



Department  
of Energy &  
Climate Change

# Electricity Demand Reduction Pilot Scheme Phase II

## Participant Handbook

30 November 2015



© Crown copyright 2015

URN 15D/343

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence.

To view this licence, visit [www.nationalarchives.gov.uk/doc/open-government-licence/](http://www.nationalarchives.gov.uk/doc/open-government-licence/) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Any enquiries regarding this publication should be sent to us at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk).

# Contents

Section A: Overview .....	7
1. Introduction .....	8
What is EDR? .....	8
What is the EDR Pilot? .....	8
2. EDR at a glance: key features .....	10
3. Timing: what you need to do when .....	12
4. Is it for you?: eligibility for the Pilot .....	13
Is your organisation eligible to participate? .....	13
Do you have the “right sort of EDR measures”? .....	14
5. Money .....	17
What do I get paid? .....	17
When and how do I get paid if I deliver the full agreed amount? .....	17
What if I don’t deliver? .....	18
6. Top tips and Pitfalls: lessons of Phase I .....	20
Top tips for you .....	20
Common Pitfalls .....	20
Changes introduced .....	22
7. Unspecified Savings: the opportunity to apply without detailing all of your project .....	23
Summary of requirements when not specifying some elements .....	25
Section B: How to Participate .....	26
Key Steps for participation .....	27
8. Register your interest with us by 3 September 2015 .....	28
Does registration commit you to anything? .....	32
Can you fail registration? .....	32
9. Compile and submit your Application Form and Measurement and Verification Plan by 15 October 2015 .....	33
How you apply .....	33
How many applications can I submit? .....	34
Short-Replacement Cycle Products .....	43
Will you save at least 50kW over the winter peak period? .....	44

Ability to install measures and provide ‘operational verification’ by 30 September 2016 or otherwise 30 September 2017 as relevant:.....	44
Must be connected to the GB Electricity Grid .....	44
No duplication of measures .....	45
Complete your application .....	45
Add in other people who can access/work on the application.....	45
When will I know if my application is successful? .....	46
10. Bid into the EDR Auction – Deadline for bids 10am 21 January 2016.....	48
Entering a bid.....	49
Process of deciding auction winners.....	50
11. Sign and return your Participant Agreement - By 11 March 2016.....	55
Aggregators .....	56
State aid risk? .....	56
12. Possible installation of metering by DECC contractors (for deemed savings projects).....	58
13. Making changes to your project.....	60
Timing of Making Changes .....	62
How to notify us of an M&V revision .....	64
What happens after submitting revised M&V Documents? .....	64
14. Install, then confirm Operational Verification of EDR measures .....	66
What happens after submitting Operational Verification evidence? .....	67
Payment.....	68
Consequences of partial or non-delivery.....	68
15. Measure and Report capacity savings over Winter Peak .....	71
Timings .....	71
How to report on your winter peak savings .....	71
What happens after sending the Winter Capacity Savings Report to DECC? .....	72
What happens next – when do I receive my money? .....	72
Reductions in payment due .....	72
16. Submit Final Report.....	75
Provision of data – the Final Data Request.....	75
Final Evaluation Questionnaire .....	75
Timings .....	76
17. Inspections .....	77
When inspections will be required .....	77
Section C: Other Information.....	79
18. Evaluation Activities.....	79

19. Appeals process .....	81
20. Use of information .....	82
Sharing Data with Other Organisations.....	82
Personal Data .....	82
Publishing and Releasing Information.....	83
Summary .....	83
21. The UK Capacity Market.....	84
EDR and the Capacity Market .....	84
22. Glossary .....	85

# Section A: Overview

1. This Handbook is split into three sections. This first section (Section A) provides an overview of the Pilot and is based around:
  - An introduction to the EDR Pilot
  - EDR at a glance: key features
  - Timing: what you need to do when
  - Eligibility: is it for me?
  - Money
  - Top tips and Pitfalls: lessons of Phase I
  - Unspecified Savings
2. Section B is then a “how to” guide to participation that takes you step-by-step through each phase of the process.
3. Section C has other information that might be of interest.
4. Potential participants should note that implementation of Phase II of the EDR Pilot is subject to State Aid approval and we are working with the European Commission to secure this in time to run the Phase II auction in January 2016. Participants should note that we will be unable to make any payments of EDR funding until approval has been obtained. This Handbook sets out how we anticipate Phase II of the EDR Pilot being implemented and we will keep participants updated as the approval process progresses, including where potential changes to the final design may be required.

# 1. Introduction

## What is EDR?

5. Electricity Demand Reduction (EDR) is a term that is used to describe electricity savings that are achieved through the installation of more efficient electrical equipment. For example, if an old electrical pump is replaced with a new more efficient electrical pump it will deliver savings by reducing the amount of electricity that is used at any time compared to if the original pump remained in operation. It is not Demand Side Response (DSR), where operation of equipment is reduced or the time of operation is changed. Savings cannot be directly measured because they represent the absence of electricity use. Instead savings are calculated by comparing energy use before and after a project, whilst making appropriate adjustments. For the Pilot we are looking only at savings made during peak hours i.e. between 4-8pm on weekdays, (excluding GB wide Bank Holidays) between the beginning of November and the end of February.

## What is the EDR Pilot?

6. The EDR Pilot has two objectives:
  - To examine the viability of EDR in the Capacity Market; and
  - To learn lessons for Government and wider stakeholders on the delivery of EDR schemes.
7. For your reference, Chapter 21 provides an explanation of what the Capacity Market is. In order to test whether EDR could form part of the Capacity Market, the EDR Pilot is designed to reflect as closely as possible the potential requirements EDR might have to meet in the Capacity Market. Also, in order to maximise the learning both on the role of EDR in the Capacity Market and more widely, the EDR Pilot will include a number of activities which are primarily for evaluation purposes.
8. Key elements of the Pilot that reflect the Capacity Market are:
  - Resource is allocated through auctions and so the EDR Pilot is also based around an auction format;
  - Savings are measured and defined in kW (like generating capacity) and not in the common terms of other efficiency schemes that typically measure energy savings in kWh;
  - Based on capacity savings at peak – not any time - only when savings from electricity efficiency could also help reduce high levels of demand on the National Grid. For the EDR Pilot this is the Winter Peak period. This is between 4-8pm on weekdays, (excluding GB wide Bank Holidays) between the beginning of November and the end of February in either winter 2016/17 or 2017/18.
9. The EDR Pilot has two phases. Phase I was for winter peak capacity savings (referred to in this document as capacity savings) to be delivered in the 2015/16 winter and had its Auction on 29th January 2015.



- Auction funding was offered to 18 lead organisations with 22 individual projects across Great Britain, subject to signature of a Participant Agreement.
- 5589 kW of winter peak capacity cleared the auction
- £1.28 million was allocated in the auction.

More information on Phase I can be found on our [website](#)<sup>1</sup>.

10. This Participant Handbook is for the second Phase and has been updated to reflect the lessons of the first phase. The total budget available for Phase II and Auction is £6 million.
11. The EDR Pilot involves several stages and Section B of this manual guides you through these step-by-step. A simplified diagram of this process can be found at the beginning of Section B. A timeline can be found in Chapter 3.
12. Firstly, you need to register interest in the Pilot on the EDR Web Portal and then submit an application to qualify for the auction. This application will detail your proposed project, including how you propose to measure and verify savings and which winter (one of 2016/17 or 2017/18 you propose to delivering savings in).
13. You can choose as part of your application to indicate that, beyond the specified core measures in your M&V Plan(s), you intend to specify a further element of your project (up to a maximum of 40% of the capacity savings from your entire application) at a later stage and indicate a total level of savings that you wish to provide.
14. Your application will be assessed to ensure that it meets the requirements of the EDR Pilot.
15. If your application is successful, you will then be invited to submit a bid into the auction on a £.pence per kW basis for the average amount of capacity reduction your project is expected to deliver in the winter peak period you have chosen. A maximum price has been set at £300 per kW. You may choose to bid a lower level of savings (at least 50kW) into the Auction than the total in your Application. Winning bids will be selected on a £/kW ranking up to the total budget available in the auction.
16. If you are successful in the Auction, you will be required to sign and return a Participant Agreement by 11 March 2016. This will commit you to delivery of the savings (including any unspecified savings), as well as a number of obligations, including installing and reporting Operational Verification for the measures they bid into the auction, measuring and reporting the capacity savings delivered and participating in the evaluation of the EDR Pilot. In exchange for full compliance, DECC will pay participants their winning bid price multiplied by the average capacity savings committed to in their successful application. Increasing levels of non-compliance will result in increasing reductions in payment
17. The evaluation of the EDR Pilot will provide a robust evidence base so that the Government is able to take decisions about any future EDR scheme and will be used to fulfil the Department's obligation to report the outcomes of the EDR Pilot to Parliament.

---

<sup>1</sup> <https://www.gov.uk/electricity-demand-reduction-pilot>

## 2. EDR at a glance: key features

- The EDR Pilot is a Government pilot giving you the chance to be paid for delivering electricity savings at peak times from certain types of efficiency projects in Great Britain.
- The EDR Pilot is based around a competitive auction – you can win money for each kW of electricity capacity you save at peak, but there are no guarantees that you will be successful in the Auction.
- We pay winners following signature of a Participant Agreement and delivery of electricity savings during the winter peak period (when the electricity system is under greatest pressure) between 4-8pm on weekdays, (excluding Bank Holidays) between the beginning of November and the end of February (winter peak capacity savings referred to as capacity savings).
- Typically you can provide these savings through replacing less efficient equipment with a more efficient version, and those savings will be paid for (but there are some other possibilities see Eligibility Chapter 4).
- Different ways of measuring your savings to suit different circumstances are available – see the M&V Manual for more detail.
- We have a ceiling of £300/kW, which means that the money from the EDR Pilot is unlikely to fund an entire project. Projects will also benefit from the ongoing reduction in electricity bills, which includes savings made outside the winter peak period.
- Only projects that have a payback period of two years or more can take part in the Pilot.
- You will be required to participate in evaluation activities.

This is Phase II of the Pilot. An Auction for Phase I was held on 29 January 2015 and successful participants have installed, or are currently installing measures to deliver capacity savings in the winter of 2015/16. The scheme and this Handbook have been re-designed to take account of key lessons to date from Phase I, including:

- The minimum project size we will accept has halved to 50kW.
- More time is available to install measures, with a choice of delivery of savings either over winter 2016/17 or winter 2017/18, but not both.
- We are allowing greater scope for successful projects to develop over time, so giving you the option at the application stage to include unspecified savings that can be bid into the auction, and the ability to make changes to your agreed project after the auction as a result of business need.
- You may bid (and ultimately have a Participant Agreement for) a lower level of capacity savings than are listed in your M&V documents – this allows participants the option to help manage their own risk of under-delivery and the consequential reduced payments.
- Our registration and evidence requirements have been made simpler, including making payback at project level rather than site level.

- Providing some payments for savings after installation, but this payment is contingent on delivery of the savings you have committed to.
- Introducing new Auction rules mirroring more closely the Capacity Market.

### 3. Timing: what you need to do when



## 4. Is it for you?: eligibility for the Pilot

There are constraints on who and what can participate in the Pilot. Use this chapter to check that you are eligible before you apply.

18. The following chapter is intended to help you consider the likely eligibility of your project before you start the more detailed work of putting together an application. As you move through the “how to” section B of this Handbook, you will be guided through how to confirm your eligibility for each of the criteria.
19. Thinking about eligibility will often be straightforward, but not in all circumstances. The DECC EDR Team is here to help you. We would encourage you to contact us to discuss any questions that you might have **before** you submit an application. Please read this section carefully and think about the various criteria before contacting us to ensure that you get the best possible advice. We can be contacted by e-mail at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or by phone on 0300 068 8488. The phone line will be staffed between 9.30am and 5pm on working weekdays during the Pilot. Additionally we may be able to answer calls outside this time. At times of heavy call load or non-business hours, there is the option of leaving a voicemail message (we check this regularly) or of course send us an email.

### A few definitions...

#### Measure

A measure is a piece of equipment / building fabric / building energy management system or energy IT/software that, when installed or instigated will result in reductions in the amount of electricity used. Eligibility criteria apply to the types of measure that can take part in the EDR Pilot.

#### Project

A project is the measure or group of measures which once installed will deliver the electricity savings (in kW) that the participant proposes to enter into the EDR auction as a single entity with one £/kW bid price.

#### Participant

A participant is any person or organisation that takes part in the EDR Pilot, including those who won in the auction, those who bid in the auction and those who submitted an application.

Figure 1

### Is your organisation eligible to participate?

20. Organisations from all sectors are invited to participate in the EDR Pilot. This includes organisations from the private, public and voluntary sectors. The Department of Energy and Climate Change (DECC) is excluded.

21. Participants from all locations may apply, as long as they are able to enter into a Participant Agreement with UK Government. Project sites, however, must be located within Great Britain and be connected to the Great Britain Electricity Grid.

### Do you have the “right sort of EDR measures”?

22. Remember, Electricity Demand Reduction (EDR) is a term that is used to describe electricity savings that are achieved through the installation of more efficient electrical measures. That said the scheme is not based on a specific ‘list of approved measures’ but anything that can deliver **lasting** electricity savings through the installation of more efficient equipment. Examples can include replacement of lighting, pumps, motors, variable speed drives, heating and ventilation systems, new insulation (where the building is electrically heated), and building energy management systems etc.
23. However, please note the points made below
- **All measures included in an application must be expected to deliver capacity savings during the relevant winters through:**
    - The installation of equipment which replaces less efficient measures: or,
    - The installation of insulation or other thermal envelope improvements in buildings that are electrically heated. Such measures might include, but are not limited to, new external wall insulation or window replacements; or
    - The installation of Building Energy Management Systems which result in winter peak electricity reductions. These may also include the installation of IT or software which can actively control electrical equipment, but not software which makes passive recommendations which need to be enacted by the user.
  - **The following methods of saving electricity do not count as ‘capacity saving’ for the purposes of the EDR Pilot:**
    - ✗ Pure behaviour changes – that is any changes which deliver savings by encouraging end users to regularly switch off or turn-down electrical equipment. This includes information campaigns;
    - ✗ Shifting load to other times of the day or by using onsite generation to take load off the electricity grid;
    - ✗ Generation (e.g. from combined heat and power (CHP) or renewable energy projects);
    - ✗ Installing efficient measures in new / expanded premises; and
    - ✗ Savings which result from energy recovery technology, like turbines in water systems, are not eligible.
  - **All measures must deliver capacity savings on the GB Electricity grid. Therefore the following are excluded:**
    - ✗ Measures located outside England, Scotland and Wales. (Northern Ireland’s electricity grid is separate to the GB Grid).

- ✗ Measures which deliver savings to self-supplied electricity systems (for example where a property in a remote area relies on on-site electricity generation or battery power).
  - ✗ Savings which are delivered in energy sources other than electricity.
- **Will the measures pay for themselves in less than 2 years from installation?**
  - To be eligible for the EDR Pilot the costs of buying and installing all of the measures in your project must take at least two years to payback. This means the total cost of your project divided by the total annual savings from lower bills must be more than two. Eligible costs for calculating the payback of your project are the costs of buying, installing and delivery of your measures, eligible savings are the savings from lower electricity bills (amount saved x electricity price) – see Chapter 9, step 10.
- **Will the measure you are installing be expected to last for at least 2 years before it needs to be replaced?**
  - You cannot include in your application any measure that has a replacement cycle of less than 2 years such as a filter that is replaced regularly (unless included as a component of another eligible measure).
- **Will it deliver at least 50kW of capacity savings during the Winter Peak period – 4-8pm on weekdays (excluding any GB-wide Bank Holidays) from November to February?**

#### **What does 50kW look like?**

- **Lighting:**
  - For street lighting this is likely to be around 600 high pressure sodium street lights from 69 - 301W with LED equivalents varying from 32 - 100W each
  - For a warehouse or industrial site, 50kW might look like replacing around 200 high bay light fittings (400W each) with 185W LED equivalents.
- **Pumps:**
  - Replace five 30kW continuously operating swimming pool circulation pumps with modern 20kW equivalents.
- **Refrigerators:**
  - Replacing refrigeration units in a large supermarket with high efficiency equivalents.

**Figure 2**

- **The measure that you are proposing cannot also be receiving support from certain types of specified Government funding**

- Please also note that you cannot claim a number of other sources of Government funding in respect of the same measures at the same time. This includes such things as:
  - Climate Change Agreements (CCAs): Facilities with a CCA cannot bid into the EDR Pilot for any of their processes or activities that are covered by their CCA. Measures included in the application must be for efficiencies outside the CCA. If participants hold a CCA, they will have to cancel their CCA in order to receive support from the EDR Pilot for measures covered under an existing CCA.
  - CRC Energy Efficiency Scheme: Organisations in the CRC are eligible to participate in the EDR but if they have facilities covered by a CCA, they cannot participate in the EDR Pilot in respect of any of their processes or activities that are covered by the CCA.
  - Energy Company Obligation (ECO): Participants cannot bid for measures that have been installed, or will be installed in respect of energy suppliers with obligations under ECO. Measures which are not supported by ECO, but which form part of the same roll out, could potentially be supported through the EDR Pilot – for example new lighting when ECO is funding an insulation scheme.
  - Green Deal Cash-back or Green Deal Home Improvement Fund in England & Wales and Green Homes Scheme in Scotland: Applicants who have benefited from one of these schemes cannot bid into EDR for the same measures.
  - Salix Finance: Applicants who have or will be receiving funding from Salix Finance cannot apply to participate in the EDR Pilot in respect of the same measures as are funded by their Salix loan.
  - HMRC Capital Allowances: can be eligible for EDR scheme and receive capital allowance, although winning bidders will need to ensure that any EDR funding they receive is deducted from any claim for capital allowances relating to measures installed as part of their EDR bid.<sup>2</sup> For example, if a company invests £1,000 and has received £100 from EDR, only £900 will qualify for capital allowances.
  - Renewable Heat Incentive (RHI): Applicants cannot bid into EDR for the same measures which have or will be receiving funding from the RHI.
  - Demand Side Balancing Reserve (DSBR) – applicants who have a contract under the DSBR scheme cannot receive funding under both DSBR and the EDR Pilot for the same delivery winter.
  - Measures supported through a Capacity Market Agreement cannot be supported through EDR funding.
  - You also cannot bid in measures that were successful in the auction for Phase I of the EDR Pilot.

