DEPARTMENT OF ENERGY & CLIMATE CHANGE

Electricity Demand Reduction:

Consultation on options to encourage permanent reductions in electricity use

Summary Document

CM 8492

URN 12D/445 November 2012

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Consultation on options to encourage permanent reductions in electricity use

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Presented to Parliament
by the Secretary of State for the Department of Energy and Climate Change
by Command of Her Majesty

November 2012

Cm 8492 £8.75

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This publication is available for download at www.official-documents.gov.uk

This document is also available from our website at www.decc.gov.uk

ISBN: 9780101849227

Printed in the UK by The Stationery Office Limited

on behalf of the Controller of Her Majesty's Stationery Office

ID P002520052 11/12

Printed on paper containing 75% recycled fibre content minimum.

General information

This document

This is a summary document of the Electricity Demand Reduction Consultation. A full version of the consultation, including specific questions and how to formally respond is provided separately.

Purpose of this consultation

This consultation on electricity demand reduction seeks views on what more might be done to incentivise, support and/or encourage the efficient use of electricity. We would like to hear from all interested parties and seek views on:

- opportunities for more efficient electricity use across a range of sectors
- the barriers that prevent this potential from being realised
- whether financial incentives can deliver cost effective reductions that are beneficial to society as a whole, particularly through:
    - premium payments
    - a capacity market,
    - supplier obligation.
- the effective potential for targeted financial incentives and/or voluntary and information approaches.

Issued: 29 November 2012

Respond by: 31 January 2013

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Consultation reference: URN 12D/445 – Electricity Demand Reduction:
Consultation on options to encourage permanent reductions in electricity use - Summary Document (Full version12D/403)

Territorial extent:
We recognise the need to work closely with the Devolved Administrations to deliver a reduction in electricity demand across the UK.

In Scotland[1] and Wales[2], the encouragement and promotion of energy efficiency is devolved, while the **regulation** of energy efficiency is reserved. However, in Northern Ireland both the promotion and regulation of energy efficiency is devolved.

Some of the policies in this consultation document may impact on other policy areas that are devolved to Scotland and Wales. Following the consultation we will be working closely with the Devolved Administrations on the design and delivery of any policies to be taken forward, to ensure that they take account of the differences between the policy frameworks of devolved Governments.

How to respond:
Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Responses should be e-mailed to edr-project@decc.gsi.gov.uk by 31 January 2013 and should be clearly marked 'Consultation on options to encourage permanent reductions in electricity use'

Hard copy responses should be sent to the address above.

Additional copies:
You may make copies of this document without seeking permission. An electronic version can be found at http://www.decc.gov.uk/en/content/cms/consultations/edr_cons/edr_cons.aspx.

Other versions of the document in Braille, large print or audio-cassette can be made available on request. This includes a Welsh version. Please contact us on the above details to request alternative versions.

Confidentiality and data protection:
Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on our website at www.decc.gov.uk/en/content/cms/consultations/. This summary will include a list of names

[1] *Low Carbon Scotland*, the Scottish Government's first report on proposals for meeting the annual climate change targets set under the Climate Change (Scotland) Act 2009 http://www.scotland.gov.uk/Topics/Environment/climatechange/scotlands-action/lowcarbon/rpp

[2] Wales National Energy Efficiency & Savings Plan (NEEP) - http://wales.gov.uk/topics/environmentcountryside/energy/efficiency/efficiencyplan/plan/?lang=en

or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance:
This consultation has been carried out in accordance with the Government's Code of Practice on consultation, which can be found here:
http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator
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Email: consultation.coordinator@decc.gsi.gov.uk

Executive Summary

1. The Coalition Government is determined to put in place policies that will help drive down energy bills for consumers, reduce input costs for industry, cut carbon emissions and play an important role in delivering a more competitive economy. Our Energy Efficiency Strategy, published on 12 November, demonstrates how addressing all the identified cost-effective energy efficiency potential could save the amount of energy equivalent to 22 power stations by 2020[3]. Electricity Demand Reduction (EDR)measures are a crucial part of delivering this potential[4].

