
STATUTORY INSTRUMENTS

2010 No. 1958

ELECTRICITY

GAS

The Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010

Made - - - - 30th July 2010

Coming into force in accordance with article 1

The Secretary of State makes this Order in exercise of the powers conferred by section 33BC of the Gas Act 1986(1), section 41A of the Electricity Act 1989(2) and section 103 of the Utilities Act 2000(3).

The Secretary of State has consulted the Gas and Electricity Markets Authority, the National Consumer Council(4), electricity generators, electricity distributors, electricity suppliers, gas transporters, gas suppliers and such other persons as the Secretary of State considers appropriate.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 33BC(12) of the Gas Act 1986, section 41A(12) of the Electricity Act 1989 and section 103(5) of the Utilities Act 2000.

Citation and commencement

1. This Order may be cited as the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 and comes into force on the day after the day on which this Order is made.

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- (1) 1986 c.44. Section 33BC was inserted (as section 33BB) by section 10(1) of, and Schedule 3, paragraph 36 to, the Gas Act 1995 (c.45). Section 33BB was substituted for (and renumbered as) section 33BC by section 99 of the Utilities Act 2000 (c.27). This section was also amended by sections 15 and 17 of, and the Schedule to, the Climate Change and Sustainable Energy Act 2006 (c.19) and section 79 of, and Schedule 8 to, the Climate Change Act 2008 (c.27).
- (2) 1989 c.29. Section 41A was substituted for section 41 by section 70 of the Utilities Act 2000 and amended by sections 16 and 17 of, and the Schedule to, the Climate Change and Sustainable Energy Act 2006 and section 79 of, and Schedule 8 to, the Climate Change Act 2008.
- (3) 2000 c.27. This section has also been amended by section 79 of, and Schedule 8 to, the Climate Change Act 2008.
- (4) The National Consumer Council replaced the Gas and Electricity Consumer Council, see section 30 of the Consumer, Estate Agents and Redress Act 2007 (c.17).

Amendment of Electricity and Gas (Carbon Emissions Reduction) Order 2008

2. The Electricity and Gas (Carbon Emissions Reduction) Order 2008⁽⁵⁾ is amended as set out in this Order.

Amendment of article 2 (interpretation)

3.—(1) Article 2 (interpretation) is amended as follows.

(2) In paragraph (1) at the appropriate place, insert—

““insulation obligation” means the amount of a supplier’s carbon emissions reduction obligation which is to be achieved by the promotion of measures in accordance with article 9(1A);”;

““overall insulation target” has the meaning given by article 3(1)(a);”;

““overall super priority group target” has the meaning given by article 3(1)(b);”;

““professionally installed” means installed by a person, other than the householder, who has appropriate experience or qualifications;”;

““qualifying component” means—

- (a) child tax credit which includes a disability or severe disability element;
- (b) a disabled child premium;
- (c) a disability premium, enhanced disability premium or severe disability premium;
- (d) a pensioner premium, higher pensioner premium or enhanced pensioner premium;

““super priority group” means the group of domestic energy users in the priority group where each member is in receipt of—

- (a) child tax credit and has a relevant income below £16,190 (where “relevant income” has the same meaning as in Part 1 of the Tax Credits Act 2002⁽⁶⁾);
 - (b) income-related employment and support allowance, which must include a work-related activity or support component, and—
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
 - (ii) is in receipt of a qualifying component;
 - (c) income-based job seeker’s allowance and—
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
 - (ii) is in receipt of a qualifying component;
 - (d) income support and—
 - (i) has parental responsibility for a child under the age of five who ordinarily resides with that member; or
 - (ii) is in receipt of a qualifying component;
- or
- (e) state pension credit;”;

⁽⁵⁾ S.I. 2008/188 as amended by the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 (S.I. 2009/1904).

⁽⁶⁾ 2002 c.21.

““super priority group obligation” means the amount of a supplier’s carbon emissions reduction obligation which is to be achieved by the promotion of measures in accordance with article 13A;”.