---

<sup>2</sup> This includes the First-Year allowance (also known as the Enhanced Capital Allowance), the Annual Investment Allowance (AIA) and the Writing-Down allowance at 8 and 18% (WDA).



## 5. Money

24. We pay for the agreed capacity savings you deliver during the winter peak – 4-8pm on weekdays (excluding GB wide Bank Holidays) between November and February. Payments are phased, with 20% payable following installation, 60% following the Winter Capacity Savings Report (WCSR) and a final 20% following the Final Report and participation in evaluation. The payments you receive will be reduced, or may need to be repaid, if you do not deliver all your agreed savings.

### What do I get paid?

- If you have a successful application that is one of the winners at Auction, we will send you an offer of a Participant Agreement in January 2016
- The Participant Agreement will set out the total EDR Payment you can receive for the delivery of all savings in your chosen delivery year of 2016/17 or 2017/18
- The total payment is based on a calculation of:
  - the number of kW you bid into the Auction
  - the price of the highest accepted bid in the Auction, rather than the price you bid

More detail on how a Pay-as-Clear auction might work can be found in Chapter 10.

#### How much do I get paid: an example

STS Ltd makes an application into the prequalification process for 10 replacement motors which will be able to save an estimated 100kW during 4-8 from November to February 2017/18. The project meets the requirements of the scheme and STS Ltd is offered the chance to bid into the auction.

They decide to bid in to deliver the full 100KW and put a price into the auction of £140 per kW. Other bids in the Auction are higher, and the highest winning bid is £220/kW. STS Ltd would then be offered a Participant Agreement to save 100kW for a total of £22,000 (100kW x £220). STS Ltd agree to participate in the Pilot and sign a Participant Agreement to this effect (more detail on Participant Agreements can be found in Chapters 10 and 17. A version of the Participant Agreement used in Phase I can be found on the EDR website at [www.gov.uk/electricity-demand-reduction-pilot](http://www.gov.uk/electricity-demand-reduction-pilot).

Figure 3

### When and how do I get paid if I deliver the full agreed amount?

25. STS Ltd is then eligible for a maximum payment of £22,000 if they deliver 100 kW of savings 4-8pm on winter weekdays from November to February as set out in their application. This will be paid in three instalments:
- (i) **20% following installation** – to receive payment the measures need to have been verified as operational and we must be confident that you will therefore be able to deliver the capacity savings we are paying you for. You will need to complete Operational Verification, as per Chapter 14. Doing this successfully, STS Ltd would receive £4,400 (20% of £22,000).

**Timing** – depends on when you install as generally 30 days after DECC approves Operational Verification evidence, but latest payments are due by November 2016 or November 2017 depending on the year you are delivering your capacity savings.

- (ii) **60% on proof of delivery of savings** – to receive payment you need to report and verify the capacity savings, by updating your M&V Plan(s). Doing this successfully and delivering the whole agreed amount, STS Ltd would receive £13,200 (60% of £22,000).

**Timing** – payment is due by 30 days after confirmation of the savings in your report, but are due by May/June 2016 or 2017 depending on your delivery year.

- (iii) **20% on provision of a final report and contribution to DECC's evaluation exercise** – this payment is about reasonable compliance with our evaluation (this is a pilot after all). Doing this satisfactorily, STS Ltd would receive £4,400 (20% of £22,000).

**Timing** – by Jan/Feb 2018 or Jan/Feb 2019 at the latest.

### What if I don't deliver?

26. Your payment and Participant Agreement is based around the delivery of the capacity savings that you offered into the Auction and subsequently agreed to deliver by signing a Participant Agreement. If you do not deliver this each of your three payments will be reduced as a consequence. The simple rule is that for each 1% of savings you do not deliver, you will lose 2% of your total funding. Each of the three payments will be proportionately reduced if we are aware at installation there will be under-delivery.
27. It may be that the initial payment at installation was greater than the amount due (as savings ultimately did not reach the anticipated level following the winter peak), if this is the case the correction will be achieved through the subsequent payments (see chapter 13 for more details of how this will be implemented) or, if necessary, reclaim.

### **Under-delivery: an example**

STS Ltd had agreed in its Participant Agreement to deliver 100kW of savings for £22,000. However in the end, STS Ltd only delivered 90kW of savings. As a consequence, STS would receive a 20% reduction in total funding (10% doubled), meaning the total funding of £22,000 would be reduced to £17,600. As such, the three instalments STS was entitled to will be reduced to:

- installation: £3,520 (20% of £17,600)
- delivery of savings: £13,200 (60% of £17,600)
- Final Report: £3,520 (20% of £17,600)

In practice, the under-delivery of 90kW only became clear when savings were reported after the Winter Peak. In these circumstances, the installation payment proved too generous, and this is corrected in subsequent payments. As such the three payments are:

- installation: £4,400 (20% of £22,000) - as we are not aware at the point of installation that there will be under-delivery
- delivery of savings: £12,320 (60% of £17,600 minus £880 the amount overpaid on installation)
- Final Report: £3,520 (20% of £17,600)

**Figure 4**

## 6. Top tips and Pitfalls: lessons of Phase I

28. This Handbook is written for Phase II of the Pilot and both it and the Scheme as whole benefit from the learning to date from the first Phase. This section sets out:

- Top tips for you
- The common pitfalls from Phase I; and
- Changes to the scheme we have introduced from last time.

### Top tips for you

29. **DECC is here to help.** If you are ever unsure or unclear – please contact us.
30. You can reach us on 0300 068 8488 or by email at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk). The phone line will be staffed between 9.30am and 5pm on working weekdays. Additionally we may be able to answer calls outside this time. At times of heavy call load or non-business hours, there is the option to leave a voicemail message (we check this regularly) or of course send us an email.
31. The deadline for final applications is **5pm on 15 October 2015**. However, to help you with the preparation of your M&V Plan(s) you can submit your completed M&V Plan and supporting evidence to DECC (M&V Documents) for feedback until **17 September 2015**. DECC will review your documents and will aim to provide feedback within 15 working days from the date you sent it to us. The feedback will include a general check including; the eligibility of the project, any issues identified with the information provided in your M&V Plan(s) or supporting evidence and any discrepancies that are identified. **The review does not guarantee that your project will qualify or that every single issue with your application will be identified at the review stage, so please ensure you read and understand the scheme requirements and complete your application as fully as possible. It is still your responsibility to provide the necessary information to comply with scheme requirements.**
32. **Don't leave it too late** – if you might be interested in taking part make sure you register by 3 September so you are then able to apply subsequently. With Application don't leave it to the last minute – if you encounter late issues, you may not be able to resolve them in time to submit by the deadline.
33. **Use the checklists** – at the end of each part of the 'How to' guide (Section B of this Handbook) there is a checklist. Use this to make sure you have got it right and haven't forgotten anything.

### Common Pitfalls

34. In Phase I there were a number of common pitfalls that affected a number of participants:

#### i) kW v kWh:

35. The EDR Pilot is based around capacity savings. This is measured in the kilowatt reduction between the new level of electricity consumption and the level it would have

been had the measures not been installed. A kilowatt is a measure of the instantaneous power either generated or consumed by an electrical device. For example, 3kW is approximately the power consumed by an electric fan heater.

36. Please take care not to calculate your capacity savings in kilowatt hours as this will vastly overestimate your capacity savings – and could mean your application is rejected because you haven't met the minimum bid size of 50kW. A kilowatt hour is a measure of the electrical energy either consumed or generated by an electrical device over a period of time.

**kW and kWh: an example**

A 3kW fan heater uses 3kWh of electricity every full hour it is on, so will use 15kWh if left on for 5 hours, but it will always only have a capacity saving of 3kW.

**Figure 5**

**(ii) Meeting the minimum bid size – winter peak**

37. The capacity savings that you deliver depend on the extent to which you are available during the winter peak. The winter peak is 4-8pm, business days from November through to the end of February. Please take care to understand the impact of this. Think of an example of a firm, Motivator Ltd that have measures constituting 100kW of electricity capacity savings:

- If Motivator Ltd will be operating these measures every day throughout the winter peak and for the full 4 hour period then they would be operating 100% of the winter peak. Motivator's capacity savings would be  $100\text{kW} \times 100\% = 100\text{kW}$ .
- If Motivator Ltd only operated between 4 and 6pm every day throughout the winter peak then it would be operating for only 50% of the winter peak. Motivator's capacity savings would be  $100\text{kW} \times 50\% = 50\text{kW}$  and it would just meet the minimum bid size.
- If Motivator Ltd operated measures on business days in December, January and February – but not during the 21 working days in November, then it would only be operating for 62 out of 83 winter peak days (i.e. 75%). Motivator's capacity savings would be  $100\text{kW} \times 75\% = 75\text{kW}$ .
- Finally if Motivator only operated between 4pm and 6pm throughout December, January and February then it would only be operating 37.5% ( $75\% \times 50\%$ ) of the winter peak. Motivator's capacity savings would be  $100\text{kW} \times 37.5\% = 37.5\text{kW}$ . Motivator's application in this scenario would be rejected as it is below 50kW.

**(iii) Evidence attached does not match figures in M&V Plan(s)**

38. Technical specifications were provided that did not match the figures that had been entered in M&V Plan(s). We cannot accept a discrepancy here unless you have explained the discrepancy and attached proof to back up your claim, so please double check that the figures match. Do not adjust the figures for deemed savings from such things as lighting controls if you are deeming - the deemed calculator for lighting already includes an element for this.

## Changes introduced

39. Learning from Phase I, we have introduced a number of changes:
- The minimum project size we will accept has halved from 100kW to 50kW.
  - Eligibility has been broadened to explicitly include: the installation of insulation or other thermal envelope improvements in buildings that are electrically heated; and the installation of Building Energy Management Systems (including energy IT/software where these actively control electricity use).
  - More time is available to install measures, with the ability to choose delivery of savings in either the 2016/17 (8 months from Auction to latest installation) or 2017/18 winter (20 months from Auction to latest installation).
  - For measured schemes, baseline information can be provided later in the process after application.
  - We are allowing greater scope for successful projects to develop over time, in particular:
    - the scope for changes within your agreed M&V Plan(s) between the Participant Agreement signature and installation – where business need dictates.
    - we allow you to not specify a proportion of how you will deliver your capacity savings at application – enabling you an extra 8 months for winter 2016/17 and 20 months for winter 2017/18 to finalise how you will deliver these savings.
    - Though in both scenarios there is no flexibility around the amount of capacity savings that you have agreed to deliver in the specified winter.
  - You can protect your risk of under-delivery of savings by bidding into the Auction a lower level of savings than are recognised in your M&V Documents.
  - Our M&V evidence and rule requirements have been made simpler.
40. More detail on these can be found in the step-by-step guide to compiling and submitting the Application Form and M&V Plan(s) in Chapter 9, and on bidding Chapter 10.
- We have altered our payment approach to provide you with one payment before you deliver savings (but after installation). More detail on this in Chapters 5 and 14;
  - We are also introducing new Auction rules mirroring more closely the Capacity Market – this involves a “Pay-as-Clear” model, which is different from the “Pay-as-Bid” model used in the first Phase (more detail in Chapter 9);
  - We have altered the timings where we can to allow more time for Participant Agreements to be signed; the opportunity to get your application reviewed in advance of the final deadline for receipt of applications and a more realistic period for all applications to be reviewed and assessed; and
  - Simplified registration (e.g. no longer need a formal declaration at the registration stage.)

## 7. Unspecified Savings: the opportunity to apply without detailing all of your project

41. One major change made as a consequence of the experience of Phase I of the Pilot was that participants, particularly aggregators, but direct participants too, would have liked more flexibility to set out the details of some of their project later.
42. Therefore, for Phase II of the Pilot, we have made it possible for you to specify some savings at application and leave some unspecified. As in Phase I, you are required to specify a credible scheme at application underpinned by an M&V Plan or Plans. The specified element of your plan where savings are detailed constitute the core of your application. In addition, we are allowing you to indicate at application in your M&V Summary Sheet the level of savings that you will specify later in the process (and by June of the year of delivery of savings at the latest).
43. The unspecified savings can make up to 40% of your total savings – equivalent to as much as a further 2/3<sup>rd</sup> of savings than the total in your core. When you provide your full M&V Plan(s), including detailing the previously unspecified savings, you are required to continue to meet all eligibility criteria (as set out in Chapter 4).

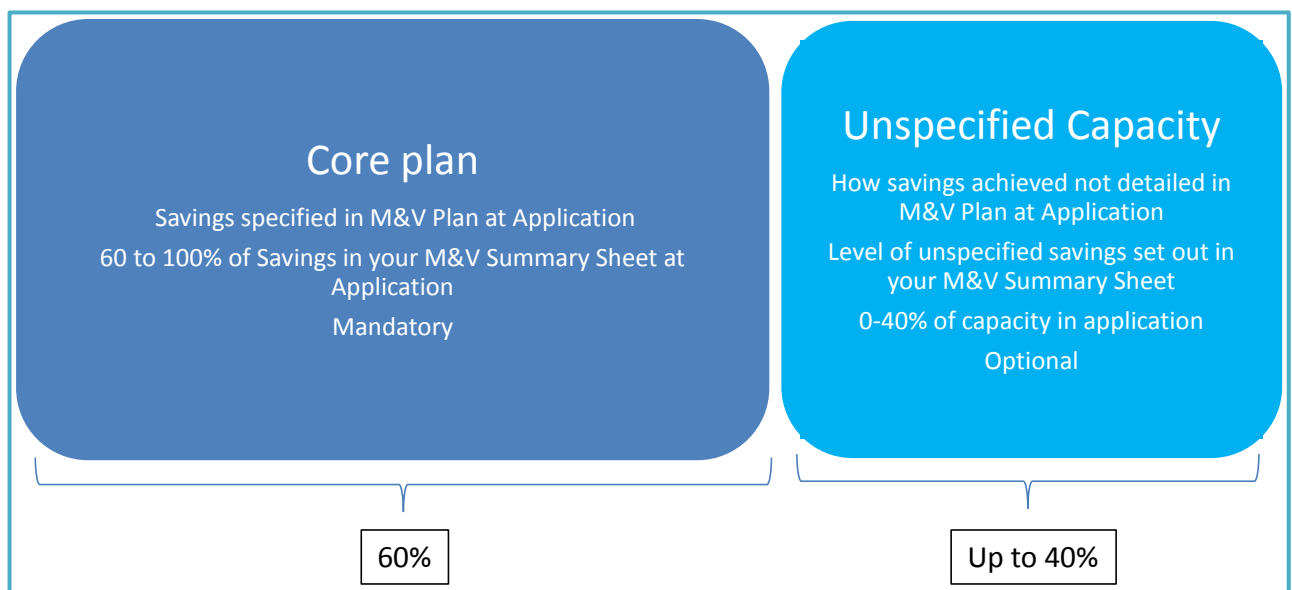


Figure 6: Unspecified savings

44. For example, if you have M&V Plan(s) that can deliver 60kW of capacity savings, you would be free to indicate that you will deliver a further 40kW later in the process. If you bid in the full 100kW and are successful in the Auction, the Participant Agreement will be for the full 100kW and you will be required to deliver the entire 100kW including the part of your project that is unspecified at the point of the Auction or you will be subject to financial consequences of under-delivery (see Chapters 14 and 15).



- i. For the 'core' (in our example 60kW), you must specify – and provide details in your M&V Plan(s) in the same way as other applicants not choosing the option to specify later. This means that it must include all the site details, technology details and confirmation that it meets the project payback and other eligibility requirements of the scheme.
  - ii. You must then specify the remaining up to 40% of the project by June of the delivery year.
  - iii. The unspecified portion of your project must meet exactly the same eligibility criteria as the rest of your project. For example, your project must continue to have a payback of 2 years or more once the unspecified elements are added in.
45. It is important to remember that if you choose to take the option to specify later, you will still be required to deliver the capacity savings that you agreed to in your Participant Agreement.
46. This approach is in addition to the ability to make changes to your specified project for business need. Participants not choosing the unspecified option or those who do with respect to their "core" can also make changes because of business need – please see chapter 13 on M&V Updates for more details.

#### **Unspecified savings: an example**

Troy PLC has 120kW of capacity savings that it intends to bid in for EDR funding from its lighting in its four Gloucestershire stores. It completes a deemed M&V Plan for these savings, but when they apply Troy is confident that it will be able to deliver measures that will realise further savings (at its Gloucestershire and Somerset stores) but does not yet have the exact details of these.

With this confidence, Troy includes the maximum uplift of 80kW of unspecified savings in its M&V Summary Sheet in the initial application – making an application for 200kW of savings (80kW being 40% of 200kW). The 120kW deemed lighting Plan is strong and is accepted by DECC. Troy is invited to bid into the Auction and is successful with their bid of 200kW at £100 per kW in the Auction. Troy is offered a Participant Agreement for £20,000 to deliver 200kW. Troy understands that if they deliver less than 200kW they will be subject to the consequences of under-delivery.

Troy has indicated that it will choose to deliver savings in the 2017/18 winter. Troy now has until 30 June 2017 to provide detail of the unspecified savings supported by an M&V Plan to DECC, and will need to deliver these savings in the 2017/18 winter. If Troy is successful, they will receive their funding. But, if their optimism is misplaced, they still have signed up for the full 200kW and if these are not delivered they will face reductions in their funding for under-delivery.

