

# ESD implementation in the United Kingdom

The UK has fully implemented the requirements of the Energy Services Directive and full and formal transposition has been completed

## Legal context

In general the Directive has been on a UK basis. In a number of areas the Devolved Administrations in Northern Ireland, Wales and Scotland have powers to implement on a regional basis but have opted for a UK-wide approach. However, in certain matters (particularly Article 13 in Northern Ireland) implementation is at least in part regional.

In the UK, no regulations (except as for Article 13.3) were required to transpose the directive.

In Gibraltar, the directive has been implemented by the adoption of Act 28 transposing Directive 2006/32/EC on energy end-use efficiency and energy services of 16 July 2009

## Status of the implementation

The UK has a full implementation of the ESD requirements. Full and formal transposition has been completed. Details of Article implementation are found below, correct as of 29<sup>th</sup> April, 2010.

Table 1 – Implementation table

Article	Implementation
1-3	Article 2(a) permits Member States to exclude small energy suppliers from the application of Articles 6 and 13. Following consultation with interested parties, the UK decided against a policy of general exclusion of such suppliers.
4(1)	This requirement has been met through the UK adopting the 9% target for 2016 in its first Energy Efficiency Action Plan ("EEAP") (see also Article 14(2)).
4(2)	An intermediate energy saving target and an overview of the strategy to achieve both the Article 4(1) and 4(2) targets are contained in the first EEAP.
4(3)	Programmes and measures to improve energy efficiency are contained in the first EEAP.
4(4)	This is met through the existing arrangements for Devolved Administrations and responsible Government Departments to oversee measures contributing to the targets, with the Department of Energy and Climate Change (DECC) taking overall responsibility for ensuring that savings have been measured and verified in accordance with the detailed requirements of the Directive. Independent evaluation carried out prior to the transposition deadline confirmed that current UK data availability was likely to be sufficient for reporting under the expected harmonised

	arrangements being developed. See also Article 6(1)(a)
5(1)	<p>The UK's steps to improve energy efficiency in the public sector and to share good practice within the sector, together with communicating it to business and individuals, are detailed in the first EEAP. Action already taken by the public sector includes:</p> <p>Emissions reduction and energy efficiency targets on the Central Government Estate.</p> <p>The new Local government Performance Framework contains 2 indicators on mitigating climate change, against which all local authorities are required to report.</p> <p>The National Health Service has a self-imposed target to improve energy efficiency by 15% by 2010.</p> <p>Public sector organisations with an electricity consumption of over 6,000MWh will be required, from April 2010, to participate in the Carbon Reduction Commitment, a mandatory cap and trade scheme for large non-energy intensive organisations.</p> <p>In 2007, Sustainable Procurement Action Plans were published for the Central Government, Local Government and health sectors, aimed at moving towards a low carbon, more resource efficient public sector.</p> <p>Government funds the Carbon Trust and Energy Saving Trust to provide advice to public sector organisations and disseminate best practice.</p> <p>Salix Finance in England and Wales provides revolving loans for public sector organisations to invest in energy efficiency capital projects; the Central Energy Efficiency Fund is the equivalent scheme in Scotland and Northern Ireland.</p> <p>In January 2007 the Department of Health announced a £100m energy efficiency fund.</p> <p>The Children's Plan announced the target of zero carbon new schools by 2016, which followed the announcement of £110m for carbon reduction and energy efficiency initiatives as part of the Building Schools for the Future programme.</p> <p>The UK is already compliant with measure (a) in Annex VI through its match funded loan scheme, run by Salix Finance. Salix provides ring fenced funding (interest free) matched by a participating public sector body to create a "local fund", which is used to pay for energy efficiency projects across that public sector body's estate. It is currently responsible for managing funds totalling £58m. To complement our position under paragraph (a) of Annex VI, the UK has put into place Voluntary Agreements with the public sector in relation to the requirements of paragraphs (b) and (c) of Annex VI. These Voluntary Agreements, coupled with the work of Salix Finance, ensure that the public sector is complying with at least two Annex VI measures. Existing guidance on energy efficiency in the procurement process has been improved and mainstreamed within procurement guidance relevant to different parts of the public sector. DECC is working with its delivery bodies to improve the sharing of best practice between public bodies.</p> <p>In addition, in the UK Budget announcement 2009, a further £54.5m for energy efficiency loans for the public sector in 2009/10, with £54.5m for England. It is anticipated that the scheme will save 100,000 tCO<sub>2</sub> annually.</p>
5(2)	The lead bodies for each part of the public sector are responsible for integrating these measures linked to procurement; with DECC as the lead body monitoring progress of the public sector in energy efficiency.
6(1) (a)	<p>Aggregated statistical information is supplied under the Statistics of Trade Act 1947, the Gas Act 1986 and the Electricity Act 1989. Following an independent evaluation the UK Government believes that this information meets the requirements of the Directive and is likely to be sufficient for the purposes of future harmonised monitoring and verification activities under the Directive.</p> <p>The UK Government is currently investigating whether more detailed information from natural gas and electricity suppliers might enable the UK to design more sophisticated energy efficiency programmes in the future.</p>
6(1) (b)	No such activities have been identified but the UK will keep a watching brief. In virtually all cases, the UK's Voluntary Agreements under Article 6(2) contain a requirement to refrain from such activities.
6(2) (a)	In Great Britain, for gas and electricity supplies to domestic customers the UK is compliant with 6(2) (a) (i) and (ii) through the Carbon Emissions Reduction Target obligation. This obligation is set out in the Electricity and Gas (Carbon Emissions Reduction) Order 2008 (SI 2008/188 & 2009/904). Also through the Community Energy Saving programme obligation on gas and