(3) In paragraph (b) of the definition of “priority group”, for “£16,040” substitute “£16,190”.

(4) For paragraph (3)(b) and (c) substitute—

- “(b) a market transformation action means—
- (i) between 1st April 2008 and 31st March 2011 the provision of microgeneration units where such provision will achieve a reduction in carbon emissions;
 - (ii) the provision of solid wall insulation where such provision will achieve a reduction in carbon emissions;
 - (iii) the provision of a real-time display;
 - (iv) the provision of a home energy advice package;
 - (v) between 1st April 2008 and 31st March 2011 the provision of any other action which will achieve a reduction in carbon emissions but which the Authority did not determine to be a qualifying action under the 2001 Order; or
 - (vi) on and from 1st April 2011 the provision of any other action which will achieve a reduction in carbon emissions but which the Authority did not determine to be a qualifying action under the 2004 Order;
- (c) a priority group flexibility action means the provision to a householder within paragraph (a) or (b) of the priority group—
- (i) between 1st April 2008 and 31st March 2011 of ground source heat pumps in respect of a property which does not have a mains gas supply; or
 - (ii) of solid wall insulation which lowers the U-value of the walls to 0.5 W/m²K or less;”.

Amendment of article 3 (overall carbon emissions reduction target)

4. For article 3 substitute—

“3.—(1) The overall carbon emissions reduction target for the period 1st April 2008 to 31st December 2012 is 293 million lifetime tonnes of carbon dioxide of which—

- (a) a reduction of 73.4 million lifetime tonnes of carbon dioxide must be achieved by promoting measures mentioned in article 9(1A) (“the overall insulation target”); and
 - (b) a reduction of 16.2 million lifetime tonnes of carbon dioxide must be achieved by promoting measures in the super priority group (“the overall super priority group target”).
- (2) The Authority must ensure that the sum of all—
- (a) carbon emissions reduction obligations imposed on suppliers equals the overall carbon emissions reduction target;
 - (b) insulation obligations imposed on suppliers equals the overall insulation target;
 - (c) super priority group obligations imposed on suppliers equals the overall super priority group target.”.

Amendment of article 4 (definition of supplier)

5.—(1) Article 4 (definition of a supplier) is amended as follows.

(2) For paragraphs (2) and (3) substitute—

“(2) A person must supply at least 50,000 domestic customers on 31st December of the year 2007, 2008, 2009, 2010 or 2011.

(3) A company that belongs to a group of companies must on 31st December of the year 2007, 2008, 2009, 2010 or 2011 supply domestic customers and the number of domestic customers of that company and of other companies in the group must be at least 50,000.”.

(3) For paragraph (5) substitute—

“(5) A new supplier is a supplier to whom paragraph (1) applies for the first time on 31st December 2008, 31st December 2009, 31st December 2010 or 31st December 2011.”.

Amendment of article 5 (notification by suppliers)

6.—(1) Article 5 (notification of suppliers) is amended as follows.

(2) For paragraph (1) substitute—

“(1) A supplier must notify the Authority by 14th February in each year in which any part of the obligation period falls of the number of that supplier’s domestic customers on the previous 31st December.”.

Amendment of article 6 (determining carbon emissions reduction obligations)

7. For article 6 substitute—

“Determining carbon emissions reduction obligations and insulation obligations

6.—(1) The Authority must determine a supplier’s—

- (a) carbon emissions reduction obligation;
- (b) insulation obligation; and
- (c) super priority group obligation.

(2) The Authority must refer to the matters in article 7 when determining each of the obligations referred to in paragraph (1).

(3) Subject to paragraph (4), the obligation period is the period—

- (a) commencing 1st April 2008, except for a new supplier; and
- (b) ending on 31st December 2012.