**Figure 7**



## Summary of requirements when not specifying some elements

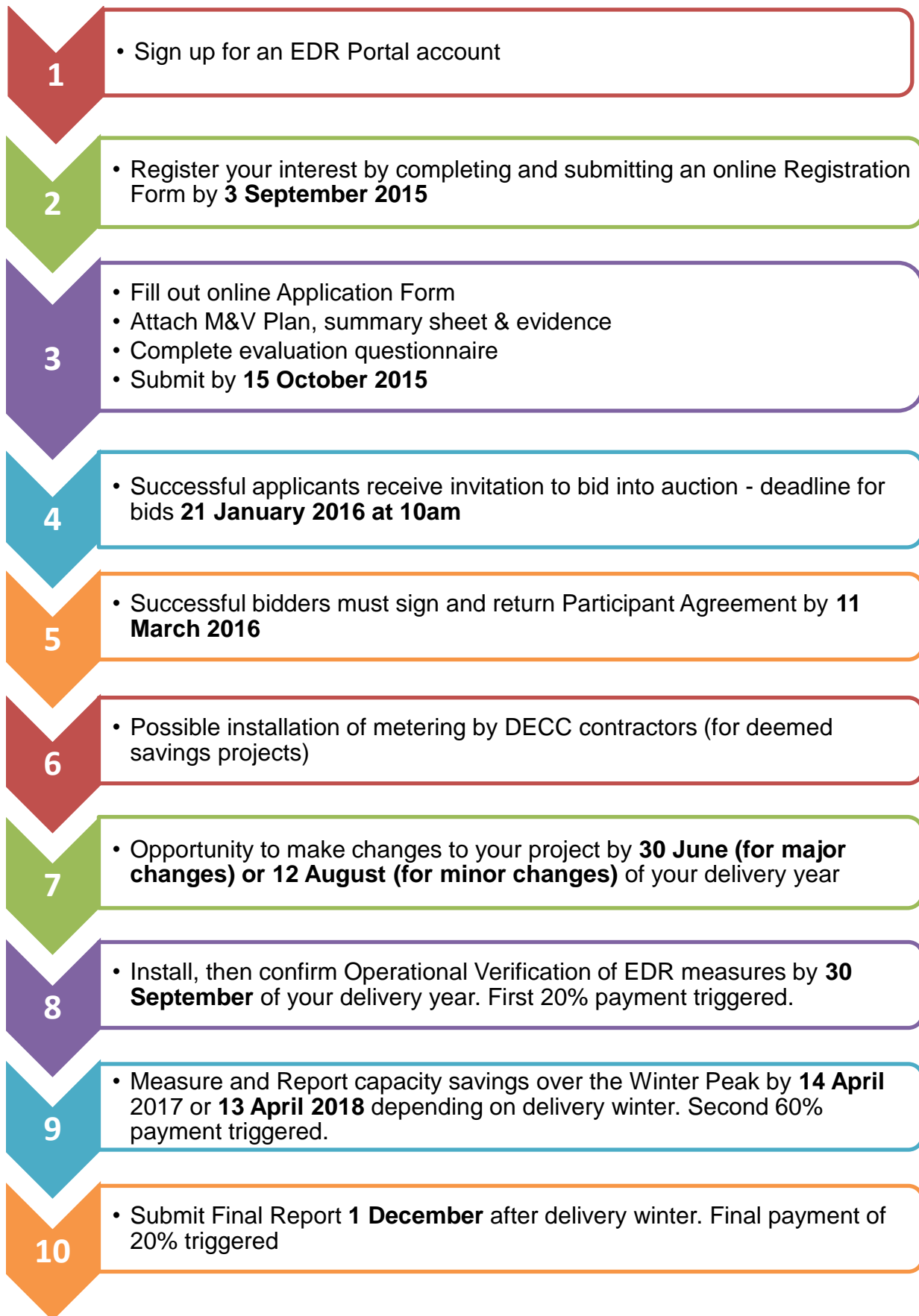
	Core Plan	Unspecified
<b>Application</b>	Specified savings detailed in M&V Plan(s) at Application	Indicate in your M&V Summary Sheet whether (and level) of unspecified capacity savings (can be up to 40% of total capacity savings for your entire project in your M&V Summary Sheet – equivalent to no more than two-thirds of your core)
<b>Bidding</b>	Can enter a bid for up to the total savings included in DECC's letter in response to your application – if your full application was approved this would be the total from your M&V Summary Sheet (adding core and unspecified together). You are free to bid for a lower level of capacity savings, as long as you bid at least 50kW.	
<b>M&amp;V Update</b>	Changes may be made driven by business need and must be set out in revised M&V Documents. Timings and process for M&V Update in Chapter 13.	<p>Having not specified your measures, you must submit revised M&amp;V Documents to DECC before you install in order for us to check they will be eligible.</p> <p>You must provide revised M&amp;V Documents providing the details of your entire project including unspecified elements at application stage by 30 June ahead of your delivery winter (i.e. if delivering in 2016/17 by June 2016).</p> <p>If details of the unspecified portions of your project are not provided they will not be recognised and your payments will be reduced to reflect the under-delivery.</p> <p>The unspecified parts of your project can be any eligible measurement approaches, technologies, sites etc.</p>
<b>Operational Verification</b>	Needs to be consistent with measures in the final M&V Plan(s) and consistent with an anticipation of delivering the level of capacity savings in your Participant Agreement.	
<b>Delivery of Savings and Payment</b>	If you do not deliver the level of capacity savings agreed in your Participant Agreement you will be subject to the reductions in payment set out in Chapters 13 and 14.	

Figure 8

## Section B: How to Participate

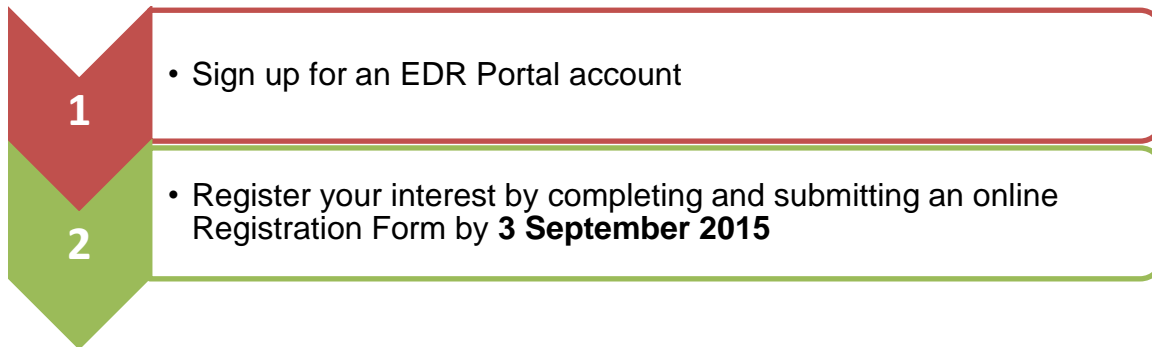
47. At DECC, we are here to help you understand the EDR Pilot and all the steps in participating. If you have any questions or issues that you are uncertain about, do please contact us. You can do that by either:
  - emailing us at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk); or
  - calling us on 0300 068 8488.
48. The phone line will be staffed between 9.30am and 5pm on working weekdays during the Pilot. Additionally we may be able to answer calls outside this time. At times of heavy call load or non-business hours, there is the option to leave a voicemail message (we check this regularly) or of course send us an email. **The key steps to participation are shown in the following diagram.**

## Key Steps for participation



## 8. Register your interest with us by 3 September 2015

The first steps in participating are to sign up for an EDR Portal account and formally register your interest.



49. To participate in the EDR Pilot, your organisation will need to **register by 3 September 2015**. If you do not already have an EDR Portal account you will need to sign up for one.
50. If you have any queries or concerns which cannot be answered by this Handbook, please contact DECC for advice at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488.
51. Each organisation should only register once, however many applications they plan to submit.
52. **First sign up to the EDR Portal** at [https://itportal.decc.gov.uk/eng/fox/edr/EDR\\_LOGIN/login](https://itportal.decc.gov.uk/eng/fox/edr/EDR_LOGIN/login) if you do not already have an EDR Portal account from the previous round of applications in 2014. If you do, you can log on straight away and start to complete the Registration form for Phase II.

## Welcome to the EDR Pilot Scheme

The Electricity Demand Reduction Pilot Scheme allows organisations to bid for financial support to install more efficient equipment which reduces their electricity demand at peak times.

### Login to the EDR Pilot Scheme

#### System Notifications

Please note due to planned maintenance work the Energy Portal will not be available from 18.00 to 20.00 on Wednesday, 20th May 2015. Please accept our apologies for any inconvenience caused.

If you are unable to submit a PON1 during this period please use the Fax submission form at: [PON1 fax](#)

Username

Password

[Login >](#)

[I forgot my password](#)

### Sign Up

You need to sign up for an account if you want to take part in the Electricity Demand Reduction Pilot Scheme.

[Sign Up >](#)

### Help and Guidance

For more information on the EDR Pilot Scheme, see [our pages on GOV.UK](#). If you have any questions about the scheme, please email [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk), or ring the EDR helpline on 0300 068 8488.

© Crown Copyright. All content is available under the [Open Government Licence](#), except where otherwise stated.

## Sign Up EDR Pilot Scheme

### User Details

You're about to sign up for an EDR Pilot Scheme account.

After you've signed up, you can log in and submit your registration form or application.

\*Email Address

\*Email Confirm

\*Title

\*Forename

\*Surname

\*Telephone No

\*Job Title

\*Date Of Birth

\*Security Question

\*Security Answer

\*Security Answer Confirm

Please enter the security code displayed below. This is necessary to safeguard the portal against automatic registration.

Security Image



[The image is unreadable, give me a new one](#)

\*Enter Security Code

[Sign Up >](#)

[Cancel](#)

Figure 9: Screenshots from sign-up form

53. Once you have created your profile, please **complete the registration form** on the Portal.

Department of Energy & Climate Change

Electricity Demand Reduction Pilot Scheme

Registration for Phase II

New Application for Phase II

Registration Search

Application Search

Update My Details

Update My Password

User Preferences

Workbasket

Filter Mode On

Refresh

Your workbasket is currently displayed in the standard Workbasket order

Transaction / Ref	Subject / Topic	Company	Status / Date	Information	Actions
	Account successfully created Mr Test Applicant		N/A	Welcome & Introduction	<a href="#">View Welcome Message</a> <b>New</b> <a href="#">Clear From Workbasket</a> <b>New</b>

Workbasket Item Count: 1

User: Mr Test Applicant (applicant3@edr.com)

Powered by FOXopen

\*Email address a.biggs@biggs.co.uk

### Additional Contacts

If you would like anyone else to be copied into communications sent by DECC about registration and the new stages, add an additional contact below.  
You might consider adding here anyone who might be responsible for preparing the M&V plan or in charge of the site that is being considered, if you know who they will be.

Contact 1

[Use my details](#)

Title Mr

\*Forename James

\*Surname Feeny

\*Job Title Energy Manager

\*Organisation Biggs Transport Ltd

\*Postcode SL1 1AS

[Search address](#)

\*Postal address 234 Endeavour Way  
Endeavour Business Park  
Slough  
Berkshire

\*Telephone number 01372 223449

Mobile number 07913 334567

Fax number

\*Email address j.feeny@biggs.co.uk

Remove Contact

Add Additional Contact

Previous Next

Workbasket Log Out

Figure 10: Screenshots of beginning Registration

54. We only need a single contact at this point, but adding other names will mean that they receive communications about the EDR Pilot as well. To add additional names click on “Add additional contact”. See above.
55. The registration form requires you to enter your company / charity and VAT registration numbers, unless you are a public sector body. If you are currently in the process of

applying for these numbers you will still be able to submit an EDR registration, but must provide the numbers to DECC before the auction in order to continue in the EDR Pilot.

Department of Energy & Climate Change

Electricity Demand Reduction Pilot Scheme

Workbasket Log Out

### About the Applicant (Lead) Organisation

Please provide the following information about the organisation with whom DECC would ultimately sign the contract should your application and auction bid be successful.  
(Where several organisations form a joint or aggregated application, DECC will only contract with a single lead organisation).

\*Title of applicant (lead) organisation

Name of immediate parent company (if applicable)

Name of ultimate parent company (if applicable)

Company registration number (if applicable)

Charity registration number (if applicable)

VAT registration number (if applicable)

\*Are you a public sector body?

If you are not able to provide any of the above company / charity / VAT registration numbers and are not a public sector body, please provide a short explanation of the reason(s) why you are exempt from registration or otherwise set out your expected timetable for completing the registration process

\*Did your organisation fill in an Expression of Interest for the EDR pilot scheme last year?

You will receive an e-mail within the next 10 days with your participant number. This will allow you to start your full application.

Previous **Next**

Workbasket Log Out

**Figure 11: Screenshot showing lead organisation information**

56. Continue through the form. If you plan to install the measures on your own premises<sup>3</sup> only, please select the drop-down box for 'direct participant'.
57. If you are completing the form and will be running the project for a single client, please select 'consultant'. The information you enter in the application form will be for the company you are representing rather than your own company.
58. If there is more than one organisation involved in a project, registration is the point at which you will have to decide who will act as lead organisation in the EDR project and (if your application is successful) take forward the Participant Agreement responsibilities.
59. In the summary box, you only need to enter very short high-level information (e.g. 2-3 sentences). The description is helpful to DECC, but is indicative and does not constrain in any way the technologies and location of your final application.
60. You are also asked whether you participated in Phase I and your participant number for that phase. This is not a barrier to participation, but helps our administration.

Department of Energy & Climate Change

Electricity Demand Reduction Pilot Scheme

Workbasket Log Out

### Registration Form Complete

Thank you. You have now finished the registration process; click **Submit** below to finalise your form.  
You will receive an e-mail within the next 10 days with your participant number after submission. This will allow you to start your full application.

Previous **Submit**

Workbasket Log Out

User: Mr Test Applicant (applicant3@edr.com)

Powered by FOXopen

<sup>3</sup> Own premises includes locations that are either owned or rented by you.

### Figure 12: Submit your registration form

61. After the registration form are a few evaluation questions. These are included as this is a pilot and we are learning from it in order to make decisions and improve in the future. We would be grateful if you could complete these, and if you don't know the answer to the question, just tick "don't know". However, the evaluation questions are not compulsory and will not be assessed as part of any application and the information will not be used to inform our decision on any future application. The questions should take about 10 minutes to complete.
62. Please make sure that you **click 'submit'** to complete the process. You will receive an automatic acknowledgement by email that the registration form was submitted.
63. After completing registration on the Portal you will receive a participant ID from DECC within 10 business days, as long as there are no further queries. (If not received please contact us).
64. Once you receive your participant ID you will be able to log onto the EDR portal and start your application.

### Does registration commit you to anything?

65. Registering does not mean you are under any formal obligation to take forward an application. Nor does it tie you to anything you may have mentioned in the evaluation questions.

### Can you fail registration?

66. The registration process is not designed to test the eligibility of you or your project(s) – this will happen at the full application stage. It is to get an idea of the number of people interested in the scheme, along with some information that will allow us to tailor the help available.

#### Registration checkbox

Have you:

- Added in any other people you would like to receive communications from the EDR team?
- Filled out details of your company?
- Answered as many questions as you can at this stage?



## 9. Compile and submit your Application Form and Measurement and Verification Plan by 15 October 2015

In the previous chapter, you completed your registration for the scheme. This chapter guides you through how to make an application. In Phase I, completing the full Application Form and M&V Plan(s), and getting it signed took participants an average of 55 people hours. The application process is simpler for Phase II, but it may take more or less time than this depending on whether you have done this before and the complexity of your project, so please leave yourself enough time to apply.

3

- Fill out online Application Form
- Attach M&V Plan, Summary Sheet and evidence
- Complete evaluation questionnaire
- Submit by **15 October 2015**

67. Remember before you start your application to consider the eligibility criteria set out in Chapter 4. By now you should have developed ideas for a project that meets the checklist at Step 14 of this Chapter.

### How you apply


#### STEP ONE: LOG IN TO THE EDR PORTAL

68. After you receive the participant ID number from DECC after completing your registration, you can now log back into the EDR portal to start your [https://itportal.decc.gov.uk/eng/fox/edr/EDR\\_LOGIN/login](https://itportal.decc.gov.uk/eng/fox/edr/EDR_LOGIN/login) .
- If you have any issues using the Portal, or if you do not have a participant ID and have completed registration, please contact DECC (0300 068 8488; [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) ). The phone line will be staffed between 9.30am and 5pm on working weekdays during the Pilot. Additionally it is likely we may be able to answer calls outside this time. At times of heavy call load or non-business hours, there is the option to leave a voicemail message (we check this regularly) or of course send us an email.

#### STEP TWO: START AN APPLICATION

69. To start work on your application, click 'new EDR application'. You will now need to input the Participant number you received to progress, click next and fill in the form. Hints and tips are supplied.

Electricity Demand Reducti... Suggested Sites Web Slice Gallery Electricity Demand Reducti... Page Safety Tools


 **Department of Energy & Climate Change** Electricity Demand Reduction Pilot Scheme

Registration for Phase II  
[New Application for Phase II](#)  
 Registration Search  
 Application Search  
 Update My Details  
 Update My Password  
 User Preferences

## Workbasket

[Filter Mode On](#) [Refresh](#)

Your workbasket is currently displayed in the standard Workbasket order

Transaction / Ref	Subject / Topic	Company	Status / Date	Information	Actions
AVFR6767-113	Electricity Demand Reduction Pilot Auction 1	sdfgsdths	Bid Accepted	Post Processing	<a href="#">View Application</a> <span>New</span> <a href="#">Upload Post Processing Documents</a> <span>New</span>
	Account successfully created Mr Test Applicant		N/A	Welcome & Introduction	<a href="#">View Welcome Message</a> <span>New</span> <a href="#">Clear From Workbasket</a> <span>New</span>

Workbasket Item Count: 2

Login or Sign Up Log Out

**Figure 13: screenshot of application creation form**

70. You have now started an application. Please note that your application does not have to be completed in one go, or in any particular order – you may wish to complete the M&V Documents before you fill in the rest of the information asked for in the Application Form. It is up to you. You can save your application on the portal and you can start again where you left off as many times as you like until you submit it to DECC. Whenever you log off your application is automatically saved.
71. Once submitted, you will be unable to make further changes unless DECC asks you to and returns the application to you. The final version of your application must be submitted to DECC by 15 October, but if you submit it earlier – by 17 September, you will benefit from an additional check by DECC to help improve your application. Please see Figure 25 towards the end of this Chapter for more details.