6(2) (b)	<p>electricity suppliers and electricity generators (SI 2009/1905).</p> <p>In the industrial sector the largest electricity consumers not already covered by the EU-Emissions Trading Scheme are required to pay a Climate Change Levy, a market orientated scheme. The Climate Change Levy applies to such industrial users of energy who in return for meeting emission limits are entitled to a discount from the Climate Change Levy. In the SME sector along with small user elements of the public sector the Government has entered into Voluntary Agreements with energy suppliers in Great Britain which ensure that final customers are offered energy services. These agreements also cover supplies of fuels other than gas and electricity to residential and commercial customers and public sector. In Northern Ireland, similar Voluntary Agreements have also been entered into with all the eligible fuel sectors covering electricity, gas, heating oil, LPG, solid fuels and Renewables through a mixture of agreements with trade associations and individual suppliers that cover the residential and commercial customers and public sectors for all fuel types.</p>
6(3)	<p>The UK is compliant through its liberalised and competitive market arrangements which mean that the market is open to all market actors – existing and new - to offer these services. In virtually all cases, the UK's Voluntary Agreements under Article 6(2) contain a requirement to refrain from activities which would impede growth in the competitive energy services market.</p>
7(1)	<p>The UK is compliant through UK-wide and devolved administration-specific publications and communications initiatives, together with the communication work of the Carbon Trust and Energy Saving Trust.</p>
7(2)	<p>The UK is compliant through ongoing energy efficiency measures, which encourage market operators to provide information and advice to final customers. Suppliers are under a regulatory obligation to promote energy efficiency advice and measures. This obligation is set out in the Electricity and Gas (Carbon Emissions Reduction) Order 2008 (SI 2008/188 &amp; 2009/904). Also through the Community Energy Saving Programme obligation on gas and electricity suppliers and electricity generators (SI 2009/1905).</p>
8	<p>The UK is contributing to work at European level on standards in this area. Domestically, existing certification schemes achieve compliance, for example, under Part L of the Building Regulations replacement windows and boilers must meet prescribed standards.</p>
9(1)	<p>There are no provisions in the UK which conflict with this requirement.</p>
9(2)	<p>Model contracts are available through the Carbon Trust.</p>
10(1)	<p>There are no provisions in the UK which conflict with this requirement.</p>
11	<p>There are existing schemes in the UK which fund or subsidise the delivery and promotion of energy efficiency improvement measures and the UK will take the requirements of the directive into account in any new such funds.</p>
12(1) 12(2)	<p>Certification under Article 7 of the Energy Performance of Buildings Directive is regarded as meeting the requirements of this Article, as are audits available through the Carbon Trust (including on-line audits for SMEs) and any audits resulting from schemes based on Voluntary Agreements under Article 6(2) (b) of this Directive. The requirement for Article 7 of the Energy Performance of Buildings Directive (Energy Performance Certificates) was implemented by 1 October 2008 for the commercial and public sectors and on 6 January 2009 for the domestic sector. The transport sector is covered by the DfT-funded Freight Best Practice and SAFED schemes.</p>
13(1)	<p>For the purposes of Article 13(1), domestic, public sector and business premises in Great Britain and Northern Ireland that are served by licensed gas and electricity suppliers are already provided with individual, competitively priced gas and electricity meters which can accurately record the customer's actual consumption. These meters, which may be electronic or mechanical, are required to measure accurately and arrangements are in place to test meters if customers dispute the accuracy of the meter.<sup>1</sup></p>

