Dear Gavin,

Committee evidence follow-up information

I refer to the discussions on the draft budget draft budget 2012-13 and spending review 2011 at the committee on 2 November 2011. The Cabinet Secretary for Infrastructure and Capital Investment undertook to provide the Committee with information on what the energy companies spend the CERT money on and how much money is spent, and to provide a breakdown of the energy budget and the different funding streams under the energy advice and assistance funding stream. I am providing this on his behalf as this budget falls within my portfolio.

Please find below the information we are able to obtain.

CERT money

The UK Department of Energy and Climate Change is responsible for the Carbon Emission Reduction Target (CERT), a GB wide regulation administered by Ofgem. Reporting has historically only been at a GB level. Energy suppliers are not required to provide information on geographic distribution of their CERT activity to Ofgem (or any other body) nor on how much they spend in meeting their CERT target.

The CERT target is measured in terms of carbon reduction. Any cost of meeting the CERT target would come from within energy suppliers own budgets. DECC estimated in Impact Assessment: Extending the Carbon Emissions Reduction Target to December 2012, that CERT delivery over the CERT extension period (April 2011 – December 2012) would cost suppliers just over £1.8 billion per annum.
One of the objectives of the CERT Strategy for Scotland was to secure quality and up-to-date data for Scotland: we have been working with DECC, energy suppliers, Ofgem, the Energy Retail Association and EST to improve the data on delivery of CERT. Energy suppliers have provided (on a voluntary basis) data on professionally installed cavity wall and loft insulation and certain other measures. This has been of sufficient quality and consistency that the Energy Saving Trust has been able to published for the first time in October 2010, and again in August 2011, a series of reports and maps providing a geographic distribution of professionally installed cavity wall and loft insulation. These are available at [http://www.energysavingtrust.org.uk/business/Business/Information/Homes-Energy-Efficiency-Database-HEED/CERT-reports-from-HEED](http://www.energysavingtrust.org.uk/business/Business/Information/Homes-Energy-Efficiency-Database-HEED/CERT-reports-from-HEED). It provides data for Scotland, Wales, the English regions, each local authority in GB and each of the GB parliamentary constituencies.

The data voluntarily provided to date on other measures is not consistent enough to be able to publish geographic reports on their delivery. However it shows that measures falling under the following categories have been installed in Scotland: Fuel Switching, Heating Measures, Draught Proofing, Hot Water Tank Insulation, Solid Wall Insulation, Real Time Displays. This doesn’t exclude other measures from having been installed in Scotland. To date we have no information on these. The Energy Suppliers do not provide data on costs of measures through this voluntary process nor do they provide equivalent GB data to Ofgem.

*Impact Assessment: Extending the Carbon Emissions Reduction Target to December 2012* published June 2010 by DECC assumes costs of measures (average GB cost). A table of this information can be found at page 57 and 58 of the document.

We are working with UK Government to help shape the new post 2012 Energy Company Obligation in order that it takes account of Scottish circumstances. In our work with DECC we have stressed that we would like to see better quality data for Scotland. DECC have indicated that they propose to require a greater level of reporting. The Energy Act 2011 provides for the Secretary of State to collect a more wide range of data from energy companies than has previously been available. This includes powers which could require energy companies to report on the costs of meeting an energy company obligation policy.

We continue to engage with energy suppliers to encourage activity by them to help reduce the fuel bills of Scottish households through energy efficiency measures.

**The energy advice and assistance funding stream**

As the Cabinet Secretary for Finance, Employment and Sustainable Growth detailed at the Committee the funding for energy advice and assistance to support households amounts to £18.7m for 2012/13 from an overall Energy Budget of £64m. The £18.7 million will support:

- funding to the Energy Saving Trust for the advice network (and expansion of the advice to encompass Green Deal advice);
- delivery of loan schemes to assist the roll out of the Green Deal;
- support for the energy performance certificate registers;
- support for accreditation to allow the Green Deal to be delivered in Scotland; and
- support for domestic energy efficiency programmes to contribute to the Energy Efficiency Action Plan targets.
In addition to this The Cabinet Secretary for Infrastructure and Capital Investment’s portfolio has a Fuel Poverty/Domestic Energy Efficiency/Climate Change budget of £65m. This budget will facilitate the delivery of the Energy Assistance Package, Universal Home Insulation Scheme, Boiler Scrappage and other fuel poverty programmes.

These budgets compliment each other but do not duplicate any provision.

Yours sincerely

FERGUS EWING

cc. Cabinet Secretary for infrastructure and Capital Investment
cc. Cabinet Secretary for Finance, Employment and Sustainable Growth