### How many applications can I submit?

72. You can submit as many applications as you like as long as each satisfies the eligibility criteria. Individual applications can include a single EDR measure or measures across several sites or from a range of technologies. You may include your own sites and measures, and/or aggregate capacity savings on behalf of others (acting as a third-party aggregator).

**Definition of Site:**

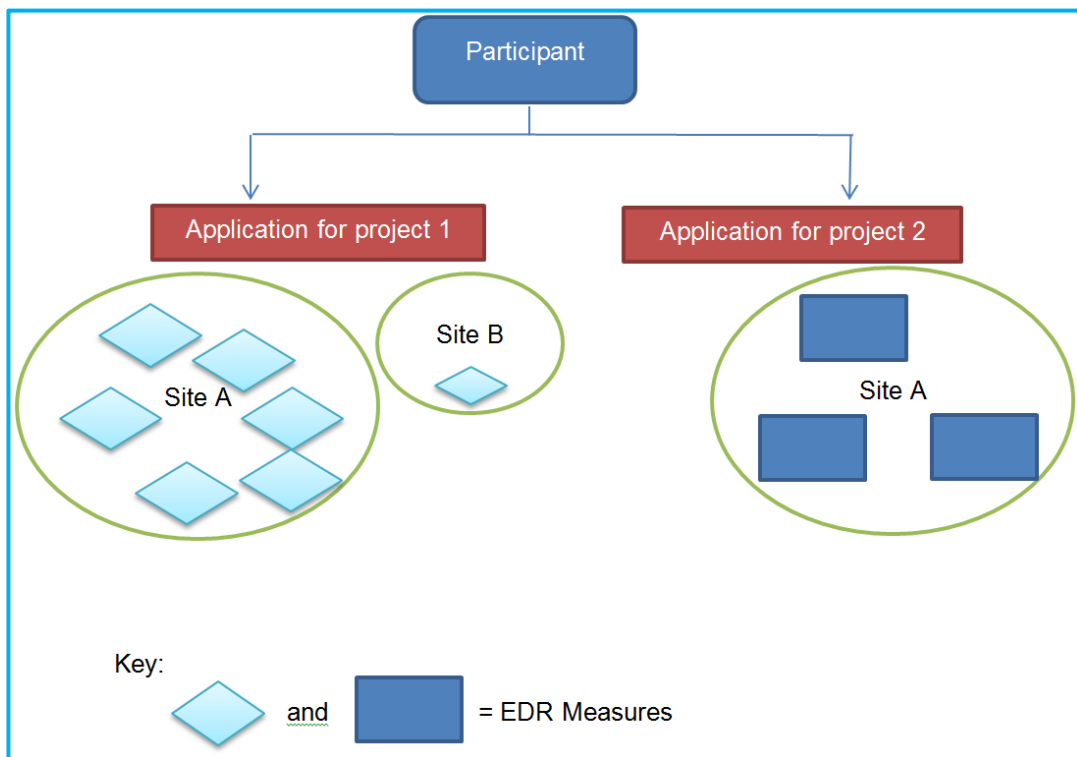
A site is defined as an area of land falling within a continuous boundary which encloses the land used in connection with the operation of an EDR measure. For this purpose, however, an area of land may still be regarded as a single site even if it is dissected by a road, railway line or river. Other non-adjacent parcels of land would not, however, constitute a single site.

Typically this means site will be either a building or group of adjacent buildings on the same piece of land.

The definition of site is designed to support the functioning of the Pilot. It is not intended to act as a barrier to participation. If you have any problems defining the site(s) in your project please get in contact with us to find a mutually convenient solution. You can do this via [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or 0300 068 8488.

**Figure 14**

73. Please note that you cannot duplicate EDR measures in more than one submitted Application Form. So if you include a new cooling scheme at your Norwich plant in Application A, it cannot form part of any other application. Any particular measure must be put forward only once. You cannot include measures funded under Phase I of the Pilot.
74. It is up to you how many applications you submit but if you have a large number of measures across a number of sites, you may wish to consider whether you want to submit a single application or break it up into more than one application. At the auction stage you should bear in mind that if yours is the marginal bid and is too large to be funded in its entirety, you may lose out for the whole amount, while if you have submitted several smaller applications one or more of those might be funded.



**Figure 15: Illustration of 1 participant with 2 applications - Application 1 has two sites and includes several different measures at one site, but a single measure at the second site. Application 2 has a single site, but several different measures**

### STEP 3: PROVIDE CONTACT DETAILS

75. Once you have logged on you will need to provide contact details.
76. We need these to be able to contact you as your application and project progress. Please take care to provide accurate email addresses and phone numbers – and where possible please provide more than one contact. We may need to get in touch with you urgently at some points of the process to give you the chance to clarify or update information, and accurate and multiple contact details are extremely helpful for both you and us. Contact details should be particular to that application as each application will be dealt with separately, so don't worry if it is not convenient to have the same contacts for all your applications. However, you will need to make sure these boxes are completed or you will be unable to submit your application to DECC. You will not be able to submit your application if you do not complete the contact details. Phone numbers need to be written in a certain format (instructions on the Portal).

## Application and Contact Details

The ID for this application is:  
**GHFS0368-260**  
Please make a note of it.  
You will need to use it to name the spreadsheets returned in this application as part of your measurement and verification (M&V) plan and for future communications.

Applicant Details

Organisation Example Organisation

Project Lead Contact

\*Forename

\*Surname

\*Job Title

Address

[Select Address](#)

\*Landline Tel No

Alternative Tel No

Mobile Tel No

\*Email


CC into emails from DECC ☐ 

Figure 16: Application Form contact details

### STEP FOUR: INDICATE THE NATURE OF YOUR PARTICIPATION

77. Next you need to confirm whether you are a **direct participant, a consultant or aggregator**. You need to choose between:

- **Direct Participant**

Your organisation is acting on its own behalf and installing measures within your own organisation.

- **Consultant**

Your organisation is acting on behalf of other organisation(s) on whose premises the new measures would be installed. The Participant Agreement which you will sign if successful in the EDR auction would be in the name of the organisation you are acting on behalf of.

- **Aggregator**

An aggregator is a person or organisation who combines measures which will be installed in different organisations or households to put forward a single application in the EDR Pilot and is responsible for meeting the commitments of the Participant Agreement.

Aggregators will be held responsible for ensuring the projects and constituent clients they put forward meet the scheme's eligibility criteria, and will be held responsible for the performance of their clients. DECC will have no role in any contractual agreement between an aggregator and the clients on behalf of which an application has been made.

78. If you are unsure which category you fit into please contact DECC.

79. If you wish to change your status from that suggested at registration stage you are able to do so – the information entered in the application form is what will be transferred to the Participant Agreement if your bid is eventually successful.

## STEP 5: PROJECT SUMMARY

80. Next, please add a brief summary of your EDR project in the **summary box**. Please provide sufficient information for DECC to understand the nature of your project at a glance. This might include basic information about the site, scale and nature of the projects (before and after) proposed. An example is included in the screenshot below.

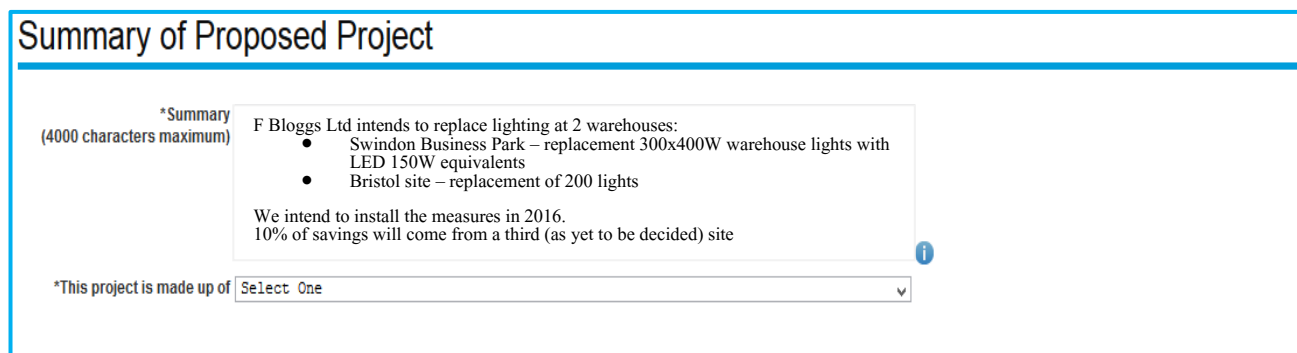


Figure 17: example summary box

81. You should also indicate in this box if your application will include unspecified savings, and what percentage this is.

## STEP 6: INDICATE THE TYPE OF MEASUREMENT METHOD YOU WILL BE USING

82. You need to say here what measurement method you will be using. You can use a single method or a mix of methods. More detail on these measurement methods can be found in Section 1.4 in the M&V Manual.

## STEP 7: COMPLETE YOUR MEASUREMENT AND VERIFICATION PLAN FOR YOUR PROJECT

**Measurement & Verification (M&V)** is the process of using measurements to reliably determine actual savings achieved by an energy efficiency project. Savings are calculated by comparing measured use (e.g. electricity use) before and after a project, whilst making appropriate adjustments as shown below.

Figure 18: Definition of M&V

83. You have now reached a key part of your application. You now need to detail your proposed project. You do this through the completion of M&V Plan(s) depending on your type of project. A separate M&V Manual guides you through the whole process, including how to choose the correct M&V approach and completing the relevant spreadsheets. It is crucial you consult the M&V Manual. The Manual and the various spreadsheets it helps you complete can be found at: [www.gov.uk/electricity-demand-reduction-pilot](http://www.gov.uk/electricity-demand-reduction-pilot) As always if you need help as you go along, please remember to contact DECC on 0300 068 8488 or at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk)

## **STEP 8: UPLOAD YOUR MEASUREMENT AND VERIFICATION PLAN**

84. With the help of the M&V Manual, you will have chosen and downloaded the relevant M&V Plan template(s) (excel spreadsheet) according to the nature of your project and your M&V method. Full details of the correct spreadsheets for each M&V method are in the M&V Manual, however please note that for each method you must upload:
- Deemed Projects – You will upload at least one Deemed M&V Plan (if you have more than one deemed measure you will need to complete a Deemed M&V Plan for each)
  - Metered Project – You will upload a Metered M&V Plan
85. Having completed the correct M&V Plan(s), now you are ready to upload it. The documents then need to be named and uploaded into the EDR Portal. Please see the M&V Manual (Section 5) for detail of how to do this.

### **Unspecified parts of a project**

86. As set out in Chapter 7, following learning from Phase I of the Pilot, you have the ability to choose that you do not specify elements of your project at this stage.
87. Instead you are able to indicate at application that you will specify later (and by 30 June of the year of delivery of savings at the latest) further savings. The unspecified savings can make up to 40% of your total savings – equivalent to a further 2/3<sup>rd</sup> of savings than the total in your core, already specified M&V Plan(s).
88. You need to include the level of unspecified savings that you wish to include in your application in your M&V Summary Sheet. Please see section 4 of the M&V Manual for guidance. You should also mention in the Summary of Proposed Project box that you will be including unspecified savings in your project (see Step 5 above).
89. After the auction you will need to confirm the remaining capacity savings you identified in your application (up to 40% of your total application), which will deliver at least the capacity savings you committed to when signing the Participant Agreement. You must provide updated M&V Documents to do this. See Chapter 13 for more detail.

## **STEP 9: UPLOAD SUPPORTING DOCUMENTS FOR YOUR M&V PLAN(S)**

90. Again the M&V Manual will tell you what evidence you need to support your M&V Plan(s), depending on the measurement approach taken.
91. Where you are required to provide supporting evidence, you now need to upload it to the portal. Please see M&V Manual, Chapter 5 for more detail on how to do this.

## **STEP 10: CALCULATE YOUR PROJECT'S PAYBACK**

92. Next you need to calculate and confirm that your project has, and will have, a payback period of two years or longer.

**Payback = total cost of measures installed in the project ÷ annual £ savings associated with the efficiency measure installed in the project** (the £ savings related to avoided electricity consumption)

e.g. £12,000 cost / £3,000 annual savings = 4 years payback period

**Figure 19: Payback equation**

93. Please enter the total cost of the specified measures in your project in the first box and the annual cash savings you will make in the second box. An automatic calculation of Payback will be made and appear in the third box. If this is lower than 2, you will be unable to submit your application.

### Payback

Please refer to the [EDR Participant Handbook](#) for more information in the first instance.

\*Total cost of measures installed at the site (£)

\*Annual savings associated with the efficiency measure installed at the site (£)

Payback (£)

**Figure 20: Payback screen**

94. Only certain types of costs and savings can be used to calculate payback. These include:
- Costs of measures installed, you may also include installation and delivery costs. All costs can be inclusive of VAT.
  - Estimated kWh savings calculations for your project. This is in kWh rather than kW so that you can calculate the total expected savings of installing the measures for the purposes of calculating payback.
  - You then apply the cost of electricity to your kWh savings to arrive a total savings figure.
95. All other costs (e.g. from shutting a plant down, those incurred measuring and verifying savings or putting an application together) are not eligible for the purposes of calculating payback.
96. Please note that while you will not be required to provide evidence of the payback of your project as part of the application, DECC reserves the right to ask for evidence to substantiate the costs and savings figures provided. This may include, but is not limited to, supplier quotes or calculations of expected savings.

## **STEP 11: ENTER YOUR TOTAL CAPACITY SAVINGS**

97. The next step is to enter the Total Capacity Savings you expect from your project. You will need to enter this amount in the “Total capacity savings for the entire project in kW” box. See below.



\*Total capacity savings for the entire project in kW (This requires you to add together totals from all M&V spreadsheets if more than one used. Please remember this is in kW's not kWh's)

Payback evidence

[Upload New File](#)

**Figure 21: Screenshot of Total Capacity Savings box**

98. Your entry in this box should be based on your submitted M&V Documents – taking the figure from the M&V Summary Sheet. This figure includes both your specified savings and, if you have taken that option, any unspecified savings.
99. If you are considering the option to bid less than the quantity approved in your application (see Chapter 10), you do not need to make a reference to that now. You activate that at bidding. For now, please enter the total capacity savings based on your M&V Summary Sheet.
100. Remember, if the kW calculation produced in the M&V Plan(s) is in 1000s, it could mean that you have (incorrectly) made your calculation in kilowatt hours rather than kW capacity. Please check this carefully. For more detail see the “common pitfalls” section of Chapter 6.
101. If you are uncertain whether your calculation is correct or you have any other queries please do not hesitate to contact DECC at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488. The phone line will be staffed between 9.30am and 5pm on working weekdays during the Pilot. Additionally we may be able to answer calls outside this time. At times of heavy call load or non-business hours, there is the option to leave a voicemail message (we check this regularly) or of course send us an email.

## **STEP 12: INDICATE YOUR DELIVERY YEAR**

102. Next you need to decide which winter you will deliver your savings in. Unlike Phase I of the Pilot, you have a choice as to which year you will deliver savings in. Your options are:
  - You can install by October 2016 for delivery over winter peak period 2016/17; or, if you perhaps need longer to plan or install,
  - you can install by October 2017 for delivery over winter peak period 2017/18.
103. You cannot choose both winter peak periods. You must indicate only one delivery period and you will only be able to enter into the auction and be paid for any savings made in that one winter – not both. **You cannot change your choice after the Auction.** However if you choose 2017/18, there is nothing to stop you from installing as early as you like.
104. For either delivery period, you have the opportunity to make changes to your M&V Plan(s) pre-delivery. Chapter 13 describes the opportunities and constraints on any

changes and the timetable. You will still have to sign a Participant Agreement in March 2016 for both scenarios.

105. To indicate your chosen delivery period please tick the relevant box.



Delivery Year

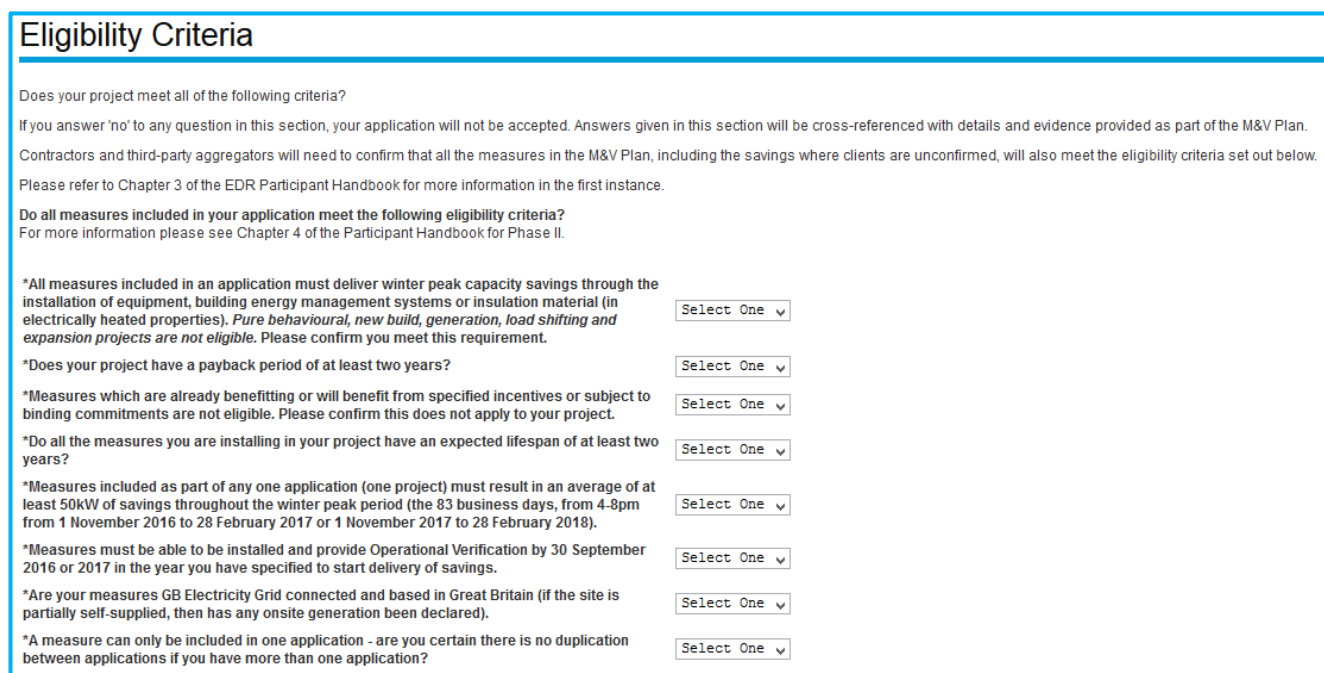
\*Delivery year Select One

Figure 22: Delivery Year

## STEP 13: CONFIRM ELIGIBILITY

106. Before your application is complete, you are now required to confirm eligibility of your project. There is a check list for you to confirm that you have considered all the eligibility criteria and comply.