(4) For a new supplier who satisfies article 4(1) for the first time on—

- (a) 31st December 2008, the obligation period commences on 1st April 2009;
- (b) 31st December 2009, the obligation period commences on 1st April 2010;
- (c) 31st December 2010, the obligation period commences on 1st April 2011;
- (d) 31st December 2011, the obligation period commences on 1st April 2012.

(5) The Authority must notify a supplier of that supplier’s—

- (a) carbon emissions reduction obligation by 28th February prior to the commencement of the obligation period;
- (b) insulation obligation by 1st November 2010 or, in respect of a new supplier to whom article 4(1) applies for the first time on or after 31st December 2010, by 28th February 2011 or 28th February 2012 as applicable; and

- (c) super priority group obligation by 1st November 2010 or, in respect of a new supplier to whom article 4(1) applies for the first time on or after 31st December 2010, by 28th February 2011 or 28th February 2012 as applicable.”.

Amendment of article 7 (matters to be considered by the Authority)

8.—(1) Article 7 (matters to be considered by the Authority) is amended as follows.

(2) For paragraph (1) substitute—

“(1) The matters referred to in article 6(2) are—

- (a) total customer numbers;
- (b) supplier customer numbers;
- (c) in relation to the carbon emissions reduction obligation, the overall carbon emissions reduction target;
- (d) in relation to the insulation obligation, the overall insulation target; and
- (e) in relation to the super priority group obligation, the overall super priority group target.”.

(3) For paragraph (3)(a) substitute—

“(a) total customer numbers are the mean of the total number of domestic customers supplied by suppliers on—

- (i) 31st December 2007;
- (ii) 31st December 2008;
- (iii) 31st December 2009;
- (iv) 31st December 2010; and
- (v) where applicable, 31st December 2011;”.

Amendment of article 8 (review of obligations by the Authority)

9.—(1) Article 8 (review of obligations by the Authority) is amended as follows.

(2) For paragraphs (1) and (2) substitute—

“(1) When the Authority has all suppliers’ customers numbers, notified or determined under article 5, the Authority must—

- (a) review a supplier’s—
 - (i) carbon emissions reduction obligation;
 - (ii) insulation obligation; and
 - (iii) super priority group obligation;and
- (b) notify a supplier of any amendment to that supplier’s obligations within 14 days of the date on which the customer numbers are required to be notified under article 5(1) (“the notification date”).

(2) The review must be carried out by reference to—

- (a) the mean of the total number of domestic customers supplied by suppliers on 31st December 2007 and on each anniversary of that date;
- (b) supplier customer numbers;

- (c) in relation to the carbon emissions reduction obligation, the overall carbon emissions reduction target;
 - (d) in relation to the insulation obligation, the overall insulation target;
 - (e) in relation to the super priority group obligation, the overall super priority group target.”.
- (3) For paragraph (4) substitute—
- “(4) For a new supplier, supplier customer numbers are the mean of—
- (a) the number of domestic customers supplied by that supplier on the date on which article 4(1) applies to that supplier for the first time;
 - (b) zero for each of—
 - (i) 31st December 2007;
 - (ii) any subsequent 31st December which occurs before the date on which article 4(1) applies to the supplier for the first time; and
 - (c) the number in each case of domestic customers supplied by that supplier on each 31st December occurring during the obligation period but before the notification date.”.

Amendment of article 9 (achievement of carbon emissions reduction obligation)

- 10.**—(1) Article 9 (achievement of carbon emissions reduction obligation) is amended as follows.
- (2) After paragraph (1) insert—
- “(1A) A supplier must achieve its insulation obligation by promoting on or after 1st August 2010—
- (a) cavity wall insulation;
 - (b) flat roof insulation;
 - (c) loft insulation;
 - (d) solid wall insulation; or
 - (e) under floor insulation,
- which is professionally installed.”.

Amendment of article 11 (notifications)

- 11.**—(1) Article 11 (notifications) is amended as follows.
- (2) After paragraph (3) insert—
- “(3A) A notification in respect of a measure listed in article 9(1A) must contain sufficient information to show whether the supplier intends the action to be promoted in the priority group or super priority group.”.

