

CONSULTATION RESPONSE TEMPLATE	
<i>NAME OF RESPONDENT</i>	Eaga NI Ltd
<i>CONTACT DETAILS</i>	Jillian Ferris, 028 9049 8562 27-29 Sydenham Road, Belfast, BT3 9DH
<i>TYPE OF COMPANY</i>	Energy Services Company
<i>INTEREST IN DSM</i>	Provide a range of energy services to public sector housing bodies, government bodies, utilities and private householders throughout Ireland

Eaga welcomes the opportunity to respond to the Demand Side Management consultation.

In order to put our comments into context, it may be helpful to outline briefly our role in the provision of fuel poverty services across the UK and Ireland.

Eaga is a co-owned business and is the largest provider of residential energy efficiency solutions in the British Isles. Since our establishment in 1990, we have grown considerably and now employ more than 4,500 Partners, the vast majority of whom are involved in our energy efficiency and fuel poverty work.

We work closely with the Department of Energy and Climate Change (DECC), the Welsh Assembly Government, the Sustainable Energy Authority of Ireland (SEAI) and the Department of Social Development (DSD) in Northern Ireland. We also have experience of managing the Warm Homes initiative in Northern Ireland and the Central Heating and Warm Deal programme in Scotland. We also worked closely with Utilities and Local Authorities in managing the delivery of energy efficiency programmes throughout the UK and Ireland for the past twenty years.

In Northern Ireland, we are actively involved in many aspects of energy efficiency, from upgrading and maintaining central heating systems for the Northern Ireland Housing Executive under the name HEAT Ltd., to project managing NISEP funding for NIE Energy, to preparing Energy Performance Certificates for the NIHE, to operating a call centre which takes calls on behalf of energy savings schemes in GB, to installing renewable technologies such as Air Source Heat Pumps and solar thermal panels for grant schemes and private customers.

For further information on Eaga and our work across all sectors, please visit <http://www.eagaireland.com/eaga/>

SECTION 2

QUESTION 1: Do you agree with our characterisation of the four types of benefits that demand side management can provide?

ANSWER: Yes, we agree that benefits will range from overall demand reduction to peak demand reduction, to more flexible, smart technology linked reductions.

QUESTION 2: Are there other cost savings which you believe demand side management can deliver?

ANSWER: There are also cost benefits as a result of health improvements. The DSD's recent consultation, Warmer Healthier Homes, refers to the health benefits of grant aided fuel poverty schemes, in chapter two:

“for every £1 invested in the Warm Homes Scheme, savings of 12p accrued to the National Health Service. When local people's wellbeing and mental health were further factored into the analysis, an estimated 42p per £1 was returned.”

QUESTION 3: Are there additional studies and reports (to those listed in **Error! Reference source not found.**) which you are aware of and believe we should review?

ANSWER: See answer to question 2.

QUESTION 4: What other insights do you have from your experience of demand side management adopted internationally?

ANSWER: Eaga has first hand experience of the Carbon Emissions Reduction Target (CERT) in GB and how cost effective it has been. By 2012 it is targeted that 6m homes will have received help and that 293MtCO₂ will have been saved, at a cost of around £50 on the consumer bill.

As a result of the Feed In Tariff (FIT) in GB, Eaga has launched the Clean Energy Programme which allows eligible householders to use the electricity generated by a photovoltaic (PV) panel on their roof for free. Eaga installs and maintains the PV panel and collects the FIT.

QUESTION 5: Are you aware of other quantitative findings from international experience which you believe are important for us to capture and consider?

ANSWER: [See answer to question 4.](#)

QUESTION 6: Do you agree with our identified drivers of future value for demand side response/management? Are there any additional drivers we should consider?

ANSWER: [Yes, we agree with the drivers.](#)

SECTION 3

QUESTION 7: Are there any other aspects of current demand side activity in Ireland which should be captured?

ANSWER: [Fuel poverty schemes, such as the Warm Homes Scheme in NI, Warmer Homes in RoI and the NI Sustainable Energy Programme, focus on reducing fuel poverty by improving energy efficiency, primarily through insulation and heating measures. All of these schemes target the replacement of electric heating, so make some contribution to demand side activity.](#)

QUESTION 8: Do you agree with our high level assessment of the potential for demand side management in Ireland by 2020?

