be re-allocated amongst their own individual schemes?

[3] A Report to the Utility Regulator on the Northern Ireland Energy Efficiency Levy Programme – Skyplex Consulting Limited – July 2008

[4] Framework for Northern Ireland's Energy Efficiency Levy Programme - Updated September 2008

Thirdly there would be an additional layer of complexity for organisations seeking Levy funding from one of the bidding companies. Would third parties submit their proposals to all potential bidders? What if third parties obtained funding for the same scheme from two different bidders?

2. **The Utility Regulator should seek views as to whether measures providers should be allowed to bid for Levy funding directly and as to whether controls and monitoring could compensate for the loss of transparency and prevent the inflation of measures costs:**

As stated in question 1, it ought to be possible for measures providers to bid for Levy funding directly once a robust Framework Document in place, however Phoenix appreciates the loss of transparency and control issues that may arise as a result. UReg will need to consider in-year flexibility between schemes and with a host of bidders would need to closely monitor the performance of each scheme throughout the year to facilitate this. NIEE have a proven track record in the management of the funding and allowing other suppliers/measures providers to compete for funding will mean that UReg/Energy Saving Trust (EST) will have to assume this management role.

We have commented that UReg should only widen the application process to other organisations that can provide a similar level of dedication and experience as NIEE. We would also suggest that where direct applications are accepted, these should be allowed where the funding application is over a minimum threshold to ensure that UReg’s administration costs are kept within an acceptable level and schemes can be effectively monitored.

3. **Other constraints should be placed on the identity of bidders. For example in order to avoid excessive administration costs both of handling a high number of bidders and of monitoring bidders that may be submitting schemes purely in their own interests, schemes should be of a minimum size, say, £10,000 of Levy funding. Bidders should be or use reputable contractors:**

See comments in questions 1 and 2 above. We also believe that bidders should be actively involved in the delivery of its schemes, whether this is similar to NIEE’s current role or a more project management role e.g. the role assumed by Phoenix Natural Gas Ltd. where it has the responsibility of promoting, managing and finding referrals for each of its schemes.

In addition, Phoenix believes that the only way to ensure that the work is undertaken by a reputable contractor is to include a comprehensive specification for each of the available measures within the Framework Document and to follow this with a quality inspection on a sample of households. The Framework Document should also establish the actions that would be taken should anyone fail to meet the required standards.

4. **A number of constraints under the existing scheme should be retained and kept under review, depending upon the success of the more competitive arrangements, i.e.**
   - **incentive payments to encourage schemes to maximise the energy savings measures obtained for Levy funding;**
   - **the requirement to provide transparency of the costs of measures**
   - **controls on the level of management and administrative expenses:**

As only licensed electricity suppliers can currently compete for funding, incentive payments are required to encourage suppliers to prioritise submissions by the potential energy savings of each of their schemes each year. This ensures that Levy funding is being used to maximise energy savings measures each year. We therefore believe that if the current provisions prevail, an appropriate level of incentive payments will be required. See our additional comments on question 5.

Furthermore we believe that bidders should provide details of all costs attributable to each scheme e.g. management and administrative expenses, materials costs, installation costs etc. to ensure transparency for monitoring purposes. We discuss the level of indirect costs further in our response to question 15.

If organisations other than licensed electricity suppliers are eligible to compete for Levy funding following the outcome of this review, we believe that UReg, or EST, may be required to assume the in-year management role currently held by NIEE to ensure that the Levy funding is fully utilised and energy savings are maximised each year. However this position will essentially only materialise if there is effective competition between organisations to manage a percentage of Levy funding each year. It would then become UReg's responsibility to prioritise the schemes and it is reasonable to assume that UReg would continue to rank these in order of energy savings. It is also reasonable to assume that a greater degree of competition between bidders will incentivise suppliers to submit those schemes which maximise potential energy savings or risk losing out to another scheme. These changes would introduce a new level of complexity into incentive rates and this should therefore be reviewed if effective competition for Levy funding becomes a reality.