2. To deliver on this strategy, the Government has already developed a series of policies including the flagship Green Deal, that will reduce energy bills for millions of people and small businesses up and down the country. For example, the Green Deal and new domestic Energy Company Obligation will impact electrically heated buildings and together with the deployment of smart meters are expected to reduce electricity consumption by nearly 6.5 TWh in 2030. In addition, the Green Investment Bank will support access to finance and, in time, audits required under the new EU Energy Efficiency Directive will further reduce demand by focusing attention on electricity use in businesses.

3. However, with even greater ambition we can go further and overcome historic persistent barriers to electricity demand reduction. The Department believes that above and beyond existing policies, it should be possible to reduce electricity demand in 2030 substantially. If a 10% electricity demand reduction could be achieved, this could result in electricity system cost savings in the region of £4bn in 2030, and the energy cost savings would more than compensate for the costs of making efficiency investment in homes and businesses. An electricity saving of this magnitude could reduce UK electricity sector carbon emissions by 4.5 $MtCO_2$ in 2030 and importantly and substantively this could save electricity equivalent to that generated by five power stations.

4. This consultation opens up a range of options to unlock the energy savings that are currently embedded in the system, drawing on examples from around the world. The document seeks views on a number of market-wide financial incentives, including a premium payment, use of the capacity market and a new obligation relating to electricity efficiency for non-domestic customers. The consultation also seeks views on the potential for more targeted, sector-specific financial incentives and broader policy approaches by sector, including a number of voluntary and information proposals. Final decisions on the implementation of any financial support mechanism will be taken on the basis of assessment against various criteria including affordability and value for money. Levy funding for any market-wide financial mechanisms would need to come from within the agreed Levy Control Framework and support for these electricity demand reduction measures would need to be traded off against support for other measures. If an EDR measure is included within

[3] Based on the 196TWh of potential energy savings from cost-effective measures set out in DECC's Energy Efficiency Strategy.
[4] This does not diminish the scale or urgency of need for new electricity generating capacity as old plant closes and more electricity is used for transport and heating.

the capacity mechanism it will be subject to the cost control arrangements for it when they are finalised, according to its design and likely classification.

1. Setting the scene

5. The Government has an array of policies focused on improving the efficient use of electricity. The analysis supporting this consultation suggests more could be done. Using electricity more efficiently could bring significant benefits right across the economy. Reducing electricity demand will benefit individuals and firms directly (those undertaking demand reduction measures will benefit from lower bills) and indirectly (from the reduction in overall system costs from building less new energy infrastructure to meet UK demand).

6. The 2011 Electricity Market Reform White Paper contained a commitment to 'undertake an assessment over the coming year to determine whether DECC should take further steps to improve the support and incentives for the efficient use of electricity'.

7. The initial assessment was completed in July 2012[5]. It concluded, with the support of analysis informed by McKinsey, that there is significant potential for greater efficiency in the use of electricity in the UK and that, with current and planned policies, the UK is likely to only realise some of this potential. It also committed the Government to consulting on policy approaches to best unlock this potential taking into account the existing policy framework, the opportunity of Electricity Market Reform and the Government's wider Energy Efficiency Strategy.