ANSWER: [Yes, that high level assessment seems reasonable.](#)

SECTION 4

QUESTION 9: Do you agree with our definition of each individual demand side measure?

ANSWER: [Yes, we broadly agree. It is worth recognising that the promotion of energy efficiency, in reducing electricity consumption, also reduces the risk of fuel poverty, which is a serious problem throughout Ireland with 318,000 people registered to receive the national fuel allowance in 2009. Reducing fuel poverty leads to reduced](#)

healthcare costs (see the answer to question 2).

QUESTION 10: Is our description of the current policy baseline for each demand side measure accurate and complete. If there are omissions please point them out.

ANSWER: The energy efficiency policy baseline omits fuel poverty grant schemes, presumably because of the low impact these have on demand side management. However, these schemes are complementary to demand side management measures as they aim to deliver affordable heating through energy efficiency. The fuel poverty schemes could be expanded, at low cost, to incorporate some demand side measures, such as power down devices and energy monitors. They could also incorporate behavioural change elements such as education on appliances and energy advice on wider consumption issues.

QUESTION 11: Do you agree with our categorisation of different types of “market issue” and typical remedies for each?

ANSWER: We agree that the solution should not necessarily involve financial support.

QUESTION 12: Do you agree with our identified barriers and enablers for each of the specific demand side measures we have identified?

ANSWER: We agree – knowledge is certainly a barrier, as is an inability to be accurate about the achievable savings. The use of Energy Performance Certificates (EPCs) or Building Energy Ratings (BERs) gives an indication of the likely savings specific to that household, so would be a useful tool, once we are in the house.

QUESTION 13: Do you agree with our identified market issues for each specific demand side measure and our proposed remedies to address these?

ANSWER: Much of the current investment in improving energy efficiency is directed at fuel poverty schemes. As we said in our answer to question 10, the fuel poverty schemes could be expanded at low cost to include devices to reduce electricity use. Specifically, the use of high value, low cost items, such as Eaga’s Standby Off, which is a power down device, and the Eaga Energy Monitor, which displays how much electricity is currently being used. Both of these devices are expected to pay for themselves in less than a year.

The Able to Pay sector is not strongly engaged and appears reluctant to invest in

energy efficiency. The Pay as You Save trial in Great Britain (run by the EST) should give us pointers about how to link savings to energy efficiency investment, so that no upfront payment by the householder is required.

QUESTION 14: What are your views on the likelihood and effectiveness of the identified policy options addressing the specified market issue and delivering the desired change?

ANSWER: These seem reasonable. The paper clearly highlights that some are more cost effective than others.

QUESTION 15: Are there any unintended undesirable consequences that any of the options might create elsewhere?

ANSWER: Around 10% of homes in the Republic of Ireland have no central heating, increasing to almost 20% in the private and public rented sectors. Installing central heating for the first time will lead to increased energy consumption, and if the central heating is through an air source heat pump, then this will have a detrimental affect on the demand side management policy. However, that household will benefit from increased comfort and the accompanying health benefits. It is important that the policies are determined with a view to the wider benefits on the community.

Eaga NI installed air source heat pumps in Wales for the Home Energy Efficiency Scheme, and this is a quote from an independent report one year later in July 2010:

“While some householders have experienced cost savings since the installation of the new heating system (some significant), the majority are paying much the same as before.... However, generally these increases are accepted, as residents’ homes are now more adequately heated than with their previous systems and they are grateful for the comfort and flexibility afforded to them.”

SECTION 5

QUESTION 16: Do you agree with our identified specific demand side measures and our assessment of the different types of benefits each demand side measure provides?

ANSWER: This section refers to the use of the SEAI/ KEMA report to provide a baseline for energy efficiency savings. We are not familiar with this report, so we would like to point out that there are significant differences between houses in the Republic of Ireland and Northern Ireland, which may lead to differences in the impact of policy

decisions. This is particularly apparent in public sector housing, where significant investment in Northern Ireland has resulted in well insulated homes with high efficiency central heating systems, compared to the lower levels of central heating in public sector homes in the Republic of Ireland.

QUESTION 17: Are there any additional demand side measures that we should individually identify and assess? If so, what type of benefit(s) is it felt they provide?