Amendment of article 12 (approval of actions by the Authority)

- 12.**—(1) Article 12 (approval of actions by the Authority) is amended as follows.
- (2) For paragraph (1) substitute—
- “(1) The Authority must determine whether or not it approves an action as a qualifying action and whether that approval is in respect of a supplier’s—
- (a) insulation obligation;
 - (b) priority group obligation; or

- (c) super priority group obligation.”.
- (3) For paragraph (6) substitute—
- “(6) The benchmark action means an action under the 2001 Order or the 2004 Order, as applicable, which achieved the greatest carbon emission reductions for an action of that type.”.
- (4) In paragraph (7B)(a) after “requests” insert “, in writing.”.
- (5) In paragraph (7B)(b) after “requested” insert “, in writing.”.
- (6) For paragraph (7C) substitute—
- “(7C) The Authority must not on or after 1st April 2011 approve as a qualifying action the provision of compact fluorescent lamps or halogen lamps.”.
- (7) After paragraph (7C) insert—
- “(7D) The Authority must not on or after 1st August 2010 approve as a qualifying action the provision of a measure which will not be professionally installed unless that measure has been requested, in writing, by a domestic energy user.
- (7E) The Authority must not on or after 1st April 2011 approve as a qualifying action the provision of—
- (a) an air source heat pump;
 - (b) a biomass boiler with a capacity of 300 kW or less;
 - (c) a combined heat and power plant with an electrical capacity of 2 kW or less;
 - (d) a ground source heat pump;
 - (e) a hydro generating station with a capacity of 50 kW or less;
 - (f) a solar photovoltaic panel with a capacity of 50 kW or less;
 - (g) a solar thermal water heating system with a capacity of 300 kW or less; or
 - (h) wind turbine with a capacity of 50 kW or less,
- unless it is satisfied that the measure will be promoted to a member of the super priority group.”.

Insertion of new article 13A (super priority group obligation)

- 13.** After article 13 (priority group obligations) insert—

“Super priority group obligation

13A.—(1) A supplier must achieve the super priority group obligation by promoting on or after 1st August 2010 measures to members of the super priority group in accordance with the following provisions of this article.

(2) Subject to paragraph (3), a supplier must achieve the super priority group obligation by the provision to members of the super priority group, on or after 1st August 2010, of—

- (a) an air source heat pump;
- (b) cavity wall insulation;
- (c) flat roof insulation;
- (d) fuel switching;
- (e) a ground source heat pump;
- (f) loft insulation;

- (g) a replacement boiler;
 - (h) solid wall insulation;
 - (i) under floor insulation; or
 - (j) a wood chip boiler, including a combined heat and power wood chip boiler, which is professionally installed.
- (3) Where a supplier—
- (a) promotes a single measure to a member of the super priority group, that measure must be one of the measures listed in paragraph (2);
 - (b) promotes more than one measure to a member of the super priority group, at least one of those measures must be a measure listed in paragraph (2).
- (4) In this article—
- (a) “fuel switching” means changing the primary heating fuel used by a domestic energy user from coal, electricity or oil to a mains gas supply;
 - (b) “replacement boiler” means a boiler which replaces a G-rated boiler and which meets the requirements of Part L of Schedule 1 to the Building Regulations 2000⁽⁷⁾; and where “G-rated boiler” means a boiler which has a seasonal efficiency value of less than 70% when that boiler is assessed against the Standard Assessment Procedure for Energy rating of Dwellings (2005 Edition)⁽⁸⁾.”

Amendment of article 16 (reporting and monitoring)

14.—(1) Article 16 (reporting and monitoring) is amended as follows.

(2) In paragraph (1)(a)(i), for “carbon emissions reduction obligation;” substitute “carbon emissions reduction obligation, insulation obligation, priority group obligation and super priority group obligation;”.