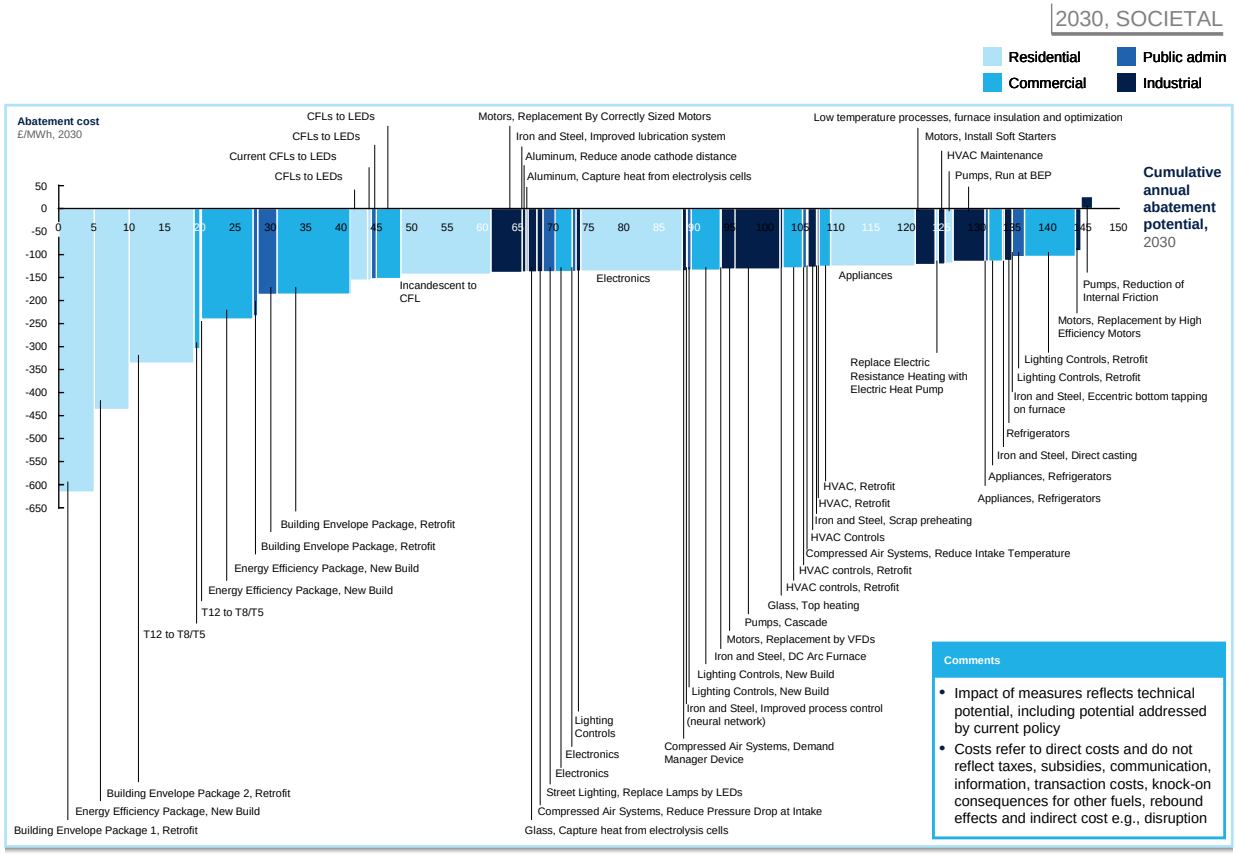
Potential to use electricity efficiently

8. The analysis identified that there is around 146TWh of potential for measures that reduce electricity demand in 2030 based on today's known technologies[6]. Many of the measures identified are likely to be implemented (at least in part) in response to existing policy measures – for example the phasing out of incandescent light bulbs. Once the impact of such policies is taken into account, the analysis suggests that around 92TWh of potential is likely to remain untapped. This represents 26% of electricity consumption in 2030.

[5] http://www.decc.gov.uk/en/content/cms/emissions/edr/edr.aspx

[6] This is relative to a baseline that includes no Government policies to reduce electricity demand since the Low Carbon Transition Plan in 2009

Figure 1: Electricity Marginal Abatement Cost Curve 2030 from a societal perspective



Note: Key assumptions for 2030: Discount rate: 3.5%, Electricity price: 12p/kWh, CO2 price: £74/tCO2e; estimated on 2030 'policy off' baseline

9. The biggest areas of untapped potential are in the industrial sector, where there is projected to be 23TWh of untapped potential resulting from inefficient pump, motor and boiler operation, and in the commercial sector, where improved building insulation and lighting controls could reduce demand by a further 33TWh.