ANSWER: There is no mention in the document of the proposed Energy Demand Reduction Target (EDRT) for RoI, which was consulted on in 2009. We would welcome the development of a supplier obligation like the CERT in GB, to place an obligation on energy suppliers to reduce energy use, paid for by their consumers. Recent measures proposed in the consultation on NEEAP by the DCENR should be considered in relation to targets, methods of implementation and the potential benefits they provide.

In Northern Ireland, DETI's Strategic Energy Framework includes a commitment to consider CERT-style obligations by December 2011, which we welcome.

QUESTION 18: Have we identified all of the relevant criteria for assessing the individual and comparative merits of the demand side measures?

ANSWER: Yes, this seems reasonable.

QUESTION 19: What are your views about our approach to high level assessment of different demand side options?

ANSWER: Yes, this seems reasonable assuming that the KEMA findings are adjusted for Northern Ireland.

QUESTION 20: Do you agree with our assessment of each demand side measure against each of the identified factors?

ANSWER: Yes, this seems reasonable, assuming the measurements are specific for each Region.

We note that the Strategic Energy Framework in Northern Ireland includes a target to develop a Renewable Heat Route Map by March 2011, and consideration of CERT-

style obligations by December 2011.

QUESTION 21: Do you agree with our overall assessment of the relative merits of the different demand side options?

ANSWER: **Yes, this seems reasonable.**

QUESTION 22: Do you have any comments on our high level assessment of the benefits of different demand side measures?

ANSWER: **Yes, this seems reasonable.**

SECTION 6

QUESTION 23: Do you agree with our assessment of the relative priorities of different demand side options in developing a 2020 Demand Side Vision?

ANSWER: **Yes, we agree that a more ambitious roll-out of energy efficient measures would certainly be effective. Specifically, we would encourage the use of high value, low cost items, such as Eaga's Standby Off, which is a power down device, and the Eaga Energy Monitor, which displays how much electricity is currently being used. Both of these devices are expected to pay for themselves in less than a year.**

We also agree with the roll out of smart meters. We are working with UReg, NIE, NIE Energy and NEA to carry out a smart meter pilot in Northern Ireland.

We have contributed to the CER consultation on the Cost Benefit Analysis for Smart metering programme in ROI.

QUESTION 24: What alternative views do you have on relative (merits and) priorities?

ANSWER: **Many of the activities will need to happen without funding, so we would look for measures which encourage investment, for example, supplier obligations or strong Pay as You Save measures.**

QUESTION 25: Do you agree with our proposed high level 2020 Demand Side Vision as described above?

ANSWER: **Yes, we agree.**

QUESTION 26: What alternative vision would you put forward?

ANSWER: We would like to see supplier obligations like the CERT in GB introduced to both Northern Ireland and the Republic of Ireland.

We would also welcome the introduction of a Feed In Tariff like that in GB to encourage investment in renewable technology through the commitment to long term tariffs.

QUESTION 27: Do you agree with our proposed policy pathways for implementation of the identified different policy options for realising our proposed 2020 Demand Side Vision?

ANSWER: Yes, these seem reasonable.

QUESTION 28: What alternative policy pathways would you propose based on your previous comments and responses?

ANSWER: As said in our answer to question 26, we would like to see supplier obligations to ensure that cost effective measures are taken.

SECTION 7

QUESTION 29: Do you have any additional view or comments you feel are important/useful for us in (a) establishing a Demand Side Vision for 2020; (b) identifying associated policy development and (c) determining policy pathways?

ANSWER: No further comment

QUESTION 30: Are there any final comments industry stakeholders wish to make about this consultation and the proposed next steps in the consultation process?

ANSWER: In summary, Eaga recommends the following:

- The introduction of supplier obligations like the CERT in GB, to both Northern Ireland and Republic of Ireland.
- The introduction of a widely available Feed In Tariff like that in GB, to both Northern Ireland and the Republic of Ireland
- The addition of low cost, electricity saving devices to existing fuel poverty schemes in Northern Ireland and the Republic of Ireland. We would recommend

Eaga's Standby Off and Eaga's energy monitor.

- We welcome the opportunity to continue working with the Regulators for smart meter trials