107. Each of the eligibility criteria has a drop down box for you to select yes/no to confirm your eligibility.



Eligibility Criteria

Does your project meet all of the following criteria?

If you answer 'no' to any question in this section, your application will not be accepted. Answers given in this section will be cross-referenced with details and evidence provided as part of the M&V Plan. Contractors and third-party aggregators will need to confirm that all the measures in the M&V Plan, including the savings where clients are unconfirmed, will also meet the eligibility criteria set out below. Please refer to Chapter 3 of the EDR Participant Handbook for more information in the first instance.

Do all measures included in your application meet the following eligibility criteria?  
For more information please see Chapter 4 of the Participant Handbook for Phase II.

\*All measures included in an application must deliver winter peak capacity savings through the installation of equipment, building energy management systems or insulation material (in electrically heated properties). *Pure behavioural, new build, generation, load shifting and expansion projects are not eligible.* Please confirm you meet this requirement. Select One

\*Does your project have a payback period of at least two years? Select One

\*Measures which are already benefitting or will benefit from specified incentives or subject to binding commitments are not eligible. Please confirm this does not apply to your project. Select One

\*Do all the measures you are installing in your project have an expected lifespan of at least two years? Select One

\*Measures included as part of any one application (one project) must result in an average of at least 50kW of savings throughout the winter peak period (the 83 business days, from 4-8pm from 1 November 2016 to 28 February 2017 or 1 November 2017 to 28 February 2018). Select One

\*Measures must be able to be installed and provide Operational Verification by 30 September 2016 or 2017 in the year you have specified to start delivery of savings. Select One

\*Are your measures GB Electricity Grid connected and based in Great Britain (if the site is partially self-supplied, then has any onsite generation been declared). Select One

\*A measure can only be included in one application - are you certain there is no duplication between applications if you have more than one application? Select One

Figure 23: eligibility criteria menu

108. If you are entering an application where a proportion (maximum 40%) of savings has not yet been specified, your eligibility statement will represent a binding commitment that the whole application, when finalised, will meet these eligibility criteria.

**\* All measures included in an application must deliver winter peak capacity savings through the installation of equipment, building energy management systems or insulation material (in electrically heated properties). *Pure behavioural, new build, generation, load shifting and expansion projects are not eligible.* Please confirm you meet this requirement**

109. You should confirm that you expect your projects to deliver reductions in capacity savings as set out in Chapter 4 on eligibility.
110. If you are confident your project meets, and will continue to meet, this eligibility criterion, select 'yes' from the drop-down box.

**\*Does your project have a payback period of at least two years?**

111. If your project meets this eligibility criterion, select 'yes' from the drop-down box. You will need to continue to meet this criterion and update the payback section of this Application Form as you make any future changes to your M&V Plan(s).

**\*Measures which are already benefitting or will benefit from specified incentives or subject to binding commitments are not eligible. Please confirm this does not apply to your project.**

112. Participants cannot include measures which are already funded by certain incentives or covered by certain binding commitments. More detail on these can be found in Chapter 4 on Eligibility.
113. To confirm that your project meets this eligibility criterion, select 'yes' from the drop-down box.

## Short-Replacement Cycle Products

**\*Do all the measures you are installing in your project have an expected lifespan of at least two years?**

114. This drop-down box requires you to confirm that those EDR measures you have identified to date will have a lifespan of at least two years (defined as 16,000 hours of operation) (unless included as a component of another eligible measure). For the purposes of the EDR Pilot, lifespan is determined by the manufacturer's specification.
115. If you are confident that the measures you have identified to date meet this eligibility criterion and any you are yet to identify will also meet the criterion, select 'yes' from the drop-down box.

## Will you save at least 50kW over the winter peak period?

**\*Measures included as part of any one application (one project) must result in an average of at least 50kW of savings throughout the winter peak period (the 83 business days, from 4-8pm from 1 November 2016 to 28 February 2017 or 1 November 2017 to 28 February 2018).**

116. You will have filled out your M&V Plan(s) to show what eligible peak time capacity you can offer. If this has been done and is 50kW or more, please select “yes” from the drop down. (This will also include any savings not yet specified that appear in your M&V Summary sheet)

## Ability to install measures and provide ‘operational verification’ by 30 September 2016 or otherwise 30 September 2017 as relevant:

**\*Measures must be able to be installed and provide Operational Verification by 30 September 2016 or 2017 in the year you have specified to start delivery of savings**

117. You do not need to provide a plan for or evidence of Operational Verification at this point. This will be needed prior to installation – September 2016 or 2017 – please see Chapter 14 for more information.

## Must be connected to the GB Electricity Grid

**\*Are your measures GB Electricity Grid connected and based in Great Britain (if the site is partially self-supplied, then has any onsite generation been declared).**

118. Any measures included in your project must be based in Great Britain and deliver electricity savings to the GB Electricity Grid.
119. If the site is partially self-supplied, any on-site generation must be declared. To do so please attach a ‘supporting evidence’ file, explaining how / whether this impacts on your ability to deliver electricity capacity savings to the GB Grid at winter peak hours. Sites which are partially self-supplied are not excluded from the EDR Pilot, as long as they are still able to meet the eligibility criterion of the Pilot, including the minimum 50kW capacity savings on the GB Electricity Grid.
120. If you are confident your project meets, or will meet when the whole project has been specified, this eligibility criterion, select ‘yes’ from the drop-down box.

\*A measure can only be included in one application – are you certain there is no duplication between applications if you have more than one application?

## No duplication of measures

- 121. As noted above there is no limit to the number of separate applications you can submit to the EDR Pilot, other than that there is a finite auction pot of £6m. However, you cannot include the same individual EDR measures in more than one application.
- 122. If you are confident your project meets, or will meet this eligibility criterion, select 'yes' from the drop-down box.

## Complete your application

- 123. To complete your application you will need to press 'next'. You will then be asked to complete a series of evaluation questions. You should complete the questionnaire, but the answers do not have any influence on your application.
- 124. You should then complete the declaration box, as below. If you are a consultant, please remember that this should be signed by someone from the company you are working on behalf of.

## Add in other people who can access/work on the application

- 125. You are not always at work – you could be on leave, at a conference or sick at a vital point in the process. It is important that, if possible, more than one person has access to work on your application as some candidates in Phase I faced tight deadlines when their initial contact was unavailable at key times.
- 126. The “Manage Application Access” screen allows you to add in extra people who will be able to see and work on an application as well as yourself (they will also receive e-mail alerts when something needs doing). The majority of questions that DECC will ask are likely to be around documentation and evidence, so if someone other than the project lead is responsible for compiling this work, it would be sensible to include them. These people do not need to be in the same company as you. However, this is not a requirement for submitting your application.
- 127. The person you wish to nominate needs to apply for a Portal account before you do anything else (see the beginning of Chapter 8). They do **NOT** need to start their own separate application.
- 128. Once they have done this, you need to enter their name and e-mail address in the boxes provided. See below
- 129. The system will then match up the Portal account with the e-mail address entered so the nominated person will see that application in their workbasket when they log in. **Each application is separate so you will need to repeat this process for each application you are submitting.**

Department of Energy & Climate Change

Electricity Demand Reduction Pilot Scheme

Workbasket Notes For Completion Guidance and Forms Log Out

### Manage Application Access

This screen is used to control who has access to edit and submit this application.  
For example, if you would like a colleague to be able to edit this application while you are on leave or away from the office, add them using the 'Add Person' button below.  
To add a person, they must have previously registered for an EDR Pilot Scheme account.

[Switch to List View](#)

Name EDR Application TEST9999-125 Team ⓘ

Description EDR Application Contacts ⓘ [Refresh](#)

[Hide All Details](#)

Central Contact Details	Team Coordinators ⓘ	Applicant ⓘ
<b>Test Applicant</b> applicant1@edrc.com +44 (0)20 1234 5678 ⓘ	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

[Save Contacts](#)
[Add Person](#)

[Next](#)

Workbasket Notes For Completion Guidance and Forms Log Out

Figure 24: Manage Application Access screen

### Remember – you can have your M&V Plan checked if you submit slightly earlier

The deadline for final applications is 15 October 2015. However, to help you with the preparation of your M&V plan(s) you can submit your completed M&V plan and supporting evidence to DECC for feedback until 17 September 2015. DECC will review your documents and will aim to provide feedback within 15 working days from the date you sent it to us. The feedback will consist of a general check including; the eligibility of the project, any issues identified with the information provided in your M&V plan or supporting evidence and any discrepancies that are identified. **The review does not guarantee that your project will qualify or that every single issue with your application will be identified at the review stage, so please ensure you read and understand the scheme requirements and complete your application as fully as possible. It is still your responsibility to provide the necessary information to comply with scheme requirements.**

Figure 25

## When will I know if my application is successful?

130. After completing this screen, you have submitted your application. We will assess your application in detail and you should expect a response by December at the latest. At this point, you should receive an email from DECC communicating the outcome and setting out instructions on what to do next on the EDR portal.
131. You may potentially receive an email notifying you that part of your application needs to be updated or amended. Where this is the case you should log on to the portal, click 'application update' and 'start changes'. You should attach any revised documents using the procedures set out in Section 5, clicking on "replace document" if it is a revised version, or "upload new document" if it is something we have asked for that was

not there before. If you have any problems with this process, please contact the EDR team at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488.

132. Participants who are dissatisfied with the outcome of their application have the right to appeal. The EDR appeals procedures will be available at <https://www.gov.uk/electricity-demand-reduction-pilot>.

### **Application Checkbox**

Have you:

- Submitted the application form by 15 October 2015
- (if you want) submitted your Application for review by DECC before you formally apply by 17 September 2015?
- Completed every question on the application form?
  - Contact details, including who you want to receive all communications
  - Whether you are a direct participant, consultant or aggregator
  - A summary of the proposed project including measures to be included, quantities, number of sites and whether there is an unspecified element
  - Your measurement method
  - Your M&V Summary sheet
  - Your M&V plan(s) for deemed and/or metered measures
  - Supporting documents and evidence
  - Filled out the payback boxes to return a number greater than 2 and attached any evidence or explanation needed
  - Filled out the total capacity savings (including any measures you have not specified at this stage
  - Decided on your delivery year
  - Completed the eligibility criteria section
- Completed the evaluation questionnaire?
- Completed the declaration?
- Added in anyone else who might need access to the application?

# THIS CHAPTER HAS BEEN REISSUED. THE REISSUED CHAPTER IS AVAILABLE ON OUR WEBSITE.

The reissued chapter can be found here:

<https://www.gov.uk/government/publications/electricity-demand-reduction-pilot-phase-ii-participant-handbook-and-additional-guidance>

## 10. Bid into the EDR Auction – Deadline for bids 10am 21 January 2016

Log onto the EDR portal and submit your final kW savings level and Auction price.



133. You have received notification via the EDR portal of the outcome of your application.
134. If you have been successful in your application and have been accepted for auction, you will receive an invitation to submit a bid into the EDR Pilot auction.
135. Now, you have until 21 January 2016 at 10am to bid.
136. Your letter will confirm the maximum amount of capacity savings that you are able to bid in the Auction in the specified delivery winter. Please note that you cannot exceed this amount in your bid. However you may, if you wish, bid a lower volume of capacity savings into the Auction as long as the 50kW eligibility threshold is met. Given that, if successful in the Auction, you will have agreed to deliver this level of savings, and that under the Participant Agreement you face reductions in your payments for under-delivery of savings (Chapters 5, 14 and 15), you may wish to exercise this option to increase your chances of your project ultimately delivering the full level of savings bid into the Auction.



### **Bidding less than the quantity approved in your application: an example**

Cacao Ltd has received a letter from DECC confirming that it has 120kW of recognised capacity savings from its initial application for pump replacements in its Lincolnshire Plant. The letter invites Cacao to bid.

**Scenario 1:** Cacao is concerned that it may not deliver all the savings it envisages and is aware that for each 1% of savings not delivered it will lose 2% of its EDR Funding. Cacao therefore chooses to bid 100kW at £80 per kW into the Auction, meaning it has greater confidence that it will secure its full funding and not face reductions for not quite managing to reach the full 120kW. Cacao receives a Participant Agreement for £8000 to deliver 100kW of savings.

Cacao installs its savings as originally planned and passes Operational Verification by providing suitable evidence on a scheme that it anticipates is likely to deliver 120kW – far more than the 100kW required. As a result it receives £1,600 (20% of its £8,000) as a consequence of installing measures expected to meet (and probably exceed) its 100kW agreed capacity savings.

After the Winter Peak Cacao reports on its capacity savings showing that, because its time of operation had decreased, it only actually delivered 108kW. However, as this figure exceeds the 100kW that Cacao bid into the Auction and was included in its Participant Agreement, it has met its requirements and receives its next payment in full, namely £4,800 (60% of its £8,000).

**Scenario 2:** If Cacao was less conservative the situation would have been as follows: Cacao bids the full 120kW into the auction at £80 per kW. Cacao receives a Participant Agreement for £9,600 to deliver savings of 120kW. It installs measures expected to deliver the full savings but because of the reduction in the hours of use, it only delivered 108kW, an under-delivery of 10% - meaning the overall payment would be reduced by 20% (double 10%). This means that all payments would be calculated on a base of £7,680 (£9,600 x 80%).

In both scenarios Cacao delivered the same amount of capacity savings. By under-bidding in **scenario 1**, Cacao took a cautious approach that meant its overall payments were not reduced and its received £8,000. In **scenario 2**, Cacao could have received greater funding, but it was hit for under-delivery and only receives £7,680.

**Figure 26**

### **Entering a bid**

137. When you are ready to bid, please log onto the EDR portal. In your workbasket screen click on 'enter bids' and enter both:

- Your kW capacity savings offered. Remember - this must be at least 50 kW, but can be any amount up to that which has been set out in DECC's letter inviting you to bid; and

- Your £.pence per kW price. This cannot exceed £300 per kW and should be the minimum amount that you are willing to accept for each kW of capacity savings offered into the Auction.

138. Next you need to complete the declaration and then click 'submit'. Please note that once submitted your bid will remain sealed to you (and to DECC) until the auction date and you cannot amend it.

### EDR Bid Form

Your application has qualified to allow you to enter a bid into the Electricity Demand Reduction (EDR) auction. All bids must be submitted electronically through the EDR Portal. Once submitted a bid cannot be amended. Bids will only be opened after the closing date.

Please refer to the [EDR Participant Handbook](#) for more information in the first instance.

#### Participant Details

Participant ID HREJ8722

#### Bid Quantity

Application ID HREJ8722-162

Bid Quantity (kW)

#### Bid Price

\*Bid Price in £/kW (Max 300.00)

#### Declaration

The information contained within this form is the bid price and quantity I am entering into the EDR auction. I understand that I cannot amend this bid once submitted.

If this bid is successful in the EDR auction, I understand that my organisation must sign, and comply with, the Participant Agreement to be entitled to any payment. I am signing on behalf of my organisation.

\*Name

\*Position in organisation

\*Please type 'I AGREE' (in capitals) to confirm you have read and agree to the conditions above

**Your bid cannot be amended once submitted**

**Figure 27: EDR Portal bid entry form**

139. Please note that if you have submitted several applications, you will need to bid for each separately by opening up each application separately and repeating the process described above.
140. You may submit a different £.pence bid and amount of kW savings offered for each separate application should you wish to do so.
141. Please note that this is a competitive auction, and DECC cannot provide advice on what may constitute a successful bidding strategy.
142. The level of capacity savings that you bid into the Auction is the level that you will agree to deliver in the specified year (see chapter 9 step 12). DECC will not accept requests to change the level of capacity savings or the delivery period after the auction and signing of the Participant Agreement.

### Process of deciding auction winners

143. The auction process to be used is a sealed bid pay-as-clear auction. An example of how the auction process works is in Figure 28.

144. We are using this approach for the Pilot as it more closely mirrors the auction format used in the GB Capacity Market than the Phase I auction (please see Chapter 21 for more detail).
145. All the bids will be ranked first by price, and then by size of kW savings offered. As this is a 'pay as clear' auction, all successful bids will be paid at the £.pence per kW of capacity savings offered to the highest priced successful bid. This may mean that you ultimately receive a higher price per kW than you bid.
146. We will fully fund bids up until we allocate the available budget for the Auction.