Barriers

10. This significant potential for EDR exists because a range of market failures and barriers act to limit the take-up of electricity demand reduction opportunities. Key amongst these are:

- **Agency issues** (split incentives) – occur when there is a split between those responsible for making up-front investments in equipment, and the party using this equipment. For example, the split between a landlord and a tenant, where the landlord is responsible for funding an upgrade to a lighting system, but the tenant would capture the benefits associated with lower bills.

- **Imperfect Information** (lack of awareness and information) – organisations and households can be unaware of their energy use and opportunities to save money.

- **"Not front of mind"** (or bounded rationality). Organisations and households are busy and make decisions about electricity efficiency alongside many other criteria. Given the amount of information and the number of considerations, it is not unusual for decision-makers to revert to rule-of-thumb behaviour or to make

decisions taking into account only a couple of key parameters. This means that electricity efficiency, which is often not a "front of mind" issue, may be disregarded, even where it would have been beneficial for the decision-maker to take this into account.

- **Access to finance** – for some the cost of available capital may be too high to allow them to make electricity efficiency investments.

- **Risk and uncertainty**

- **Hidden costs** – these are non-financial costs (including transaction costs) faced by consumers to undertake electricity demand reduction projects. For example, the costs of identifying reputable suppliers or shutting down production during installation.

- **Hurdle rate/ payback period** – the rates of return which potential investors are looking for may not be achievable. This may mean many energy efficiency technologies, which are beneficial from society's viewpoint, will not be taken up.

Why intervene?

11. Action that delivers reductions in electricity demand will help individuals and organisations carrying out the measures reduce bills but will also be beneficial for society as a whole, due to:

- **Resource cost savings** – reducing demand could reduce the amount of generation capacity and network infrastructure which needed to be built, which in turn would reduce total UK system costs[7]. Customers who reduced their electricity demand would benefit through lower bills due to the reduced volume purchased.

- **Support cost savings** – reducing demand might also lead to a reduced requirement for new low carbon generation reducing the level of support required for deployment. This support is recouped from customer bills so may, in some circumstances, result in a reduction in bills.

[7] These system cost reductions are relative to *what would have happened otherwise* – in reality, any reduction in capacity facilitated by demand reduction is likely to be offset by new demand sources such as the electrification of heat and transport. However, overall system costs will still be lower than under a business as usual scenario where it is cheaper to save a TWh of demand than to build the new generating capacity to satisfy that demand.

2. Identifying the gaps

12. The measures available to reduce electricity demand vary by sector, as do existing policies and barriers. The full annexed consultation considers in detail the barriers and existing policies by sector. A summary is set out below:

Sector	Key measures and potential	Barriers	Key existing policies
Domestic buildings	• Heating systems & insulation in electrically heated homes (up to 14TWh). • Behaviour-change initiatives in all homes • Potential in new build excluded	• Lack of information • "Not front of mind" (bounded rationality) • Landlord tenant split • Access to capital	• Green Deal and ECO • Smart Meter Roll Out • Renewable Heat Incentive/Premium Payment
Non-domestic buildings	• Whole building retrofit (13TWh), • Heating Ventilation Air Conditioning (HVAC) retrofit & controls (5TWh), • Lighting control retrofit (9TWh) • High-efficiency lighting (5TWh)	• Landlord tenant split (66% tenancy in this sector) • Hurdle rate and payback periods • "Not front of mind" • Lack of information	• CRC Energy Efficiency Scheme • Non-Domestic Green Deal • Enhanced Capital Allowances
Domestic products	• Incentivise people to buy at the top end of the efficiency range (up to 26TWh, although much likely to be captured by Eco Design Framework Directive)	• Lack of Information • "Not front of mind" • Split incentives • Access to capital	• EU Ecodesign Framework Directive • EU Labelling Framework Directive
Non-domestic products	• Encourage businesses, industry and public sector to buy at the top end of efficiency range (up to 5TWh, although some likely to be captured by Eco Design Framework Directive)	• Split incentives • Lack of information • "Not front of mind"	• EU Ecodesign Framework Directive • EU Labelling Directive • CRC Energy Efficiency Scheme • European Energy Star Programme
Industrial processes	• Pump, motor and boiler operation (up to 24 TWh). This includes both using more efficient components (pumps/motors/ compressors) and optimising overall system for overall higher efficiency	• Risk aversion and uncertainty • Unacceptable hurdle rate/payback • "Not front of mind" • Access to capital • Product availability • Lack of information	• Climate Change Levy and Climate Change Agreements • CRC Energy Efficiency Scheme • Enhanced Capital Allowances • EU Ecodesign Directive