<sup>1</sup> In relation to GB gas: Gas Act 1986, Gas (Meters) Regulations 1983, the Measuring Instruments (EEC Requirements)(Gas Volume Meters) Regulations 1988, the Measuring Instruments (Gas Meters) Regulations 2006, the Measuring Instruments (Non-Prescribed Instruments) Regulations 2006, the Gas (Standards of Performance) Regulations 2005, the Gas Standard Conditions of Supply Licences.

In relation to GB electricity: Electricity Act 1989, the Meters (Approval of Pattern or Constructions and Manner of Installation) Regulations 1998, the Meters (Certification) regulations 1998, the Measuring Instruments (Active Electrical Energy Meters) Regulations 2006, the Electricity (Standards of Performance) Regulations 2005, the Electricity Standard Conditions of Supply Licences, the Balancing and Settlement Code.

	<p>In Great Britain, the provision of meters and their servicing is open to competition. Meters may be owned, for example, by a distributor, an energy supplier, financial institutions, a metering service company or a customer. All meters provide a continuous cumulative record of units of gas or electricity used. Final customers can establish how much gas or electricity has been used between a particular date in the past and the present by taking readings from the meter, as recommended by recital 29 of the Directive, and subtracting the reading on the former date from the current reading. They can establish the cost for such a period by applying the current tariff as set out on their bill. The current tariff is shown on bills and is also available from suppliers. Customers may also seek past usage information from suppliers. In respect of domestic customers, there is a licence obligation for suppliers to provide past usage information.</p> <p>Meters in Northern Ireland are of two types. Those used by the majority of domestic gas and electricity consumers are similar to those used by customers in Great Britain, and are described above. However, 30% of Northern Ireland's domestic electricity consumers use a prepayment keypad meter which allows customers to access information on current usage, and past usage on an annual, quarterly and monthly basis. The meter also shows credit remaining, and maximum demand. Such meters are available on request by customers.</p> <p>The United Kingdom does not have mandatory requirements for metering for district heating or domestic hot water. In the United Kingdom, only a small minority of households and businesses directly buy heat (district heating). Instead most consumers buy heating fuels or electricity and convert these locally into heat. However, a small percentage of homes are heated by district heating schemes and there are some industrial parks where businesses buy heat directly in the form of piped hot water or steam. Only 0.75% of the UK's final energy demand is met by the direct supply of heat. In relation to district heating, the consultation and cost-benefit assessment carried out in 2007 and 2008 demonstrated that across the district heating sector as a whole, it was not financially reasonable and proportionate in relation to the potential energy savings to require installation of metering in existing heat schemes or new heat schemes. In addition, the vast majority of these schemes involve very small suppliers and Article 2(a) of the Directive permits Member States to exclude such companies from the application of article 13. We accordingly consider that no measures are necessary in respect of district heating under article 13(1) of the Directive.</p> <p>In Great Britain and Northern Ireland, hot water is an integral part of fuel supply and there is no separate "final customer" for domestic hot water as distinct from gas, electricity or district heating. Domestic hot water is not demarcated in terms of separate supply. Water is heated through a gas central heating system, a gas water heater or an immersion heater, provided as part of a district heating system or, in a coal-fired house, potentially via a back-boiler heated by the fire. We accordingly consider that no measures are necessary in respect of domestic hot water under article 13(1) of the Directive.</p>
13(2)	<p>This is met by existing billing arrangements: over 80% of gas and electricity customers receive at least one bill per annum based on an actual reading, and most receive more. Other bills are based on estimates of use that draw on available data about past consumption including actual meter readings. Bills based on estimates rather than actual readings are subject to correction on the basis of readings by customers which can be provided in writing, by telephone or electronically to gas and electricity suppliers.</p>