### **How will winners be notified?**

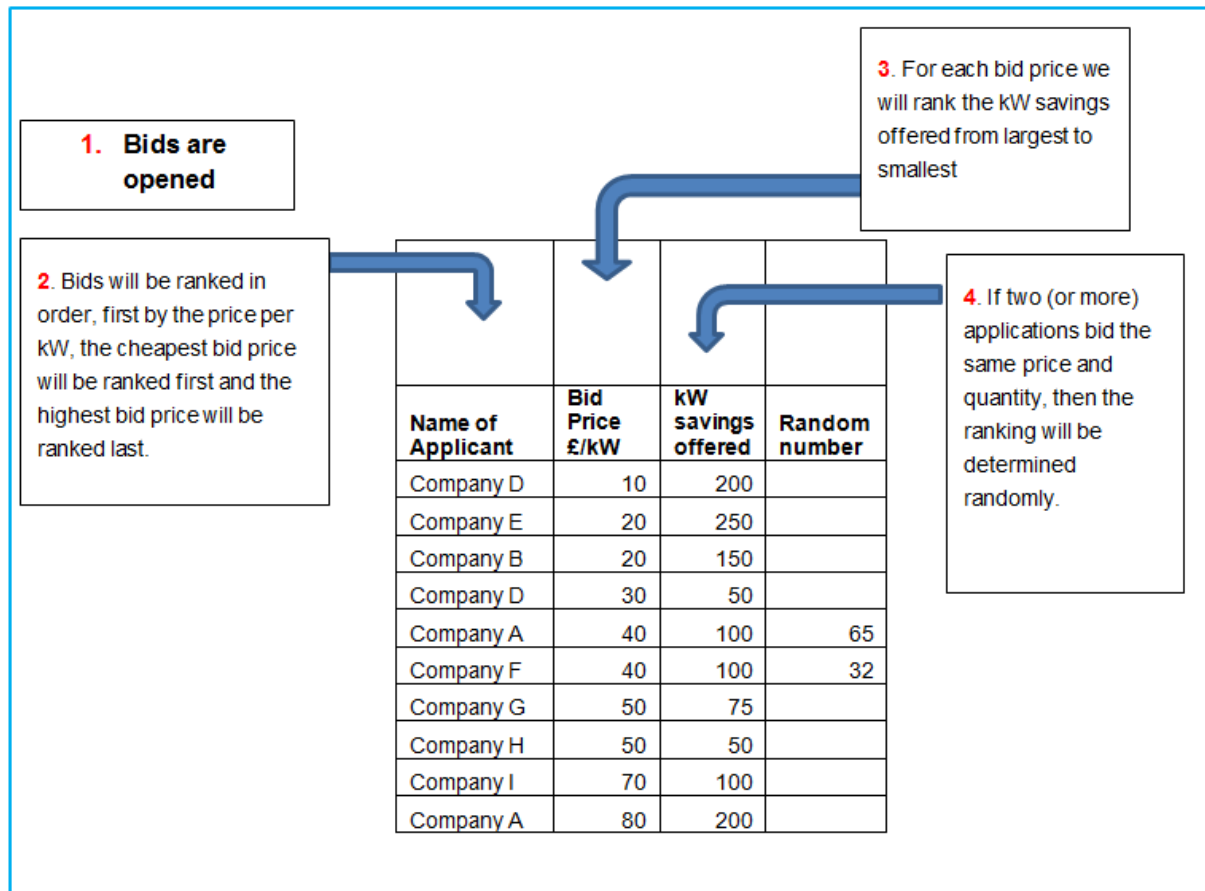
147. The Auction will be held shortly after 10am on 21 January 2016. All participants who entered a bid will be notified by e-mail of the outcome of the Auction afterwards; our expectation is that this would be a number of working days. The Secretary of State will make a public announcement of the Auction results. Successful bidders will be required to sign and return a Participant Agreement (see Chapter 11) by 11 March 2016.
148. There are some instances where the Secretary of State may wish to cancel or annul the Auction results. These include, but are not limited to, value for money issues. The circumstances in which the Secretary of State may wish to exercise her discretion to cancel an auction are likely to be highly unusual events. Bidders would be informed by e-mail if this were to happen.

### **Bidding Checkbox**

Have you:

- Completed the bidding template with
  - An amount of savings you wish to bid for (at least 50kW and up to the amount of the total capacity savings offered in your application)
  - a price in £/pence per kW
  - Your declaration
- Submitted the bid by 10am, 21 January 2016.

**Figure 28: How the auction will allocate funds: An example**



### Allocating the budget in the auction

**5.** DECC will use a computer programme to find the highest bid price which can be paid to **all** bidders for the kW savings offered **within the auction budget**.

All those who have bid **at or below** this bid price (called the auction clearing price) will be winners in the auction and will be awarded the auction clearing price for each kW of savings offered.

**Any bids at a price above the auction clearing price will not be funded.**

				<b>Amount awarded in the auction</b>
				IF THE CLEARING PRICE IS £80/kW
<b>Name of Applicant</b>	<b>Bid Price £/kW</b>	<b>kW savings offered</b>	<b>Random number</b>	
Company D	10	200		£80 x 200 =16000
Company E	20	250		£80 x 250 =20000
Company B	20	150		£80 x 150 =12000
Company D	30	50		£80 x 50 =4000
Company A	40	100	65	£80 x 100 =8000
Company F	40	100	32	£80 x 100 =8000
Company G	50	75		£80 x 75 =6000
Company H	50	50		£80 x 50 =4000
Company I	70	100		£80 x 100 =8000
Company A	80	200		£80 x 200 =16000
			<b>Total amount of money required to fund the projects</b>	102000
			<b>Auction Budget</b>	90000
			<b>Budget Remaining</b>	-12000

**6.** In this example, if we were to pay all bidders the £80/kW bid by the highest bidder, it would cost more than the budget allocated. Therefore £80/kW cannot be the auction clearing price.

				<b>Amount awarded in the auction IF THE CLEARING PRICE IS £70/kW</b>
<b>Name of Applicant</b>	<b>Bid Price £/kW</b>	<b>kW savings offered</b>	<b>Random number</b>	
Company D	10	200		$£70 \times 200 = 14000$
Company E	20	250		$£70 \times 250 = 17500$
Company B	20	150		$£70 \times 150 = 10500$
Company D	30	50		$£70 \times 50 = 3500$
Company A	40	100	65	$£70 \times 100 = 7000$
Company F	40	100	32	$£70 \times 100 = 7000$
Company G	50	75		$£70 \times 75 = 5250$
Company H	50	50		$£70 \times 50 = 3500$
Company I	70	100		$£70 \times 100 = 7000$
Company A	80	200		Not funded
<b>Total amount of money required to fund the projects</b>				75250
<b>Auction Budget</b>				90000
<b>Budget Remaining</b>				14750

8. Company A had 300 kW of savings available for the Pilot and chose to divide this into two applications, when they originally applied. At bidding it then chose to bid at different prices for the different projects.

In this example, only 100 kW of savings offered is awarded funding in the auction.

7. The computer programme will therefore consider the next highest price of £70/kW. It will see if we can afford to pay all auction participants (with bids at or below £70/kW) within the auction budget.

As the total cost is within the budget all projects bidding £70/kW or less will be funded, receiving £70/kW.

Any projects with a bid price above £70/kW will not be allocated any funding because the price that they are willing to accept for the kW savings offered is beyond the budget.

# 11. Sign and return your Participant Agreement - By 11 March 2016

If you've been successful in the Auction, now is the time to make things official by signing the Participant Agreement. This is long and commits your organisation to a range of things so you will want to take time to understand it and who in your organisation will be authorised to sign it. You will be unable to participate if you are unable to return your signed Participant Agreement by the deadline.

5

- Successful bidders sign and return Participant Agreement by **11 March 2016**

149. Now you have been successful at the auction, you need to enter a Participant Agreement with DECC in order to be paid for the savings you deliver. This includes the standard terms and conditions of participation in the EDR Pilot.
150. For information the Phase I Participant Agreement can be found on the EDR website at <https://www.gov.uk/electricity-demand-reduction-pilot> to provide an understanding of what the Participant Agreement looks like. Please note that there have been some changes to the Pilot for Phase II – the key changes are set out in Chapter 6 – and therefore you will be provided with an amended version. It is our intention to publish this in draft by August and we will send a link to it to all registered participants as soon as it is available.
151. Once the Auction results are known, we will send you a hard copy to be signed and returned to DECC – no later than 11 March 2016. The Participant Agreement must be signed by a member of staff of at least Director (or equivalent) level. As with the Application Form, any person who has delegated authority to authorise the project and release funding for it, can sign here.
152. Whether you chose at application to deliver in winter 2016/17 or 2017/18, you must sign before this deadline in 2016.
153. The Participant Agreement will be in place from the date of signing until the final date for completing data and evaluation requirements (i.e. February 2018 at the latest if you install your measures in 2016 or February 2019 at the latest if you install your measures in 2017).

154. DECC will not accept requests for changes to the Participant Agreement terms and conditions. The Participant Agreement sets out the rules of the scheme and applies to all Participants; in order to ensure consistency and equal treatment of Participants, DECC will not accept requests for changes by individual Participants.
155. DECC will not accept requests to change the level of capacity savings you bid into the auction.
156. Under the Participant Agreement DECC reserves the right to reduce, withhold, suspend, or reclaim payment in appropriate circumstances as set out in that agreement – this can include non-compliance with the operational verification obligation or failure to achieve the savings target, but also includes (for instance) other material non-compliance or any reduction or recovery of payments required by law.
157. Alongside the Participant Agreement, DECC will enclose a form for participants to complete setting out basic financial details that will be used by DECC to create your profiles on our electronic payments system (for example the bank account into which you wish to receive payment). You will need to complete and return these via email. These will enable us to pay you when payments are due.

## Aggregators

158. Aggregators rather than their constituent clients will be required to sign a Participant Agreement with DECC. The aggregator will be responsible for delivery of the requirements in the Participant Agreement, will receive the payments, and will be held responsible for the performance of the project(s).

## State aid risk?

159. As mentioned in the Overview section, potential participants should note that implementation of Phase II of the EDR Pilot is subject to State Aid approval and we are working with the European Commission to secure this in time to run the Phase II auction in January 2016. Participants should note that we will be unable to make any payments of EDR funding until approval has been obtained. Participants may want to seek further legal advice to ensure their application complies with all of the relevant laws which apply to their organisation. This Handbook sets out how we anticipate Phase II of the EDR Pilot being implemented and we will keep participants updated as the approval process progresses, including where potential changes to the final design may be required.



**Participant Agreement checkbox**

- A link to a draft Participant Agreement for Phase II will be sent to all registered participants as soon as it is available; our intention is that this will be published in August 2015.
- We will send successful participants a hard copy of the Agreement to sign once the Auction results are known.
- This needs to be signed and returned by 11 March 2016 at the latest

## 12. Possible installation of metering by DECC contractors (for deemed savings projects)

This is a pilot and we need to evaluate how effective our deemed calculators are and so we will be selecting a sample of deemed projects to evaluate them. You might be chosen, but DECC will pay for this and is for evaluation purposes only. The information gathered will not affect the deemed calculator values used to calculate your payments.

6

- Possible installation of metering by DECC contractors (for deemed savings projects)

160. If your application includes an M&V Plan involving the deemed approach to measuring capacity savings (see the M&V Manual for more details) you may be selected for additional monitoring for evaluation purposes. This is in order for us to learn how effective the deemed approaches are.
161. In order to facilitate the deemed monitoring project DECC will work with participants to understand the expected dates of installation of EDR measures, and the emerging nature of those projects which take advantage of the opportunity to make alterations to their projects after the Auction.
162. If you are selected, DECC will endeavour to inform you within 12 weeks of signing your Participant Agreement, though schemes where substantial changes are made to the original M&V Documents, and those for delivery in year 2017/18 may be informed of their inclusion in the deemed metering project at a later date. The precise terms of this arrangement will be spelt out in your Participant Agreement and a copy of this year's version can be found on the EDR website at <https://www.gov.uk/electricity-demand-reduction-pilot> for information, though this will be changing (see Chapter 11).
163. Once you have been selected, you will then need to:
- allow access to DECC-appointed contractors to fit meters soon after the Participant Agreement is signed to permit baseline readings;
  - allow access to DECC-appointed contractors to maintain metering equipment post EDR installation as required; and
  - permit remote monitoring of these meters.

164. DECC's contractors will work with participants selected for deemed monitoring to identify mutually convenient times for meter installations and will seek to minimise disruption to the Participant. Refusal to have a meter fitted may result in the termination of the Participant Agreement.
165. The metering equipment will be paid for by DECC and DECC (or DECC's contractors) will be responsible for ensuring the equipment is working and maintained. However, liability for failure of, damage to, or damage caused by the equipment, which is caused by you and/or your staff/contractors, will rest with you.
166. The metering equipment will provide automated reporting to DECC and the participants selected for this additional monitoring will not be required to take meter readings.
167. The meter will need to be in situ, un-tampered with and undamaged until you are informed that it has been decommissioned. This will be 12 months after the installation of the deemed measure to be monitored, at which point DECC will cease to collect data from the meter and you are free to remove it if you wish.
168. Where a meter is removed or damaged by you or your contractors before the point of decommissioning you will be required to fund a replacement to enable the monitoring to continue. It is particularly important to ensure that contractors do not inadvertently remove a meter which has been installed by DECC at the point of installation of your EDR equipment. You are responsible for ensuring that your contractors understand the need to keep the DECC meter in situ and the implications of not doing so.
169. Any data collected through this process will have no impact on the deemed calculator values used to calculate your payment; the data is being recorded primarily for evaluation purposes. You will still need to confirm the time of use of your EDR measures in your Winter Capacity Savings Report.

#### **Deemed monitoring checkbox**

- If you use the deemed approach to measuring capacity savings, you may be selected for additional monitoring for evaluation purposes only.
- We will inform you within 12 weeks of you signing your Participant Agreement if you have been selected and provide further guidance at this stage.

# 13. Making changes to your project

You can still make limited changes to your project. This section describes how to do this.

7

- Opportunity to make changes to your project by **30 June (for major changes) or 12 August (for minor changes)** of your delivery year

170. Having signed your Participant Agreement and before you install your measures there is an opportunity to make limited changes to your project.

171. You may need to make changes to your project because either:

- things have changed since your original application; or
- at application, you opted to leave some of your project unspecified.

172. Any changes will not change the level of capacity savings that you bid into the auction and the level you have agreed to deliver through your Participant Agreement. If your revisions mean that you will deliver more than you agreed to deliver you will only be able to claim payment in relation to the original kW savings in your Participant Agreement; if you deliver less your project will be subject to reductions in payments as set out in Chapters 5, 14 and 15.

173. The following section details what changes are permissible:

## 1) Changes to your core project

174. The core project is that which you specified in your accepted M&V Plan(s); it does not include the elements that some participants may have chosen to specify later, that are dealt with in this Chapter.

175. We recognise that in the real world, given the time gap between submitting your application and the installation date, things can change.

176. We understand that changes to what you initially planned to deliver occur as a result of business need. If this is the case, you must inform us - guidance on how to do this is set out in the paragraphs that follow.

177. Where business need leads to a change in your project, you are able to replace existing agreed measures with any other eligible EDR measures at an existing or alternative location. In adopting new sites and technologies, you are free to use the most suitable M&V method for these (and are not constrained by what was in your original application).

#### **Changes to project: an example**

For example Australia plc has three sites in its core project and there is a corporate decision to close one of the sites following an unexpected deterioration in market conditions. This site would have provided 10% of Australia's agreed capacity. In this scenario, Australia can amend their M&V Plan to include either more EDR measures at an existing site, or add a new site or technology type, to make up for the likely shortfall in delivery of its agreed capacity. To do this Australia need to submit an updated M&V Plan including an explanation of why this change needs to be made from a business viewpoint.

**Figure 29**

178. In adapting to real world scenarios, Australia plc, in our example, was able to find capacity savings in its own sites. But if this was not possible, a participant is able to find additional savings through alternative sites or even redefine themselves as an aggregator to make up the shortfall in capacity savings.
179. In making any changes to your project you should be aware that DECC will not reduce the agreed capacity or change the delivery year you bid into the auction (which will be specified in your signed Participant Agreement) and that you still need to confirm that the revised project meets the eligibility criteria for the EDR Pilot.
180. Please remember - you still need to deliver the kW savings that you bid into the auction in the specified winter and have now agreed to deliver. We will not increase the available funding even if you deliver more than you agreed to as a result of the changes.
181. If you have any questions please on changes you are considering please feel free to get in contact DECC's EDR team at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488 before making any final decisions on amending your project(s).

## **2) Those who originally applied with unspecified savings**

182. If you chose to submit an application with up to 40% of your capacity savings not yet specified, by June preceding your winter peak delivery year you must provide the detail of how you intend to meet this unspecified commitment in updated M&V Documents.
183. In confirming the unspecified capacity, you are not constrained by the core elements of your project, only by the eligibility constraints of the scheme. As such, you may include EDR measures:

- from any eligible technology,
- at an existing or new site; or
- use any EDR M&V approach as set out in the M&V Manual.

184. You are also able, if you wish, to change the nature of your participation – for example from a direct participant to an aggregator and deliver measures through another organisation.
185. Please remember - you still need to deliver the kW savings that you bid into the auction and have now agreed to deliver. If you have committed to deliver unspecified savings in your Participant Agreement; you must specify them now and ultimately deliver them, or will be subject to the financial consequences of under-delivery see Chapters 5, 14 and 15. Also, we will not increase the available funding even if you deliver more than you bid as a result of the changes.
186. If you have any questions please on changes you are considering please feel free to get in contact DECC's EDR team at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488 before making any final decisions on amending your project(s).

### **Anyone making changes to their M&V Documents**

187. Whatever the reason for you to update your M&V Documents, you are still required to meet all the criteria of the original application, including:
- your project must continue to have an overall payback of 2 years or more;
  - all technologies must have a minimum 2 year replacement cycle;
  - your project must still be fully installed in the year in which you committed to start delivering capacity savings in the Participant Agreement and all revised M&V Plan(s) and supporting evidence will need to be provided and agreed in advance of installation.
188. We strongly recommend that you contact DECC's EDR team at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488 before making any final decisions on amending your projects.

### **Timing of Making Changes**

189. We recognise that some changes to plans may be major (for example identifying entirely new sites) whilst others may be relatively minor (a slight change to the exact type of lighting being installed).
190. A **major change** includes:
- anyone who opted to include an unspecified element at application – this is the time when you must specify your project; **or**
  - any change to the project you originally specified at application that represents more than 50% of your agreed capacity savings of your project (i.e. the total savings in your Participant Agreement); **or**

- involves changes to the originally specified project that involves a new site or technology type.