3. Financial Incentives

13. A broad range of additional policies were examined that could overcome the identified barriers by sector and drive uptake of greater efficiency. These include financial incentives (discussed here) and a variety of other approaches (discussed subsequently).

14. A financial incentive may be effective in overcoming the key barriers. For example:

- where business or individuals have considered undertaking electricity efficiency projects and have not proceeded with them for reasons of cost-effectiveness There is the possibility that the incentive could mean that the payback period is shortened and these rejected projects become financially attractive;

- making the investment worthwhile for the tenant in the landlord/tenant setting where the improved financial terms would increase the chances of an investment paying off during the expected tenancy period;

- for the landlord, making it more attractive for them to make the investment, even if they are not confident in the impact this will have on future rental income;

- in addressing 'not front of mind' (bounded rationality), the presence of a financial incentive may attract the kind of Board level interest which anecdotally is key to firms taking action action in the efficiency sphere, or increase the importance of this as purchase criteria; and

- in potentially assisting with information issues.

15. A financial incentive could potentially overcome some of the more significant barriers to greater efficiency in the use of electricity that are arguably being insufficiently addressed by the status quo. It could apply in any sector. Through the annexed consultation, we are keen to better understand the extent to which financial incentives can overcome the barriers to greater efficiency.

How a financial incentive might be delivered

16. Two types of financial incentive are considered:

- a **targeted scheme** - where a payment is associated with the purchase of specific energy efficient equipment and open to limited sectors or groups; and

- a **market wide incentive** - potentially open to an unlimited range of efficiency measures and participants from different sectors as long as they can demonstrate efficiency savings.

17. Final decisions on the implementation of any financial support mechanism will be taken on the basis of assessment against various criteria including affordability and value for money. Levy funding for any market-wide financial mechanisms would need to come from within the agreed Levy Control Framework and support for these electricity demand reduction measures would need to be traded off against support for other measures. If an EDR measure is included within the capacity mechanism it will

be subject to the cost control arrangements for it when they are finalised, according to its design and likely classification.

Targeted Schemes

18. A targeted financial scheme would provide financial support for the replacement of specified technologies with more electricity efficient versions – such as a pump or motor scrappage scheme, or a contribution towards the costs of installing lighting, heating, ventilation and air conditioning controls (HVAC) or LED lighting.

19. Eligible participants would apply to a scheme administrator for payment either before or after the installation had taken place. The payment could take the form of an up-front lump sum, a stream of payments or a combination of the two. Targeted schemes most commonly take the form of a single, up-front payment. The payment would be received once the administrator was satisfied that the applicant had met the appropriate criteria.

20. A standalone targeted incentive would be attractive if some form of financial incentive is needed to overcome barriers to key areas of efficiency potential but the outstanding efficiency potential is not sufficiently wide-ranging to justify the introduction of a market wide scheme.

21. The full consultation seeks views on the following potential targeted financial incentive schemes:

- Non-domestic buildings: targeted support for installing measures including lighting controls, HVAC controls, high-efficiency lighting and draft proofing;
- Industrial processes: targeted support for specified equipment; and
- Domestic and non-domestic products: targeted support to reduce the initial cost of higher efficiency products.