5. **The incentive rate should be reduced from the current £5120/GWh to £1000/GWh, whilst experience of the extent of competition for funds can be assessed:**

As discussed in question 4, incentive Payments are only relevant if bids are only accepted from licensed electricity suppliers. If for example other licensed energy suppliers are allowed to bid for funding and effective competition results, incentive payments may become redundant as competition for funding should ensure that only the most cost effective schemes receive funding. There would then be an opportunity to recycle incentive payments into further schemes.

It is important that the full energy savings are recognised if they are not being counted elsewhere. The consultation alludes to the fact that the suppliers are credited with all of the energy savings, including those schemes that switch customers to natural gas. As part of its Price Control, Phoenix Natural Gas Ltd. is allowed to offer incentives to new owner occupier customers, the purpose of which is to stimulate new connections. This is not equivalent to NIEE's incentive payments, nor to NIEE's energy saving targets. There is no mechanism for Phoenix Natural Gas Ltd. to claim the energy savings from these new connections. Therefore there is currently no double counting of energy savings from Phoenix Natural Gas Ltd. schemes.

If Phoenix brings forward a new scheme we believe that the energy savings should continue to be credited solely to the Levy and therefore to the licensed electricity supplier or other body who is managing the fund.

The Levy scheme has been running in largely the same format for the last ten years and we therefore believe that a review of the incentive rate is now appropriate. We welcome UReg's revised Framework Document that ensures that incentives earned in excess of 8% are recycled into additional energy efficiency initiatives.

6. **More realistic targets should be set by ensuring that the assumptions regarding the mix of measures, the fuel mix and third party funding are more realistic of actual outturns. For the first year, the contribution to the incentive target for each scheme should be based on an average of the marginal cost effectiveness of the group and the cost-effectiveness of the specific scheme. To prevent any distortion to incentives, schemes with such outlying costs could be excluded from the group average calculation.**

We note that targets are currently set on an assumed mix of measures and that this contains less of the more cost-effective measures and more of the less cost-effective measures when compared to that which can be achieved in practice. However when you consider that CFLs have become sufficiently commonplace and that many homes now have some form of insulation, the target market is reducing and it may simply be that the more cost-effective measures are fewer and more difficult to find.

Our experience substantiates this claim in that the remaining households in our Licensed Area using solid fuel, Economy 7 or have no heating have become increasingly difficult to penetrate. This may be because (a) the remaining householders may simply be reluctant to switch fuels because of their age and perceived level of disruption despite the level of grant support or subsidy provided, (b) they may be in properties where natural gas is unavailable or (c) they may be unable to afford the conversion costs even after grant aid. Indeed we believe that the energy efficiency of older heating systems should also be reviewed and have set out our recommendations in our response to question 9 below. This suggests that it is an appropriate juncture to review these targets given the changing environment, discount rate and generation mix becoming less carbon intensive since inception of the Levy fund.

7. **Additional clarity should be introduced into the Framework Document, specifically for situations where, thus far, rules have not been needed:**

We note the comment that the current arrangements within the Framework Document lack clarity in places. As UReg is considering allowing other suppliers and indeed other organisations to apply for Levy funding directly, it is imperative that the Framework Document is robust in dealing with a range of scenarios e.g. under-performance, under-spending, within year adjustments etc. This would ensure that all organisations are aware of the arrangements from the outset and avoid unnecessary confusion and disagreement should such situations arise.

8. **No specific arrangements for underperformance should be introduced, other than that funding will be pro-rated by the energy savings achieved. However, if underperformance becomes an issue, more onerous arrangements for under-performance should be introduced:**

See comments in question 7 above.

9. **Pending analysis of the 2006 House Condition Survey, the Utility Regulator should seek views as to the scope for further energy savings measures. In the absence of views to the contrary, the size of the Levy should remain broadly at current levels for the first year (with appropriate indexation). Taking the reduction in incentive payments into account, the funding for measures costs should be increased by £1m which would, except in the event of a very large increase in energy savings, not result in any increase in the total Levy funding including incentives. The size of the Levy should be kept under review, based on the nature and number of schemes submitted. If there is a high demand for funding whilst scheme costs remain acceptably low, consideration should be given to increasing the size of the fund in later years:**

We agree that the size of the Levy should remain broadly at current levels given that consumers are already experiencing spiralling energy costs and that the Levy draws its funding directly from consumers. It would however be interesting to know how many schemes are rejected each year due to funding restrictions and whether there is an argument for a small increase on each electricity consumers bills to benefit those households most in need.