(3) For paragraph (1)(a)(ii) substitute—

“(ii) whether the supplier has complied with those obligations, including such information which the Authority has informed the supplier it requires for the purposes of verifying that no qualifying action under the Electricity and Gas (Community Energy Saving Programme) Order 2009 is counted for the purposes of compliance under this Order;”.

(4) After paragraph (1)(b) insert—

“(c) from 1st August 2010, in relation to the provision of solid wall insulation, approved as a standard action, market transformation action or a priority group flexibility action, information relating to the main fuel source used to heat the premises where the solid wall insulation is installed.”.

(5) After paragraph (4) insert—

“(5) By 31st July 2011, 31st July 2012 and 30th April 2013 the Authority must submit to the Secretary of State a report setting out in respect of the year ending on the preceding 31st March the progress made—

- (a) by each supplier towards complying with the supplier’s—
 - (i) carbon emissions reduction obligation;

(7) [S.I. 2000/2531](#). These Regulations have been amended on several occasions. Two amendments are of relevance. The Building and Approved Inspectors (Amendment) Regulations 2006 ([S.I. 2006/652](#)) inserted a new Part L into Schedule 1 to the Building Regulations 2000. Regulation 2 of the Building and Approved Inspectors (Amendment) Regulations 2007 ([S.I. 2007/3384](#)) substituted a new sub-paragraph (b) into column 1 of paragraph L1 of Part L to Schedule 1 to the Building Regulations 2000.

(8) The Standard Assessment Procedure for Energy Rating of Dwellings (2005 Edition) can be found at www.bre.co.uk/sap2005.

- (ii) insulation obligation;
 - (iii) priority group obligation; and
 - (iv) super priority group obligation;
- and
- (b) towards achieving the overall carbon emissions reduction target, including information about the percentage of the overall target which has been met by all suppliers by the promotion of real-time displays, home energy advice packages and market transformation actions.”.

Amendment of article 18 (transfers)

15.—(1) Article 18 (transfers) is amended as follows.

(2) In paragraph (3)(a) for “31st March 2011” substitute “31st March 2012”.

Amendment of article 19 (notification of actions and determination of reduction in carbon emissions)

16.—(1) Article 19 (notification of actions and determination of reduction in carbon emissions) is amended as follows.

(2) For paragraphs (1) and (2) substitute—

“(1) A supplier must notify the Authority not later than 31st January 2013 of the number and type of qualifying actions which it has completed in respect of the following—

- (a) the carbon emissions reduction obligation;
- (b) the insulation obligation;
- (c) the priority group obligation; and
- (d) the super priority group obligation.

(2) On receipt of that notification, the Authority must—

- (a) verify that the qualifying actions notified under paragraph (1) have not been approved as qualifying actions under the Electricity and Gas (Community Energy Saving Programme) Order 2009(9); and
- (b) determine the carbon emissions to be attributed to those actions which the Authority is satisfied should count for the purposes of this Order.”.

(3) For paragraph (4A)(b) substitute—

“(b) a real-time display which uses a short-life battery, the Authority must—

- (i) subject to paragraph (ii), attribute a carbon emissions reduction of 0.498 lifetime tonnes of carbon dioxide and increase the carbon emissions reduction by 50%; or
- (ii) where the real-time display was provided between 11th September 2008 and 21st July 2009, attribute a carbon emissions reduction of 0.747 lifetime tonnes of carbon dioxide and increase the carbon emissions reduction by 50%;”.

Amendment of article 22 (final determination and reporting)

17. For article 22 (final determination and reporting) substitute—

“22.—(1) The Authority must determine whether a supplier has achieved its carbon emissions reduction obligation and notify the supplier of that determination not later than 30th April 2013.

(2) Not later than 30th April 2013 the Authority must submit to the Secretary of State a final report setting out—

(a) whether each supplier has complied with its—

(i) carbon emissions reduction obligation;

(ii) insulation obligation;

(iii) priority group obligation; and

(iv) super priority group obligation;

and

(b) whether the overall carbon emissions reduction target was achieved, including how much of the overall carbon emissions reduction target was met by the promotion of real-time displays, home energy advice packages and market transformation actions.”.