Market-wide financial incentives

22. A market-wide incentive aims to drive cost-effective efficiency in multiple sectors of the economy. Under these approaches, financial support could be made available for a wide range of projects that can demonstrate real and additional savings in electricity (measured in kWh saved). There are a number of benefits of a market wide approach:

- Demand reduction can be sought from a variety of sectors, enabling competition to provide demand reduction measures at least cost; encouraging innovation, driving down costs and tapping the maximum potential;
- The scheme could be flexible to adapt to the sectors and technologies with the highest potential for cost-effective savings as these change over time; and
- Project developers could focus on the primary goal of reducing electricity use through projects (bespoke or more standardised) that best fit their business need rather than being rewarded for the installation of a specific technology, but not the resulting energy savings, as with a targeted financial incentive.

23. A market wide incentive may have greatest impact in industrial processes where the barriers presented by payback periods and risk aversion may be more effectively

overcome by a market wide financial incentive. It may also be particularly relevant to non-domestic buildings where the barriers, such as split incentives and payback periods, are less well addressed.

24. All of the schemes set out below could either allow all electricity efficiency measures to participate or focus on those with the highest potential to ensure the funding is targeted where it will have the greatest impact. This may be desirable to ensure the measures being carried out are both 'additional' and cost effective. However, a process of competitive auctioning should ensure that only the more cost-effective projects are taken forward, even if all forms of project are technically eligible for the scheme

25. Participation would be open to all who can meet the required criteria and are above the set *de minimis* level. In practice this is likely to mean that if the scheme applies to them, domestic customers and smaller businesses may better participate through an aggregator, energy service company or as a community group. Larger companies may also choose to participate through such third parties to minimise the need to have in-house expertise. Some examples of measures that might be rewarded under the mechanism are:

- an industrial business which optimises their processes and upgrades their systems to make savings across one or more sites;
- a supermarket chain which replaces refrigerators across all or part of their business with more efficient models; or
- an owner of an office block rented to a number of different people who installs lighting and air conditioning control systems throughout the building.

Delivering a market-wide incentive

26. The full consultation seeks views on three delivery mechanisms for a market wide financial incentive:

- **Premium Payment for electricity efficiency**[8];
- **Capacity Market** – participation of electricity efficiency in the proposed GB capacity market; and
- **Energy Supplier Obligation for electricity efficiency.**

27. The full consultation considers each of these mechanisms in turn, as well as a series of issues relevant to all such schemes.

[8] Sometimes referred to as a Feed-in-Tariff. The term premium payment is used here as it could be that the payment would be made upfront or over a few years if this option is taken forward.

4. Other approaches: information schemes, voluntary agreements, minimum standards

28. Following the sector by sector analysis a number of non-financial policy approaches were identified. Many were dismissed – for example any new initiative to provide access to finance was thought not necessary given the opportunities of the Green Investment Bank and Non-Domestic Green Deal. In the annexed consultation we seek views on a number of possible additions to the framework to drive efficient use of electricity.

Information schemes

29. Imperfect information has been highlighted as a barrier to electricity efficiency measures, and policy approaches which aim to drive uptake of efficiency measures by providing information have been identified in each sector.

30. For products, information requirements on energy efficiency are an EU competence. The starting point for any such policy is therefore further engagement at an EU level. The UK is committed to ensuring that the EU brings forward cost-effective but rigorous standards for labelling based on evidence, including an assessment of consumer affordability (across the total life cycle of the product) and the impact on business.

31. We continue to explore ways of encouraging the uptake of the highest performing products. For example, we are considering policies to provide, on a voluntary basis, improved information at the point of sale. Although there are existing European labelling requirements on energy use, these are reported in kWh per year, rather than in estimated monetary terms for the life of the product. As set out in the Energy Efficiency Strategy, DECC is now working with John Lewis Partnership to trial whether providing information on lifetime electricity running costs helps consumers choose more energy-efficient household appliances. The consultation seeks views on whether additional labelling on a voluntary basis would be helpful.

32. The consultation further explores whether more could be done to support information provision in the industrial sector. It seeks views on ideas around a potential industrial processes information hub or what more might be done to support disaggregated metering.