It would be useful if the Levy collected from customers could be reviewed without further lengthy consultation. The method of such review would need to be fair and transparent.

Scope for further insulation and CFL measures

We note that preliminary analysis of the 2006 House Condition Survey suggests that the scope for further insulation measures is limited and therefore it may be that we have reached saturation in terms of undertaking the more cost-effective insulation measures. The scope for further insulation measures may therefore be limited and we agree that this should be reconsidered once further analysis becomes available.

The Skyplex report[5] notes that CFLs are becoming more commonplace and less likely to meet the additionality criterion. We believe that this may be the case in respect of many standard household CFLs but that there are other CFLs which have yet to be adopted and will require some Levy funding to transform the market.

Scope for further heating measures

Over 50% of the total energy consumption and carbon dioxide emissions for buildings come from heating and hot water use[6]. Therefore the efficiency of a boiler has a significant impact on the overall energy consumption of a building.

Figures from the Energy Saving Trust suggest that there is a 40% energy saving when replacing an old boiler (typically 60% efficient) with no thermostatic control with a highly efficient condensing boiler (at over 90% efficiency) together with room and HW cylinder thermostats and thermostatic radiator valves.

The focus of many of this year's schemes has been offering solutions to properties with no central heating, solid fuel central heating or Economy 7 heating. However as we have highlighted in our response to question 6, this market is becoming increasingly difficult to penetrate.

We note from the Framework Document that:

"When evaluating boiler projects, the energy savings will be based on the combustion efficiency of the new boiler (as provided by SEDBUK) against the average combustion efficiency of new non-condensing boilers, which is assumed to be 78 per cent."

This suggests that the default position within the Framework Document ignores the improved efficiency between the old boiler and a standard new boiler, presumably on the basis that the householder was going to change the boiler anyway. Therefore, this method underestimates the savings when the grant aid persuades a householder to act when they were not going to act at all. We believe that the energy savings should be based on the efficiency of a new boiler against the average efficiency of the old system (note that the old system may not have had adequate heating controls which would have reduced the efficiency further) and not against the average efficiency of a new non-condensing boiler. The Framework Document therefore needs urgent review to fully recognise energy savings.

Further work should be undertaken to investigate the needs of those with old, poorly controlled heating systems, especially oil, with the view to targeting energy efficiency improvements to this sector. We believe that the above substantiation supports the

5 Section 4.5.2
6 Department of Finance and Personnel website

replacement of **any** old inefficient boiler with **any** highly efficient condensing boiler e.g. oil or gas, within the remit of the Levy and that the Framework Document needs urgent revision to reflect the actual energy savings that can be achieved by switching from an old inefficient heating system.

Carbon Savings

Natural gas produces around 25% less carbon dioxide than oil and around 45% less than solid fuel. Therefore a typical household, when converting to modern high-efficiency natural gas heating systems from older heating oil systems, reduces its central heating carbon footprint by more than 50%.

This is a more cost effective method of reducing carbon than solar panels, which, despite only providing hot water, tend to cost more than converting to a high efficiency gas system. The EST's Framework Document assumes an annual energy saving of between 1,200 and 2,900 kWh, which is likely to be around 10% of the heat and hot water requirement. Therefore the carbon saving may be only 10% compared to 50% with a gas conversion. We note that UReg has already stated that:

"Replacing heating oil with gas as the fuel of choice for the domestic sector could potentially be the largest single policy action possible to reduce Northern Ireland's carbon footprint."[7]

Furthermore section 3.1.1 of the Skyplex report states:

"Switching from other fuels to gas is an effective measure for reducing carbon and currently for heating homes at lower cost."