191. A **minor change** is defined as any change that only involves changes within the technology types at the sites already specified in your application and only affects less than 50% of the total agreed capacity savings of your project (i.e. the total savings in your Participant Agreement). If you have chosen to underbid, then the agreed figure in your Participant Agreement is the relevant one (see explainer box below).
192. Please note that you are **only allowed to make one major and one minor update to your project** so please ensure your project has reached a level of stability before notifying us of any changes.
193. Processing and agreeing minor changes requires less time, so Participants are given more time and therefore a later deadline by which to notify us of any such changes.
194. If the changes that you have planned are extremely minimal please contact us before updating your M&V Plan(s), as we may judge that no update is required.

**Under-bidding and the 50% threshold for a major change: an explanation**

All those that took the unspecified option count as a major update at this stage. For those that did not, the decision on whether your changes qualify as less than 50% of capacity savings is based on the savings level that you agreed to deliver.

So if, for example, your project had an M&V plan for 120kW of capacity savings but you had chosen to underbid for 100kW, the key figure is 100kW that you agreed to deliver. If you have changes relevant to more than 50kW (50% of 100kW) then those changes need to be treated as a major change.

**Figure 30**

195. The precise amount of time available for updating will be confirmed when you have signed your participant agreement, as the volume of participants in Phase II of the Pilot will impact on the amount of time we are able to offer. Our anticipation is that the deadlines will be as follows. If your project will be delivering capacity savings between November 2016 and February 2017, the deadlines are expected to be:
- **major update:** you must notify us of the changes (or any unspecified portions of your original application) no later than 30 June 2016
  - **minor update:** you must notify us of the changes no later than 12 August 2016
196. If your project will be delivering capacity savings between November 2017 and February 2018, the deadlines are expected to be:
- **major update:** you must notify us of the changes (or any unspecified portions of your original application) no later than 30 June 2017

- **minor update:** you must notify us of the changes no later than 12 August 2017

197. The final dates provided will be absolute cut off points. You are encouraged to submit any revisions for approval sooner where feasible to enable you to have the maximum possible time to install the measures following approval prior to the winter peak period.
198. If you have any questions on the above then you can contact us on [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or 0300 068 8488.

### How to notify us of an M&V revision

199. To notify us of either a major or minor change you are required to provide:
- **The M&V revisions template:** this is a short template that you use to summarise any changes you are making to your project including providing details of any unspecified portions of your project (e.g. location, technologies, kW savings, M&V approaches). This will be made available in due course.
  - **A revised version of your measurement and verification documents** with the updated details of your project – this involves both M&V Plan(s) and supporting evidence (e.g. as with your original application you will need to provide manufacturer specifications for each replacement measure that is being installed in your project and/or a supplier quote to substantiate the kW savings of the measure being installed). Please see Section 6 in the Manual for more information.
200. To provide these you need to let us know that you need to update your application and we will return it to you for update. You will then need to log onto the EDR Portal and upload your revised documents. You will also need to recalculate your payback. Details can be found in the M&V Manual Section 6.
201. As always, if you have any questions on changes you are considering please feel free to get in contact DECC's EDR team at [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or on 0300 068 8488 before making any final decisions on amending your project(s).

### What happens after submitting revised M&V Documents?

202. As with the original application, DECC will review your revised M&V Documents.
203. DECC will inform you of a decision on your revised M&V Documents within 20 working days of receipt of your application. If we have further questions we may return your application for a further update, which you will have to return within the specified deadline. If we do this, it will extend the time period in which we are able to provide a decision. We will endeavour to process any revisions in a timely manner but the total time taken will depend on the information provided and how quickly any requests for further clarification or information are responded to.
204. If successful you will be notified that the revised M&V Documents have been accepted and that you are 'cleared' to commence with installation of the measures. You should



not install any measures until you have this clearance; if you do so it will be at your own risk.

205. If the revised M&V Documents fails to provide the necessary details of your project this may delay when delivery of your savings start to be recognised and if it does not provide the necessary details, even after updates have been provided, this may ultimately result in a delay to in the termination of your Participant Agreement.
206. Please remember, if your revised and accepted M&V Documents enable you to deliver more capacity savings than you agreed to deliver you will only be able to claim payment in relation to the original kW savings in your Participant Agreement.
207. If changes mean you indicate you expect to deliver a lower anticipated level of kW savings than that agreed, you will be subject to reductions in payments as set out in Chapters 5, 14 and 15.

#### **M&V Plan Revision checkbox**

- The deadline for providing updated or revised M&V plans is expected to be:
  - 30 June prior to the winter peak in which your project will deliver savings for major updates and for providing details of any unspecified parts of your project
  - 12 August prior to the winter peak in which your project will deliver savings for any minor updates
- For all updates or revisions make sure you have uploaded, via the portal:
  - an M&V revisions template
  - updated versions of your M&V plan
  - any supporting evidence that is required as set out in the M&V

# 14. Install, then confirm Operational Verification of EDR measures

You now need to demonstrate that the planned measures have been installed correctly.

8

- Install, then confirm Operational Verification of EDR measures by **30 September** of your delivery year. First 20% payment triggered.

208. Once you have had any necessary changes to your project agreed, you may install your measures. Once you have completed your installation, you need to complete Operational Verification. The purpose of Operational Verification is to ensure that measures have been installed and is operating correctly. This is an essential part of realising expected savings as equipment that is not installed correctly can perform poorly. Successfully completing Operational Verification will also trigger your first payment under the Pilot.

209. Operational Verification involves providing:

- A commissioning certificate for each equipment type included in your project including information on all the equipment installed and installation dates at each site.
- This should include as a minimum:
  - Registered company name and address, and site addresses where the measures were installed
  - A full list of the equipment installed with the date of installation
  - The customer's printed name and signature, on behalf of their company
  - The equipment supplier's name and address
  - The installation engineer's printed name and signature
- A completed operational verification template that summarises the evidence you are providing and how it relates to your project
- We also reserve the right to ask for the receipts/proof of purchase covering the measures included in your project. Make sure you keep hold of the relevant paperwork so that it is available if requested.

210. This needs to be provided latest by 30 September in the year your delivery starts so we can confidently agree and confirm you are ready to deliver from 1 November. So, for participant agreements which commit you to:

- **Delivering in Nov 2016 – Feb 2017** then you must provide operational verification evidence by 30 September 2016.
- **Delivering in Nov 2017 – Feb 2018** then you must provide operational verification evidence by 30 September 2017.

211. Please refer to Section 7.1 of the M&V Manual for full details regarding the submission of Operational Verification evidence and completion of the Operational Verification Template, this will be available in due course and before you are offered a Participant Agreement to sign.

### What happens after submitting Operational Verification evidence?

212. If you provide evidence of Operational Verification for each measure in your project consistent with delivering the level of savings you have agreed to in your Participant Agreement, DECC will confirm receipt and respond within an estimated 15 business days to confirm whether we consider that you have complied with the OV requirements. These requirements will be confirmed and set out in the Participant Agreement that you will have signed by this stage.
213. We may come back to you if we have questions on the evidence, using the procedures set out at the end of Chapter 9 on EDR portal update requests. DECC may also request an inspection.
214. Where DECC determines that you have failed to comply with the Operational Verification Obligation, or failed to provide suitable evidence, capacity savings will only be counted as commencing on the date at which satisfactory OV evidence was received. This will have an impact on the payment you receive at OV stage.
215. For example if you have agreed to deliver a project that includes LED lighting and a more efficient motor, and the Operational Verification only includes LEDs, only delivery of capacity savings relating to LEDs may be eligible to count towards the capacity savings declared in the Winter Capacity Savings Report.
216. If satisfactory evidence is not received before the end of the winter peak period on 28 February 2017 or 2018 (depending on your installation year) the Participant Agreement may be terminated and you would receive no payment. You should note that for a project that has consistent use throughout the winter peak failure to report before the end of December, would mean we would only count savings from then, which would mean under-delivery of half your savings and lead to a full loss of your EDR funding (see Chapter 15 for more information on under-delivery).

### **Operational Verification and under-bidding: an explanation**

Operational Verification is to ensure that measures have been installed and are operating correctly. It is one step on the journey to delivering your capacity savings that you agreed to deliver in your Participant Agreement. In Phase II, we are also offering to provide 20% of your total EDR Payment after successful completion. In completing OV successfully, DECC is seeking to be satisfied that you have completed installation of your project and would like proportional reassurance that you are on broadly on track to deliver at least the level of capacity savings you agreed to deliver. As such if you opted to under-bid into the auction, for example, you had an M&V plan for 120kW of capacity savings but had chosen to underbid just 100kW, the key figure is 100kW that you agreed to deliver. We are therefore looking for OV compliance that is broadly consistent with this level.

**Figure 31**

### **Payment**

217. If DECC is satisfied that you have demonstrated effective installation of the measures in your project to meet the capacity savings that you have agreed to, you will receive 20% of the EDR funding. There will be no additional payments for exceeding delivery of capacity savings.
218. Upon acceptance of your operational verification evidence, DECC will aim to confirm the total payment you are due within 30 business days, assuming there are no outstanding queries. Following this, the payment should be made within standard DECC payment timescales – of up to 30 business days.
219. This will be paid to you using the bank details that you provided at the time of your participant agreement.

### **Consequences of partial or non-delivery**

220. As set out in Section 5, for every kW of capacity savings you fail to deliver there will be a two-fold reduction from your overall EDR Payment.
221. Where it is clear at Operational Verification that you will not deliver your total agreed capacity savings, in calculating the Payment due after Operational Verification, we will first adjust the overall EDR Payment. The overall EDR Payment is the amount set out in your Participant Agreement.
222. Please note that the recalculation will take place where it is clear that the agreed capacity savings cannot be delivered. Examples of where this could happen include:
  - you are using the deemed savings methodology to calculate your savings and we have agreed updated M&V Plan(s) with a lower savings level than the agreed savings in your Participant Agreement and Operational Verification has been completed to confirm this adjusted and agreed total. In these circumstances we will use your deemed calculator to estimate how short of your agreed capacity savings you are likely to be. We will do this in a conservative, proportionate and reasonable

manner, but where it is clear that a level of under-delivery is expected we will adjust your payment according to the level of overall savings we anticipate. If your Winter Capacity Savings Report (which provides evidence of the actual savings delivered) indicates that you were over-paid at Operational Verification, we will correct this at that stage through Payment number two. This will be detailed in the Participant Agreement that you will have signed by this stage.

- You indicate to us in writing that you will not be delivering the savings originally anticipated and indicate this different level in the evidence provided at OV.

223. Failure to complete the requirements of Operational Verification by the 30 September deadline may result in a decrease in payment pending your revised evidence, although in this circumstance the deduction would not carry forward into subsequent payments.

#### **Under-Installation: an example**

For example, Authorised Ltd has agreed following auction to provide 400kW of capacity savings at a price of £50 per kW, a total EDR Payment of £20,000. If Authorised completed OV successfully in line with its M&V Plan to deliver 400kW, it would receive its first EDR Payment at this stage. This is 20% of the overall payment ( $£20,000 \times 20\% = £4,000$ ).

However, if it was absolutely clear at Operational Verification that Authorised Ltd would only deliver 320kW of savings, we would recalculate the overall EDR Payment expected (using the two-for-one formula). For example, 320kW represents delivering only 80% of savings. This is a 20% shortfall in agreed capacity savings. This would mean the overall EDR Payment would be reduced by double 20%, i.e. 40%. So in this example, Authorised Ltd would be due overall not £20,000, but just £12,000 (60% of £20,000). The Payment to Authorised Ltd following Operational Verification would then be equivalently reduced to be 20% of the new total i.e. £2,400 (20% of £12,000).

**Figure 32**

### Operational Verification Checklist

If your project will be delivering savings over the winter peak:

- **Nov 2016 – Feb 2017** then you must provide operational verification evidence by 30 September 2016.
- **Nov 2017 – Feb 2018** then you must provide operational verification evidence by 30 September 2017.

Evidence to demonstrate the purchase and installation of your measures must include:

- For ***each type of equipment*** included in your project you will need to provide a commissioning certificate. This should include as a minimum:
  - Registered company name and address, and site addresses where the equipment was installed
  - A full list of the equipment installed with the date of installation
  - The customer's printed name and signature, on behalf of their company
  - The equipment supplier's name and address
  - The installation engineer's printed name and signature

# 15.Measure and Report capacity savings over Winter Peak

Everyone needs to notify DECC if they ran the measures at the times agreed in their M&V Plan(s) and Participant Agreement. Those not relying on deemed measurement need to submit additional information on meter readings etc.

9

- Measure and report capacity savings over the Winter Peak by **14 April 2017 or 13 April 2018** depending on delivery winter. Second 60% payment triggered.

224. After the end of the relevant winter peak period you will need to provide proof that you have delivered the capacity savings committed to in your Participant Agreement.
225. Successful completion of a Winter Capacity Savings Report for all agreed savings will trigger a payment of 60% of your overall EDR Payment as set out in your Participant Agreement.
226. This section should be read in conjunction with the M&V Manual. Please refer to Section 7 of the M&V Manual for further detailed information regarding the reporting of capacity savings.

## Timings

227. If you chose delivery year 2016/17 you will need to report on the winter peak (business days, 4-8pm, November 2016 to February 2017) by 14 April 2017.
228. If you chose delivery year as 2017/18 you will need to report on the winter peak (business days, 4-8pm, November 2017 to February 2018, by 13 April 2018, though you can install earlier than 2017 if you wish.

## How to report on your winter peak savings

229. A Winter Capacity Savings Report (WCSR) will include:
- confirmation of the actual time of use of the new measures over the winter peak period for which your project delivered savings (either Nov 2016 – Feb 2017 or Nov 2017 – Feb 2018).

- If you are using a deemed approach this involves confirming the actual time of use of measures installed in the 'Actual Time of Use' tab within your Deemed M&V Plan;
  - For metered projects this involves confirming the actual time use of measures installed in the "Actual Time of Use" tab within your Metered M&V Plan
  - For those using metered approaches the documented demand reduction is derived from your meter readings. Your report should be prepared once data that is representative of electricity use over the winter peak is available and submitted by completing the "Winter Peak Reporting" tab within your baseline spreadsheet(s).
230. Projects with deemed measurement approaches do not need to send DECC any meter readings, (If DECC has installed a meter at your site this will send automated updates to DECC on electricity use and the findings will not affect the level of your payments).

**Please refer to Section 7 of the M&V Manual for detailed instructions on how to complete the Winter Capacity Savings Report (WCSR).**

### **What happens after sending the Winter Capacity Savings Report to DECC?**

231. Upon receipt of your reported savings DECC will email you within 30 business days to confirm whether or not we accept the evidence in your report (for example, we will check that the report has been fully completed, that where relevant the required data and evidence has been provided, whether there are any anomalies etc.). You may receive an email requesting further information / clarification before DECC is able to confirm acceptance of your report and evidence. Where this happens, updates should be provided on the portal through clicking on 'upload post processing documents' and 'upload new file'. Please use the file naming convention in Section 1.7 in the M&V Manual.
232. If DECC is satisfied with the evidence, the response will also confirm the level of payment to be made. If DECC is unsatisfied that the required evidence has been provided, we will write to you seeking any missing information.

### **What happens next – when do I receive my money?**

233. Upon receipt of your Winter Capacity Savings Report, DECC will aim to confirm the total payment you are due as soon possible and within 30 business days, assuming there are no outstanding queries. Following this, the post WCSR payment should be made within standard DECC payment timescales – of up to 30 business days.
234. There will be no additional payments, or reductions, for exceeding delivery with larger capacity savings than those committed to in your bid.

### **Reductions in payment due**

235. If you have delivered at least the capacity savings set out in your Participant Agreement, you will now receive a payment of 60% of your overall EDR funding.



236. If you have reported capacity savings that are lower than that set out in your Participant Agreement, you will receive a lower payment on the basis of the approach set out in Section 5. Namely that for each 1% of agreed capacity savings not delivered your payment will be reduced by 2%.
237. At this stage, we will also make any adjustments to your payment to account for any under- or over-payment in your first OV Payment. This payment was based on the expected savings you would deliver. This may have proved too optimistic or pessimistic and so will be corrected at this stage.

#### **Adjustments to payment after receipt of Winter Peak Savings Report: an Example**

Galileo PLC had agreed to deliver 200kW of capacity savings in their Participant Agreement at £100 per kW – a total EDR funding of £20,000. Galileo then provided satisfactory evidence at OV that they had installed EDR measures to deliver the 200kW savings. At that stage they received an initial 20% payment of £4,000. When Galileo submitted their Winter Peak Capacity Report based on meter readings and time of use evidence, they indicated that they only delivered 190kW of agreed capacity savings. Their post-Winter Peak payment would be calculated as follows:

- Step 1: Delivered savings in kW: 190kW
- Step 2: Calculate the value of the capacity shortfall: 10kW or 5%
- Step 3: Multiply under-delivered capacity by two: 20kW or 10%
- Step 4: Scale down overall grant payment by 10%:  $£20,000 \times 0.9 = £18,000$  total EDR Funding.
- Step 5: Calculate total payment due at Winter Capacity Savings Report and OV combined (combined 80% of total EDR funding) =  $£18,000 \times 0.8 = £14,400$
- Step 6: Subtract payment made at OV stage =  $£14,400 - £4,000 = £10,400$

As such where it is revealed an over-payment or under-payment was made at OV, DECC will correct that in the WCSR payment.

**Figure 33**

238. In the scenario where you have already received payment at operational verification stage in excess of the total payment you would be due, you will be requested to repay the excess grant you have already received by a set deadline (as set out in Participant Agreement). In addition, as set out in your Participant Agreement, legal action may be taken to recover costs already paid where a participant has acted fraudulently or in bad faith.

### **Reporting Capacity Savings over Winter Peak Checkbox**

Have you:

- Completed measuring your hours of operation and (for metered M&V projects only) capacity savings over Winter Peak?
- Have you submitted your Winter Capacity Savings Report to DECC by 14 April 2017 or 13 April 2018?

# 16. Submit Final Report

These are your final actions in the EDR Pilot. Again, it applies to all projects, but there's more to do if you are on a measured M&V Plan.