Other voluntary agreements

33. There have been some examples of retailers voluntarily going further collectively on efficiency than is required by EU Legislation in the past; for example, many retailers voluntarily phased out incandescent bulbs in advance of the EU phase out, which began in 2009. We explore additional voluntary initiatives that could encourage non-domestic consumers to purchase appliances and electronics at the most efficient end of the remaining product range.

34. The consultation seeks views on the option to galvanise further action and engage company Boards by creating a ‘Buyer’s Commitment’ that recognises and celebrates

organisations that commit to only buy appliances or electronics with a high level of efficiency. An organisation might qualify if (for example) they purchase only:

- ICT that carries the EU Energy Star or products with an EST recommended label;
- products or appliances that are rated B or above on their EU Energy label if they have one; or
- products or appliances that meet the Ecodesign 'benchmark' standard.

35. We anticipate that the setup of such a scheme would be devised in association with partners throughout the sector to maximise uptake. One opportunity would be to provide a recognised accreditation, which organisations could use publically to promote their business. By enhancing businesses reputations, this measure may help energy efficiency gain Board level interest.

36. The Government recognises that it may not be best placed to judge what would be a valuable driver in encouraging commercial buyers to voluntarily commit to such a scheme. As such, we are particularly interested in stakeholder views as to the most appropriate approach to any such scheme and what may make it attractive to them.

37. We are keen to understand whether respondees believe these schemes would be effective additions to the policy landscape.

Building Standards

38. Electricity savings could be achieved through regulations which set minimum standards on building energy performance in privately rented buildings. This would be an effective way to overcome the barriers of split incentives between landlords and tenants. This split incentive may be one reason why the private rented sector has the largest proportion of least energy-efficient properties compared to other parts of the housing sector.

39. The Energy Act 2011 contains the provisions to introduce a minimum energy efficiency standard on privately rented properties (likely to be set at EPC band 'E') for the residential and non-residential sectors from 2018.

40. The Government has committed to working with the sector in advance of any regulations to encourage uptake of energy efficiency measures through the Green Deal and confirms that any use of these regulation-making powers is conditional on there being no net or upfront costs to landlords.

41. We will turn our attention towards the secondary legislation following the establishment of the Green Deal Framework later this year. The Government will work with the sector to develop the details of the policy in advance of a full public consultation.

5. Measurement, Verification (M&V) and Additionality

42. In shaping the design of any financial instrument, a key concern is to ensure that electricity savings are real, sustained and additional. Standards of Measurement and Verification (M&V) and Additionality exist to ensure these goals are met. Ensuring that these standards are incorporated into the design of an instrument will reduce the risk that a financial incentive could provide significant streams of money to projects that are ineffective, already planned, or at worst fraudulent.

43. There is significant international experience, particularly around approaches to M&V, that provide lessons for the development of any such M&V scheme. These lessons and examples are set out in the annexed full consultation document. Consultees views are sought to inform development of any possible financial instrument.

6. Summary of consultation questions

Consultation Question – Chapter 1	
1.	DECC would welcome further evidence and analysis to support and increase our understanding of the potential for cost-effective energy efficiency measures, the abatement potential and the cost of abatement.
Consultation Question – Chapter 3	
2.	Do you have evidence on whether offering a financial incentive is likely to be an effective way of overcoming the barriers that prevent efficiency measures being taken up in non-domestic buildings, bearing in mind the policy measures that already drive energy efficiency in non-domestic buildings.
3.	Do you have evidence on whether offering a financial incentive is likely to be an effective way of overcoming the barriers that prevent efficiency measures being taken up in industrial processes? Explain your point of view.
4.	Should Government consider a product-specific financial incentive in the domestic sector in spite of the risks and limited potential (23% of domestic product untapped potential as set out in Chapter 2)? If so, how can we design an incentive that drives better purchasing or usage, rather than early product replacement?
5.	Would a financial incentive be effective in driving efficient product choices in the non-domestic sector? What evidence is there of this and what are the differences, if any, to the case with domestic products?
6.	If a targeted financial incentive for non-domestic buildings were available, which efficiency measures should be a priority for the scheme? What evidence is available to support your view?
7.	Do you consider a targeted financial incentive an effective way of encouraging higher and additional efficiency in industrial processes? Which efficiency measures should be a priority for the scheme? What evidence is available to support your view?
8.	Should Government consider a targeted financial incentive to support the purchasing of higher energy efficient products? How can the efficiency of such a scheme be maximised? Would a voucher or certificate scheme work? If not, what other options should we consider?