13(3)	<p>Existing metering and billing arrangements provide customers with clear and understandable information about current actual prices and actual consumption of energy (based on actual meter-readings, or estimates based on past usage where an actual meter-reading has not taken place). For gas, standard supply licence condition 31(4) requires suppliers to give an explanation of how the bill is calculated. Standard supply licence condition 23(3) for electricity and gas sets out an obligation to notify domestic customers of a unilateral change to a contract to increase charges or any other change that is to the significant disadvantage to the customer. In Northern Ireland, the information in question appears on gas and electricity bills. Suppliers of other, non-metered fuels, such as coal or liquid fuels, will bill a customer at the time of purchase or shortly thereafter, as is the case when a customer purchases other goods or services. The customer will know the price of the fuel which he or she chooses to purchase, and the level of consumption, since the customer will decide how much fuel to purchase.</p> <p>In Great Britain, the Electricity and Gas (Billing) Regulations 2008 (SI 2008/1163) were adopted on 23 April 2008, and made certain licence modifications to the standard conditions of suppliers' licences with effect from 1 January 2009. The modifications require suppliers to provide domestic customers with a comparison of their consumption data for the period covered by the bill with</p>

In relation to Northern Ireland: the Gas (NI) Order 1996, the Electricity (NI) Order 1992, the Meters (Approval of pattern or Construction or Manner of Installation) Regulations (NI) 1998, Condition FF of the General Authority to grant electricity licences, Condition 2(19) of the gas supply licences and the Trading and Settlement Code.

	<p>their consumption in the corresponding period in the previous year. Following consultation, we concluded that it would be inappropriate to apply these requirements to bills for non-domestic customers. Business needs are more appropriately met by information adapted to the needs of the business customers concerned and provided in an innovative and competitive fashion by suppliers. Northern Ireland has adopted legislation in the same terms as those adopted for Great Britain (The Electricity and Gas Billing Regulations 2009 (2009/215). They have reached the same conclusion for business customers in Northern Ireland as for business customers in Great Britain, and the Northern Ireland legislation is confined to domestic customers.</p> <p>We do not at present consider it appropriate to require benchmarked data on bills/receipts in Great Britain and Northern Ireland. Following consultation, we concluded that due to the diversity of customer circumstances, it would be difficult at present both to achieve and maintain useful benchmarks and to show that such information would be useful in helping customers reduce energy consumption.</p> <p>We also do not consider it appropriate to introduce further requirements for including energy efficiency contact information on bills/receipts. In addition to the substantial range of energy efficiency advice and products that suppliers provide with bills and in other formats, supply licences standard conditions 31(2) to 31(3) require suppliers to maintain and provide information about efficient use of energy for domestic customers. This requires the maintenance and provision of information about the efficient use of energy to enable customers to make informed judgments about measures to improve energy efficiency, together with details of sources of further energy efficiency information. Suppliers are required to provide this free on request, and there are rules governing that provision.</p> <p>In respect of non-domestic customers, Ofgem have, as part of the Supply Licence Review, recently removed the obligation on suppliers to provide energy efficiency information to business customers, and circumstances had not changed since that consultation and decision. There has been a growing market in the provision of diverse energy efficiency advice to non-domestic customers which better meets the different needs of particular businesses and that it would be inappropriate to require the provision of further information on bills. In particular, the role of the Carbon Trust, which provides energy efficiency advice and support to business, together with the growing market for specialist energy service advisory companies, makes an obligation on suppliers unnecessary. We have reached the same conclusions for Northern Ireland.</p> <p>The Voluntary Agreements with suppliers of solid and liquid fuels referred to under Article 6(2) cover the sign-posting to sources of energy efficiency and other information.</p>
14(2)	The requirement for the first EEAP was met through its delivery to the EC on 29 June 2007.

