

# EDR Pilot Scheme Clarifications to Participant Handbook

Issue 1 - 6 October 2014

## **Paragraph 1.8 (Capacity savings must be due to installation of more efficient measures)**

### **Eligibility of Voltage Optimisation**

Voltage Optimisation is potentially eligible. Like all projects bidding in, Voltage Optimisation projects will need to meet the wider eligibility criteria set out in the Participant Handbook and be able to estimate and demonstrate savings in line with the requirements in the M&V manual. Voltage Optimisation cannot use a deemed savings approach and Section 2.6.1.1. of the M&V manual gives further instructions about creating baselines and there is a paragraph on page 43 which refers to Voltage Optimisation technologies: *“An example of situation where baseline data would be required for a full year would be measuring savings from voltage optimisation. This is because voltage supplies will tend to vary throughout the year and so measuring equipment at only times of high voltage would give an over optimistic assessment of performance”*.

### **Eligibility of Building Products – including insulation or triple glazing?**

Only the installation of electrical equipment is eligible. However, consideration will be given to including such measures in any future EDR auctions.

## **Paragraphs 1.8 (Capacity savings must be due to installation of more efficient measures) and 1.25 (Restrictions on projects – maximum time to install measures)**

### **When is the earliest I can purchase/install eligible EDR measures?**

The EDR Pilot will only fund eligible EDR measures purchased and installed after the signature/commencement of the Participant Agreement (issued to auction winners after the auction on 12 January 2015).

## **Paragraphs 1.11 – 1.13 (Restrictions on sites – two year payback period)**

### **Does the payback include EDR funding?**

No – the payback calculation does not include any bid you intend to make into the auction

### **For the purposes of calculating payback should I include or exclude VAT?**

The costs and savings that you quote in calculating payback should reflect the actual costs and savings to your organisation. For example, if you are considering installing a motor and plan to claim VAT back on the purchase cost subsequently, then you should exclude VAT for the purposes of calculating payback. On the other hand, if you will be paying VAT on the electrical equipment that you are installing you can include VAT for the purposes of calculating payback.

### **Paragraphs 1.16 -1.17 (Restrictions on measures – peak relevant capacity savings)**

#### **What savings should I include in my application and what will I need to provide evidence for in my Winter Capacity Savings Report?**

In your application/M&V Plan you will need to estimate savings by stating whether you expect to deliver savings (for the whole hour) for each of the following hours during business days within the Winter Peak Period:

- a) 4pm to 4.59pm;
  - b) 5pm to 5.59pm;
  - c) 6pm to 6.59pm; and
  - d) 7pm to 7.59pm
- As part of the Winter Capacity Savings Report, all projects (including those using deemed approaches) will be required to confirm the actual time of use of their equipment over the winter 2015/16 peak, and whether this has changed from the expected time of use submitted at the time of the auction. The first EDR payment will therefore be calculated from the total time of use of your EDR measure across the 4 hour winter peak measure for each business day reported in your Winter Peak Capacity Savings Report – in some cases, where the metering allows, this will be based on the actual minutes within the 4 hour window e.g. 4.45pm – 5.30pm.
  - This means you can receive payments for demand reduction even where this differs from the expected time periods set out in your M&V plan, with appropriate evidence, providing the demand reduction is delivered during the winter peak period. You will not receive any payments for demand reduction delivered outside of the winter peak period. All projects will be required to confirm the actual time of use as part of their winter capacity savings report as described above.

### **Paragraphs 2.11 – 2.13 (The Application Process)**

#### **Will you refund bid preparation costs if our bid is not successful?**

The applicant is responsible for paying the costs of bid preparation and DECC will not contribute to those costs for successful or unsuccessful participants. The process for payments for successful bidders is set out in Chapter 8 of the Participant Handbook.

### Paragraphs 3.2-3.5 (Entering a Bid)

#### **Is the bid limited to a set proportion of eligible costs.**

The bid you make is up to you, as set out in paragraph 3.3 for the capacity savings you are committing to deliver. The auction process does not consider the percentage of project costs which this represents.