	Please make clear in your response whether you are referring to the domestic or non-domestic sector or both.
9.	**What restrictions, if any, should there be on which sectors and measures are eligible to participate in a market wide scheme? Please explain.**
10.	**What are your views on the comparative merits and disadvantages of targeted financial incentive schemes and market wide ones? Please explain your response**
11.	**Should Government consider a market wide financial incentive to support further electricity efficiency measures? Please explain.**
12.	**What are the key elements of a financial incentive scheme to encourage participation? Including but not limited to payment level, length of payback period, who manages the scheme, whether the level of payment is known upfront or determined through the sale of a certificate. Please provide evidence to support your views and reference relevance to the different sectors as appropriate (domestic buildings and products, non-domestic buildings and products and industrial processes).**
13.	**Do you have any other views or evidence on the relevance of a financial mechanism not captured by the questions above?**
Consultation Question – Chapter 4	
14.	**For businesses, what would be a useful form of information on the efficiency of the products and equipment you purchase, recognising how decisions are taken in your organisation? Would your organisation find it useful for running cost information to be included in product information? Please provide an explanation.**
15	**Is there interest in a dedicated information source on industrial electricity efficiency opportunities?**
16.	**What available sources of information could the Hub include that are not covered elsewhere? How could this information be sourced and validated?**
17.	**Are there any other better ways of raising awareness in the industrial sector that the Government should consider? Please provide relevant evidence.**
18.	**If organisations need more specific information about electricity use, can the Government intervene helpfully in this space – for example to encourage a higher take up of sub metering?**
19.	**Would a Buyer's Commitment to purchase high-efficiency products be of**

	interest to your business? What aspects make this approach appealing?
20.	**What kind of recognition would be valuable to your organisation if considering engaging in a Buyer's Commitment? Would a recognised accreditation that you could display externally increase your interest in participating in a Buyer's Commitment?**
21.	**To what extent do you think efficiency standards in buildings will deliver permanent reductions in electricity demand when implemented?**
22.	**Do you have relevant evidence on the effectiveness of standards in driving electricity demand reduction?**
23.	**Do you agree with the Government's assessment against minimum efficiency standards for industrial processes? If not, please provide evidence of how mandatory minimum standards for industry could be set and why, and the impact they could be expected to have.**
24.	**Should Government consider any other policy options aimed at overcoming the barriers that prevent the full take up of efficiency opportunities in:** • **Domestic or non-domestic buildings** • **Domestic or non domestic product choices** • **Industrial processes?**
Consultation Question – Chapter 5	
25.	**What further evidence exists on the accuracy of these approaches to M&V, and how this varies by types of efficiency intervention? What may be the basis for distinguishing which approaches are most relevant for which efficiency projects?**
26.	**For which electricity demand reduction measures and technologies do you believe new policy would most likely be additional? What evidence is available on this?**
27.	**Specifically, what evidence is available on the likely additionality of measures in industrial processes and non-domestic buildings?**
28.	**In the context of a financial incentive scheme, would the flexibility and accuracy of taking a case-by-case approach to additionality justify the administrative burden that this would require? What evidence is available on this?**
29.	**What, if any, is a practical approach to identifying the additionality of projects ex-ante (including measures such as those identified in the main consultation document)? Which types of measures and sectors are**

	suitable for financial incentives and how should the acceptable projects be identified?
30.	**Could coefficients be used to reward projects which are *partly* additional? How should such coefficients be calculated? If so, what are the best practice examples of this approach we should consider further?**

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URN 12D/445