## Additional efforts

The UK Government has published the UK Low Carbon Transition Plan, a route map to a low carbon country. The Transition Plan is the most systematic response to climate change of any major developed economy, and sets standards. The link is [http://www.decc.gov.uk/en/content/cms/publications/lc\\_trans\\_plan/lc\\_trans\\_plan.aspx](http://www.decc.gov.uk/en/content/cms/publications/lc_trans_plan/lc_trans_plan.aspx). This includes the work of the Carbon Trust (noted above) <http://www.carbontrust.co.uk/Pages/Default.aspx>, the Carbon Reduction Commitment, which stimulates large public and private sector organisations to change behaviour and infrastructure through introducing new financial and reputational drivers, and Climate Change Agreements to incentivise energy intensive businesses to take action to use energy more efficiently.

Great Britain also plans to introduce smart metering for all final business, public sector and domestic customers. In May 2009, the Government issued a consultation<sup>2</sup> setting out its approach in detail. In December 2009, the Government responded to that consultation, and put in train a preparatory programme that is intended to lead to the installation of smart meters in all properties in Great Britain by the end of 2020.

## Future planning

<sup>2</sup> [http://www.decc.gov.uk/en/content/cms/consultations/smart\\_metering/smart\\_metering.aspx](http://www.decc.gov.uk/en/content/cms/consultations/smart_metering/smart_metering.aspx)

It is the Government's intention to review Energy Efficiency improvement measures, as well as explore new measures and instruments. The preparatory process for development of the second Energy Efficiency Action Plan ("EEAP") is under consideration.

## Relevant information

(Supporting information & links)

Details of agreements and signatories are available on the DECC website at:

[http://www.decc.gov.uk/en/content/cms/what\\_we\\_do/consumers/saving\\_energy/esdirective/esdirective.aspx](http://www.decc.gov.uk/en/content/cms/what_we_do/consumers/saving_energy/esdirective/esdirective.aspx) .

Energy performance certificate for buildings, the UK has audit schemes operated for businesses by the Carbon Trust (a government funded organisation to accelerate the move to a low carbon economy and develop commercial low carbon technologies for the future - <http://www.carbontrust.co.uk/default.ct>) .

The Energy Saving Trust and its various regional organisations in England, Scotland, Wales and Northern Ireland offer energy audits as well as the UK Government 'Act on CO2' campaign. Links:

<http://www.energysavingtrust.org.uk/> <http://www.energysavingtrust.org.uk/scotland>

<http://www.energysavingwales.org.uk/index.cfm>

<http://www.energysavingtrust.org.uk/Northern-Ireland-advice-centre>

<http://actonco2.direct.gov.uk/index.html>

The UK transport sector has an audit scheme fund by the Department for Transport funded Freight Best Practice (<http://www.freightbestpractice.org.uk/>) and SAFED schemes (<http://www.safed.org.uk/>).