The level of condensing boilers installed through Northern Ireland remains very low and we therefore strongly believe that the inclusion of whole house solutions i.e. highly efficient condensing boilers with top-up insulation measures, should remain within the remit of the Levy. We also therefore believe that non-priority domestic schemes should continue to receive Levy funding.

10. **The relative focus of the scheme on priority schemes - currently 80% - should be reviewed in light of: (i) the 2006 House Condition Survey; (ii) the Utility Regulator seeking views on the issue; (iii) further detail emerging of other initiatives to assist the fuel poor; and (iv) on an ongoing basis, depending upon the types of schemes that are submitted following changes to permit non-suppliers to bid for Levy funding:**

This is an Energy Efficiency Levy, which ought to have energy efficiency as its primary objective. The prioritisation of fuel poverty schemes, which tend to be less cost effective, limits the ability of the Levy to meet this primary objective. We note that only 40% of the Carbon Emissions Reduction Target in Great Britain must be

[7] Sustainable Development - The Regulator's Role - Consultation Paper - March 2008

achieved through low-income domestic consumers or those who are over 70 years old. In recognition of the high level of fuel poverty in Northern Ireland, Phoenix recommends that priority schemes should make up 50% of the Levy, rather than 80%. This would allow the Levy to implement more cost effective schemes, while still addressing fuel poverty.

11. **The emphasis of whole house solutions should be lessened with a view to enabling measures to be spread over a larger number of homes within the priority group with a view to levelling up the worst cases of fuel poverty or maximising energy efficiency gains alleviating fuel poverty. Whole house solutions should selected on the grounds of their cost-effectiveness:**

See response to question 9.

12. **Views should be sought as to whether schemes should be permitted to assist with the purchase cost of heating oil and, if so, how this assistance should be prevented from going beyond that necessary to give effect to energy efficiency and becoming, instead, a pure subsidy of fuel purchase:**

Again we reiterate that this is an Energy Efficiency Levy, which ought to have energy efficiency as its primary objective. We believe that the upfront purchase cost of heating oil is an issue for Government and the oil industry to resolve and not UReg and that Levy funding should continue to focus on energy efficiency measures.

We strongly disagree with the suggestion that funding should be permitted to assist with the purchase cost of heating oil unless it is also extended to all energy supplies. Natural gas and electricity consumers have a more flexible choice of payment options, because suppliers have provided such a choice, however consumers still need to pay for the fuel they consume and are still experiencing increased fuel costs this year. The spiralling wholesale cost of energy is affecting all households and it could be argued that all types of households may choose to use less efficient forms of heating in their home rather than switch on their central heating system. We believe that it would be wholly inappropriate to favour those with high-efficiency oil central heating over households with other high-efficiency central heating systems.

13. **The Utility Regulator should seek views on ending the segregation of funds between non-priority domestic measures and non-priority commercial measures, in order to maximise energy efficiency gains:**

We would question the additionality of commercial schemes. If a commercial scheme is cost effective, the business ought to choose to undertake it without grant aid. The challenge is to make businesses aware of the available cost effective measures; hence promotional activity which leads to the uptake measures could be implemented (these schemes may be considered to not meet the first essential criterion in the Framework Document[8]).

Furthermore, organisations such as the Carbon Trust and Invest Northern Ireland provide funding solutions and advice for businesses. The Carbon Trust currently offers carbon surveys and interest free loans to upgrade to energy efficiency equipment and Invest Northern Ireland currently offers interest free loans for the implementation of energy efficiency projects.

On that basis we recommend removing the segregation of funds between non-priority domestic measures and non-priority commercial measures.

14. **The 20% additionality criterion should be augmented by a requirement for scheme proposals to justify why measures are additional:**

Additionality is not demonstrated by the level of funding – it is much more complex. A further requirement to justify additionality will be impossible to meet objectively and may simply prevent good schemes from happening.

In question 6 we have commented that our target market for Levy schemes is becoming increasingly difficult to penetrate. Our experience is that customers are motivated by incentives as reflected by the response once schemes are launched and therefore the Levy funds those natural gas conversions that would not have taken place without the additional funding.