10

- Submit Final Report **1 December** after delivery winter. Final payment of 20% triggered

239. Evaluation is a key component of the DECC EDR scheme and you are expected to participate fully in evaluation activities. This may involve for example participation in telephone interviews, taking part in focus groups or providing additional information on your EDR project. Full details on the EDR evaluation are set out in Chapter 18. Once you have done this, and met all of the M&V requirements of the scheme, you are ready to complete your Final Report.

240. The Final Report is comprised of two key elements:

## Provision of data – the Final Data Request

241. Provision of meter readings is required for metered schemes. No further meter data beyond is required for schemes with deemed M&V approaches. The specific request for metered schemes depends on measurement approach and operating cycle.
242. Details of how to compile and submit your Final Data Request are set out in Section 7 of the M&V Manual.
243. To return this to DECC, log onto the EDR Portal and click 'upload post processing documents'.

## Final Evaluation Questionnaire

244. You should download and complete a copy of the final evaluation questionnaire from <https://www.gov.uk/electricity-demand-reduction-pilot>. You can view the Final Evaluation Questionnaire from phase I of the EDR scheme here as well. There will be some changes to the Questionnaire for phase II of the scheme but this will give you a strong guide as to the nature and extent of the questionnaire. Once you have collected your information we would expect it to take 1-2 hours to complete this questionnaire. Once complete, attach the questionnaire to the EDR portal via clicking 'upload post processing documents'.

## Timings

245. The earliest point at which a Final Report and evaluation participation confirmation can be accepted is 8 weeks after the submission of the Winter Capacity Savings Report. This is to permit evaluation activities related to the WCSR to be completed.
246. The date at which you can submit your Final Report is also affected by the date on which you installed your EDR measure, as the Final Data Request in many cases requires the provision of 12 months' of post-EDR installation data. (See section 7 of the Manual for further information.) Therefore:
- Those who chose to deliver their EDR savings in 2016/17 will submit their Final Report between 26 April 2017 and 1 December 2017, depending on how quickly they install their measures.
  - Those who chose to deliver their EDR savings in 2017/18 will submit their Final Report between 26 April 2018 and 3 December 2018, depending on how quickly they install their measures.
247. Payment of the final 20% component of your EDR funds is based on your satisfactory completion of evaluation activities and the Final Evaluation Questionnaire, and (where relevant) the completion of the Final Data Request. DECC will aim to confirm that these requirements have been met within 15 days of receipt of your completed Final Report. Once DECC is satisfied that the Final Report requirements have been met, payment should be made within standard DECC payment timescales of up to 30 business days.
248. The payment arising from provision of the Final Report and participation in evaluation activities will be up to 20% of the maximum funding set out in your Participant Agreement, 20% would be payable if you have delivered all of your agreed winter peak savings as confirmed by DECC after the Winter Savings Capacity Report (WCSR). If you did not deliver all of the agreed savings the maximum grant would have been reduced at WCSR (as set out in Chapter 15) and the remaining 20% of the re-calculated maximum funding would be payable at this stage. DECC will confirm that the Final Report and evaluation participation are acceptable within 30 working days and will the make payment to your nominated bank account within a further 30 days.

### Final Report Checkbox

Have you:

- Completed the evaluation activities requested of you?
- Submitted your Final Data Request to DECC (unless you are using deemed savings)
- Submitted a completed Final Evaluation Questionnaire

# 17. Inspections

If needs be, we retain the right to inspect EDR projects. This chapter sets out the circumstances in which we may do this.

249. A condition of participation in the Pilot is that projects may be subject to inspections. These may be carried out by DECC or by a third party acting on behalf of DECC.
250. Inspections can be carried out at the discretion of DECC. In the event that an inspection is required participants will be given reasonable notice and will be notified which site(s) are subject to inspection.
251. Inspections may be conducted to verify compliance with the Participant Agreement and information and evidence provided in your Application, M&V Plans, Operational Verification evidence, Winter Capacity Savings Report and the Final Report. This includes assessing the potential for projects to deliver savings and verify actual savings delivered. They may also be used to help resolve disputes or discrepancies identified by DECC or our agents.
252. The kinds of activities that may be included in a site inspection could include:
- inspection of existing and/or replacement measures installed at the site;
  - that measures are installed and appropriately configured (this may include inspecting documentation such as commissioning certificates);
  - the time of use of measures installed at the site, which can be cross checked against information provided in the M&V Plan(s) and any associated documentation (for example operational schedules, etc.);
  - metering is appropriate and configured properly and methods for data collection and storage are appropriate; or
  - collecting evidence such as sampling of electricity usage using clamp metering.

## When inspections will be required

253. Our intention is to take a risk-based approach to prioritising projects for inspection (for example larger, more complex projects or where issues have been identified) but other projects may be selected as part of a random audit to monitor overall compliance with the Scheme.
254. By signing a Participant Agreement, participants agree that they will allow inspections. Where an inspection is required we aim to inform the participant of the date, the outcome of the inspection and any reductions to the payment due to non-compliance within 15 working days of the inspection taking place. Payment may be delayed if an

inspection is required. Unreasonable non-compliance with the site inspection requirement, for example the absence of mitigating circumstances (for example illness) may result in the termination of the Participant Agreement or require re-payment of funds already paid to participants or other appropriate action. The collection of data and information on the performance of measures installed is a fundamental part of the scheme and the inspection regime helps to ensure this evidence is robust. Therefore unreasonable non-compliance with the inspection regime is considered to be a material breach of the Participant Agreement. DECC will determine whether the participant's refusal to allow an inspection is reasonable.

## Section C: Other Information

### 18. Evaluation Activities

255. The evaluation forms an essential part of the EDR Pilot scheme allowing the Government to learn from the Pilot so as to make decisions about any enduring regime. Therefore your participation in evaluation activities is extremely important to us.
256. If you register for the scheme but do not sign a Participant Agreement, you may be contacted requesting an interview. It would be much appreciated if you could spare the time so that we can learn from your experiences of the scheme.
257. If you enter into a participant agreement you will be required to spend up to a maximum of 10 hours participating in evaluation activities, such as interviews (face-to-face or telephone), completing questionnaires, participation in focus groups or workshops. From time to time the evaluation team may wish to contact you to follow up on anything of interest raised in previous evaluation activities. Time involved in these follow up activities and any preparation required is included within those ten hours.
258. A list of likely evaluation activities is shown below but these may change as our plans develop:
- Up to six phone interviews spread across 2015 - 2018 to assess process of implementing projects and completing EDR reporting requirements.
  - Potential site visits during 2017 and 2018 to verify project implementation details and reported impacts at each site.
  - Supplemental, written requests for additional or clarifying project-related details, such as pre-existing and replacement technology specifications, updated information on installed project costs, final details regarding sources of project financing, etc.
259. If you are an aggregator, these evaluation activities will only be with yourself not the third-parties that you are aggregating but we reserve the right to contact those that you are aggregating to ask them if they would be willing to participate in separate activities.
260. You will be alerted to upcoming evaluation activities through emails from the EDR project team. The evaluation team will then contact you directly to arrange suitable dates and times.
261. The majority of evaluation activities are expected to take place in your place of work although on occasion you may be required to travel. For example we may conduct focus groups in various locations around the country and you would be required to travel to the location nearest to you. If travel is required you will be reimbursed for reasonable travel and subsistence (for example no first class travel).

262. For deemed projects selected for additional monitoring any time involved in organising site access is also not included in the ten hours.
263. If you are unable to attend any pre-arranged evaluation activity you should contact the evaluation team as soon as you are aware to make alternative arrangements.



## 19. Appeals process

264. Dispute resolution processes will apply where applicants/participants consider that DECC has failed to correctly apply the procedures set out in the Handbook or M&V Manual. These are set out in full on the DECC website at <https://www.gov.uk/electricity-demand-reduction-pilot>
265. If participants have any complaints about decisions made by DECC during the registration process, they should contact DECC with supporting documentation (as soon as possible and within 5 working days in order to ensure issues can be considered as far as possible before the auction). Where appropriate (i.e. for example, where DECC's decision is alleged to have caused an applicant to fail to proceed through the registration process, and this cannot be quickly and easily rectified), the complaint will be handled by officials unconnected to the original decision. DECC would aim to respond within 10 working days.
266. Complaints and disputes arising following the signing of a Participant Agreement will be dealt with in accordance with the terms of that agreement.

## 20. Use of information

267. All the information generated through the EDR Pilot and its evaluation activities is covered by the following information policy. This includes all information submitted to DECC or our Agents by participants such as the information in the Registration and Application Forms, the M&V plans, the Operational Verification, the Winter Capacity Savings Report and the Final Report. It also includes information on the outcomes of the EDR Pilot such as the number of bidders, the total amount of EDR capacity we are funding and the weighted average bid price. It will also include information collected on behalf of DECC by the EDR Pilot's evaluation contractors in the evaluation activities such as interview responses.

### Sharing Data with Other Organisations

268. The information collected through the EDR Pilot may be shared with organisations working on behalf of DECC and those conducting research in related areas on a basis of what is necessary and sufficient to complete the activities they are conducting and in line with the above policy on protecting personal and publishing commercially sensitive information.
269. Those organisations working on behalf of DECC will include contractors supporting delivery of the EDR Pilot process (such as providing technical expertise to advise on and quality assure the measurement and verification of capacity savings) and others carrying out the evaluation
270. The information collected will also inform auditing processes therefore we may share this data with other Government Departments, Ofgem and any other bodies who are entitled to it by law.
271. Any organisation that we share information with will need to ensure that all appropriate regulations are adhered to regarding safe storage and transfer of data, compliant with DECC requirements for the data processing of restricted data.
272. Data may be linked to other surveys and datasets and summarised results published.

### Personal Data

273. DECC has a duty under the Data Protection Act 1998 to follow strict rules called 'data protection principles' when using personal information. That includes ensuring that the information is:
- used fairly and lawfully;
  - used for limited, specifically stated purposes;
  - used in a way that is adequate, relevant and not excessive;

- accurate;
- kept for no longer than is absolutely necessary;
- handled according to people's data protection rights;
- kept safe and secure; and
- not transferred outside the UK without adequate protection.

274. These principles will apply to any personal data (within the meaning of the Act) collected through the Pilot and evaluation activities.

275. Please note by providing your contact details on the EDR Portal you are giving your consent for DECC or those working on our behalf to contact you.

### Publishing and Releasing Information

276. We will seek to keep any commercially sensitive information confidential, subject to the Freedom of Information Act 2000 ("FOIA") and the Environmental Information Regulations 2004 ("EIR"). We will also seek to maintain your confidentiality in published outputs with data being anonymised before publication. DECC will seek to not release commercially sensitive information, such as individual bid prices or electricity prices, unless required under the FOIA or the EIR or by any other requirement of law. Information that DECC believes could influence bidder behaviour in the auction will not be released unless required by law.

277. Information we receive will also inform our evaluation of the EDR Pilot, including the report to be submitted to Parliament under section 43(3) of the Energy Act 2013.

### Summary

278. We will not disclose sensitive information unless required to do so by law.

# 21.The UK Capacity Market

## EDR and the Capacity Market

- 279. A Capacity Market was introduced in Great Britain in 2014 to ensure that in the future consumers continue to receive reliable electricity supplies at an affordable cost at times of very high electricity demand.
- 280. It operates as an auction, with participants bidding in the amount of capacity they are able to offer and a price at which they are willing to provide it. In addition, the Government is running transitional arrangements for demand side response capacity and small scale generation for delivery in 2016/7 and 2017/18.
- 281. The Capacity Market will provide regular monthly payments to capacity providers during the delivery year. In return, they must be available to produce electricity or shift demand when demand is close to exceeding supply, or face penalties if they fail to deliver the capacity. The Capacity Market is open to capacity providers in the form of new and existing power stations, electricity storage providers, interconnectors and those who can shift or switch demand to other times (demand side response).
- 282. The EDR Pilot is testing whether it might be possible to include Electricity Demand Reduction measures in the Capacity Market, which would mean that we would need to procure a lower amount of generating capacity.

## 22. Glossary

**Aggregator** – An aggregator is a person or organisation who combines projects from different organisations or households to put forward a single application in the EDR Pilot and is responsible for meeting the commitments of the Participant Agreement.

**Applicant** – An applicant is any person or organisation that submitted an application to the EDR Pilot but who has not yet entered a bid into the Auction.

**Application** – An application is the document completed by the participant setting out the project the participant would like to enter into the Auction. The application contains all the required information on the prescribed form, including details of the project, the measures, and a measurement and verification plan.

**Auction** – The Auction is a competitive process through which winners are selected in merit (price) order.

**Bid** – A bid is the price entered into the auction in £/kW by qualified applicants.

**Bidder** – A bidder is any person or organisation who has entered a bid to the Auction.

**Bidding** – Bidding is the stage of the auction process during which those who qualified are invited to submit a price in £/kW (a bid) for their application.

**Consultant** – an organisation acting on behalf of other organisation(s) on whose premises the new measures would be installed. The Participant Agreement which is to be signed if successful in the EDR auction would be in the name of the organisation the consultant is acting on behalf of.

**Core Project** - The core project is that which you specified in your accepted M&V Plan(s); it does not include the elements that some participants may have chosen to specify later.

**Deemed project** – a project which only uses the EDR Pilot deemed savings spreadsheets for estimating savings.

**Inspection** – where DECC, or an agent acting on its behalf, visits site(s) included in a project to verify the details of the project as set out in M&V documents and to verify compliance with the Pilot. Inspection activities could include, among other things: inspection of existing and/or replacement equipment, meter configuration or on-site documentation, that measures are appropriately configured and installed, time of use, sampling of electricity usage etc. All projects are subject to inspection as a condition of participating in the Pilot.

**Installation** – Installation is the replacement of an existing piece of equipment with a more efficient equivalent, or the major reconfiguration of existing equipment, that is expected to result in delivered capacity. Installation can also be the addition of new equipment to supplement and improve existing equipment (i.e. such as the addition of a variable speed drive).

**kW or kilowatt** – A measure of the instantaneous power either generated or consumed by an electrical device. For example 3kW is approximately the power consumed by a domestic kettle.

**kWh or kilowatt hour** – A measure of the electrical energy either consumed or generated by an electrical device over a period of time. For example a 100W light left on for ten hours consumes 1kWh of electricity.

**M&V Documents** – the collection of documents including your M&V plan (s), M&V Summary Sheet and M&V evidence.

**M&V evidence** – the evidence to support your M&V Plan in line with the requirements spelled out in the M&V Manual.

**M&V plan(s)** – the spreadsheet with details of your project and key M&V aspects (including for example detail on your existing technology and its time of use; proposed replacement measures and time of use); different types of M&V plan are available for different measurement approaches. Any project may have more than one M&V plan as part of its M&V documents.

**M&V Summary Sheet** – the part of your M&V documents that summarises the total kW savings from your M&V Plan(s) and includes the level of unspecified savings at the Application stage.

**Major M&V Update** – Includes those adding in unspecified elements from the original application, any change affecting more than 50% of the capacity savings agreed in the Participant Agreement, or a new site or technology.

**Measure** – A measure is a piece of equipment / building fabric / building energy management system or energy IT/software purchase that, when installed or instigated will result in reductions in electricity demand. Eligibility criteria apply to the types of measure that can take part in the EDR Pilot.

**Metered Project** – a project which requires direct measurement of electricity consumption to reliably determine savings. kW Capacity Savings are calculated by comparing electricity use before and after the implementation of the EDR Project, whilst making appropriate adjustments.

**Minor M&V Update** – Includes changes within technology types at sites already specified in your application and only affects less than 50% of the capacity savings agreed in the Participant Agreement.

**Participant** – A participant is any person or organisation that takes part in the EDR Pilot, including those who won in the auction, those who bid in the auction and those who submitted an application.

**Payback period** – Payback period is a widely used calculation which is used to work out how long an investment takes to pay for itself. Working out payback requires the expected costs to deliver the project and the annual electricity capacity savings in monetary terms associated with the project. The expected costs are then divided by the expected annual capacity savings to give an estimate of the length of time in years required for the investment to be recouped.

**Payment** – Payment is the monies transferred from DECC to the participant upon fulfilment or partial fulfilment of obligations in the Participant Agreement to install and deliver delivered capacity within set time scales.

**Project** – A project is the measure or group of measures which once installed will deliver a reduction in electricity demand (in kW) that the participant proposes to enter into the EDR auction as a single entity with one £/kW bid price.

**Site**<sup>4</sup> – A site is an area of land falling within a continuous boundary which encloses the land used in connection with the operation of an EDR measure. For this purpose, however, an area of land may still be regarded as a single site even if it is dissected by a road, railway line or river. Other non-adjacent parcels of land would not, however, constitute a single site.

**Specified Savings** – those capacity savings that you detail in your M&V Plan(s).

---

<sup>4</sup> The definition of site is designed to support the functioning of the Pilot. It is not intended to act as a barrier to participation. If you have any problems defining the site(s) in your project please get in contact with us to find a mutually convenient solution. You can do this via [edr-project@decc.gsi.gov.uk](mailto:edr-project@decc.gsi.gov.uk) or 0300 068 8488.

**Technology** – This refers to the specific equipment selected to be installed to deliver a measure.

**Underbidding** – where a Participant chooses to bid for a lower level of capacity savings than the maximum set out in their M&V Summary Sheet.

**Unspecified Savings** – those capacity savings that are not detailed in your M&V Plan(s) at Application. These are indicated in your M&V Summary Sheet and represent capacity savings that you need to specify as part of your M&V Update.

**WCSR** – Winter Capacity Savings Report. The Report with data evidencing savings made over Winter Peak for 60% payment

**Winner** – A winner is any person or organisation whose bid cleared the Auction.

**Winter peak** – winter peak is the hours between 4pm and 8pm on business days between the first day of November and the last day of February. GB-wide Bank Holidays are not classed as business days.

**Winter peak capacity savings** – difference in electricity use when measures are operating during winter peak period (see above). Generally referred to as **capacity savings** throughout this document.

© Crown copyright 2015  
Department of Energy & Climate Change  
3 Whitehall Place  
London SW1A 2AW  
[www.gov.uk/decc](http://www.gov.uk/decc)  
URN 15D/343