

Domestic energy efficiency

Background

Energy efficiency is the cheapest way to reduce energy bills and the most environmentally-friendly as well. As a result, the Government sees both domestic and commercial energy efficiency as a key part of meeting its carbon targets. The main domestic energy saving schemes are the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP).

CERT obliges suppliers like British Gas to deliver carbon reductions through measures such as loft insulation. The target runs from 2008 to 2012. In 2008, the products we supplied under CERT, including 250,000 standby savers to British Gas households, will save 17.87m tonnes of carbon dioxide over their lifetime.

CESP is a joint initiative between the government, energy suppliers and power generators which will see a total of £350m worth of energy efficiency measures installed over three years. British Gas will be spending approximately £70m as part of the programme. CESP will explore how households, local groups and energy suppliers can work together to deliver energy efficiency measures across an entire community. The programme targets low income households, helping the hard to reach people who have typically not benefited from other national energy efficiency initiatives.

Discussions are currently underway over what will replace CERT and CESP after 2012.

Our view

We supported the 20% uplift to CERT in 2010 and the extension of the programme from 2011 to 2012. We welcome the Government's new ambition to deliver energy saving measures to more homes, more quickly but this will mean looking at new delivery models. Future models will need to stimulate customer demand, ensure sufficient capability to deliver energy efficiency measures and provide financing options for customers. We support a model which:

- uses a community-by-community approach, with suppliers working in partnership with local authorities
- integrates delivery of 'whole house' energy efficiency packages with the national roll out of smart meters
- keeps a demand-led component, so that people who want to save money and cut emissions before the co-ordinated roll out gets to them can do so

A key principle of our approach is that people should, as now, be free to choose who makes energy saving improvements to the fabric of their home. To accelerate take up, we would propose that:

- everyone accessing the feed in tariff or renewable heat incentive should be obliged to have both a whole house assessment and a smart meter
- to make delivery more certain, Government will need to stimulate customer demand and should therefore consider fiscal incentives

What we're doing

We believe that British Gas is uniquely positioned to deliver packaged energy efficiency services given our existing network of over 9,000 engineers. We are upskilling these engineers to deliver advice, energy efficiency equipment and microgeneration technologies. We are also leading the UK's rollout for smart meters, which will better enable customers to manage their energy use.

We are already working in partnership with Local Authorities and are broadening our capabilities to meet their requirements. And we are working closely with banks to provide affordable financing and develop innovative schemes such as 'pay as you save' whereby customers pay off the cost of energy efficiency measures through their bills over long-term payment plans.