There is another argument that Levy funding should maximise the number of properties that can benefit from improved energy efficiency measures. It would be interesting to investigate the potential energy savings if a lower heating grant was offered to the non-priority group along similar lines to the insulation cashback i.e. offering all households cashback if they improve the efficiency of their heating system such as installing heating controls, installing any high efficiency boiler etc irrespective of their current heating system. Tailored schemes offering whole house solutions could continue to be offered to those with old, inefficient heating systems.

15. **The 5% cap on indirect costs should be replaced by a more sophisticated criterion. Views should be sought on the appropriate form and level of the cap to ensure that, whilst the allowance for indirect costs is realistic, the maximum funds are available to be spent on measures:**

Not all organisations will seek to recover their indirect costs, such as the cost of project managing schemes and producing marketing material, from the Levy fund. Indirect costs provide a further element of competition between companies applying for funding and effective competition will ensure that the funds available for energy

[8] First Essential Criterion is "Funding must be targeted at activities that result in energy efficiency measures being adopted. Funding cannot be used for research, demonstration or purely educational projects."

efficiency measures are maximised and the indirect costs are minimised in every scheme.

The proposal by Skyplex to implement a formula which allows a higher proportion on smaller schemes is helpful and we would agree with its implementation. It would be useful, however, to identify all these costs even when the project manager is not seeking any funding against it.

16. **The raising of Levy funds should not be extended to gas unless it is also extended to oil.**

Natural gas has been available in the Greater Belfast Area for just over a decade and in this short time Phoenix has developed an efficient, co-ordinated network which has currently made the benefits of natural gas available to over 260,000 properties. However the natural gas network in NI is not fully mature, with oil remaining the predominant fuel; just under 12% of households in NI are using natural gas for central heating[9]. Furthermore natural gas is delivering significant carbon savings against the fuels that it has displaced.

The natural gas and electricity industries are regulated unlike the oil and solid fuel industries. UReg has a statutory duty to promote the development of the natural gas industry throughout NI and natural gas companies are required to promote energy efficiency. We have commented on a number of occasions the significant opportunity that exists in NI to harness the carbon dioxide benefits of switching to natural gas unlike in Great Britain where the natural gas market is more mature.

The solid fuel and oil industries are not regulated and are not therefore required to promote energy efficiency. This means that there may be considerable sections of the population which do not readily receive any energy efficiency advice. It would therefore seem inappropriate for natural gas consumers to contribute to the Levy when they currently represent such a small section of the central heating market and are already promoting energy efficiency measures unless this is extended to oil consumers.

17. **The option of placing obligations on suppliers to submit a certain quantity of schemes should not be introduced initially but this should be kept under review in light of experience of operation of the scheme:**

As indicated in our response to question 2, Phoenix believes that if direct applications for Levy funding are to be accepted from organisations other than electricity suppliers, then this ought to be over a minimum funding threshold. It would seem unreasonable to reject an application which produces significant carbon savings on the basis that the organisation only submitted one scheme and therefore we believe that schemes should be reviewed subjectively on an ongoing basis and accepted or rejected based on the range of schemes submitted each year.

[9] NI HCS 2006 Statistical Annex

18. **The Utility Regulator should seek views as to whether scheme sponsors should be required to explain to customers the origin of funds used to pay for measures or whether it might be appropriate to apply this requirement only to dominant suppliers:**

Phoenix ensures that its literature advises customers of the origin of funds used to pay for measures and believes that everyone involved in each scheme should adopt this approach. Scheme sponsors should also include those organisations offering benefits in kind e.g. companies offering non-financial support.

It is commonplace to credit the Levy funds to the "NIE Energy Efficiency Programme". It is likely that very few electricity customers are aware that they pay this Levy and even fewer are aware of what it is used for or indeed the amount they are contributing to the fund. It would be useful for UReg to investigate public perception of where the funds originate. This may suggest that it would be more appropriate to publicise the Levy under a new brand that makes customers aware of the distinction between a Levy funded grant and those offered by energy companies. If it is decided to make electricity customers more aware of the origin of the funds (perhaps through separate identification on the bill), they should also be provided with information on the beneficiaries of the Levy, perhaps through a newsletter.