

countries by sector. Such data can be very instructive but, because of the many extraneous factors, should be considered indicative rather than providing a direct measure of each country's efficiency in each sector.

GENERAL GOVERNMENT EFFICIENCY POLICY

In recent years, energy efficiency has emerged as one of the government's primary tools in meeting its energy policy objectives. The Energy White Paper of 2003 made a strong case for improved efficiency, stating that "the cheapest, cleanest and safest way of addressing our energy policy objectives is to use less energy". The White Paper elaborated a vision whereby half the expected emissions reductions through 2020 would come from improved efficiency. Subsequent annual reports on the implementation of the Energy White Paper track the progress made in this area.

In April 2004, the government released *Energy Efficiency: the Government's Plan for Action*. This report further examines the potential savings identified in the White Paper and lays out plans to save over 44 million tonnes (Mt) of additional CO₂ through energy efficiency by 2010. It divides energy consumers into households and business and public sector with 15.4 MtCO₂ savings coming from households and 28.95 MtCO₂ from business and the public sector. The Plan does not cover transport.

In December 2005, the government published the *Energy Efficiency Innovation Review: Summary Report*. This report summarises the conclusions of the Energy Efficiency Innovation Review (EEIR) launched jointly by Defra and HM Treasury in the Pre-Budget Report 2004. The document offers a detailed analysis of the scope, costs and benefits of enhanced action on energy efficiency. It states that while the UK has made good progress in reducing emissions, substantial new action would be needed to meet the goal of reducing CO₂ emissions by 20% below 1990 levels by 2010. The report analyses existing programmes in the household and business sectors and various ways to effectively expand them. It also considers new demand-side efficiency technologies.

The Climate Change Programme (CCP), published on 28 March 2006, provides further details on government plans for improving efficiency. This programme lays out the full range of existing and proposed measures to curb carbon emissions. Efficiency and other demand-side efforts feature prominently in all sectors.

Defra provides the following data on the potential for emissions reduction for a range of energy efficiency measures:

Carbon Savings through Energy Efficiency

Savings per year by 2010 (MtCO₂)

Households	
Building regulations	5.5
Energy Efficiency Commitment	6.9 - 8
Warm Front	1.5
Other measures	2.6
Sub-total	17.6
Business and public sector	
Climate Change Agreements	10.6
The Carbon Trust	4.0
Building regulations (non housing)	2.2
Public sector	1.1
Other	1.8
Sub-total	19.8
Overall total	66.7

Source: Defra Web site.

HOUSEHOLD SECTOR ENERGY POLICIES

THE ENERGY EFFICIENCY COMMITMENT (EEC)

The EEC is the principal policy mechanism driving improved efficiency in existing homes. Under the EEC, electricity and gas suppliers are required to achieve targets for energy efficiency improvements in the household sector. These targets do not prescribe the exact manner in which suppliers should attain these improvements. Instead, suppliers can fulfil their obligations by carrying out any combination of approved measures including installing insulation or supplying and promoting low-energy light bulbs, high-efficiency appliances or boilers. Suppliers must achieve all their savings in the household sector and at least half of their savings obligation must come from households which receive income-related benefits and/or tax credits, the so-called "priority sector".

The suppliers are not accorded any explicit supplemental revenue to compensate them for the costs of achieving their savings obligations. Since they are in a competitive market with other firms threatening to capture their