30th July 2010

Gregory Barker
Minister of State
Department of Energy and Climate Change

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Electricity and Gas (Carbon Emissions Reduction) Order 2008 ([S.I. 2008/188](#)) (“CERT Order”), as amended by the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2009 ([S.I. 2009/1904](#)). The CERT Order places an obligation on electricity and gas suppliers who have 50,000 or more domestic customers to achieve a carbon emissions reduction obligation.

The amendments in this Order (i) increase the overall carbon emissions reduction target; (ii) set a new overall insulation target; (iii) create a new super priority group and set a new overall super priority group target; (iv) extend the target period so that suppliers must now meet their obligations by 31st December 2012 (as opposed to 31st March 2011); (v) make some changes to the way the Authority must determine the carbon emissions reduction for solid wall insulation measures; and (vi) make some consequential amendments that are necessary as a result of the changes being made.

Article 3 inserts new and amended definitions into article 2 (interpretation) of the CERT Order. The definitions of “market transformation action” and “priority group flexibility action” are amended. In respect of both definitions dates have been inserted to indicate the period in which certain types of measures are eligible as a market transformation action or a priority group flexibility action. Separately, the relevant income threshold is increased to £16,190 in respect of the “priority group”.

Article 4 substitutes a new article 3 (overall carbon emissions reduction target, insulation target and super priority group target) into the CERT Order. This increases the overall carbon emissions reduction target to 293 million lifetime tonnes of carbon dioxide and sets out the new insulation target and super priority group target.

Article 5 amends article 4 (definition of a supplier) by substituting new paragraphs (2), (3) and (5) into the CERT Order. The new paragraphs make consequential amendments which are necessary as a result of the obligation period being extended to 31st December 2012. Article 6 substitutes a new paragraph (1) into article 5 (notification by suppliers) and article 7 substitutes a new article 6 (determining carbon emissions reduction obligations) for the same reason.

Article 8 substitutes new paragraphs (1) and (3)(a) into article 7 (matters to be considered by the Authority) of the CERT Order. Paragraph (1) now makes reference to the new overall insulation target and super priority group target. Paragraph (3)(a) makes consequential amendments which are necessary as a result of the obligation period being extended to 31st December 2012. Article 9 makes similar amendments by substituting new paragraphs (1), (2) and (4) into article 8 (review of obligations by the Authority) of the CERT Order.

Article 10 inserts a new paragraph (1A) into article 9 (achievement of carbon emissions reduction obligation) of the CERT Order. The new paragraph describes how a supplier must achieve its insulation obligation.

Article 11 inserts a new paragraph (3A) into article 11 (notifications) of the CERT Order dealing with the notification requirement in relation to particular types of measures listed in article 9(1A).

Article 12 amends article 12 (approval of actions by the Authority) by substituting new paragraphs (1), (6) and (7C), and inserting paragraphs (7D) and (7E), into the CERT Order. Paragraph (1) now makes reference to the new insulation obligation and super priority group obligation, paragraph (6) makes a consequential amendment necessary as a result of the amendment to the definition of a “market transformation action”. Paragraph (7C) prevents the Authority from approving compact fluorescent lamps or halogen lamps after 1st April 2011. Paragraphs (7D) and (7E) describe

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the circumstances in which the Authority must not approve a measure. Article 12 also makes consequential amendments to article 12(7B)(a) and (b).

Article 13 inserts a new article 13A (super priority group obligation) into the CERT Order. Article 13A describes the super priority group obligation.

Article 14 amends article 16 (reporting and monitoring) of the CERT Order by making various amendments. Article 14(2) makes some minor consequential amendments. Article 14(3) substitutes a new paragraph (1)(a)(ii) which gives the Authority the power to request such information as it believes is necessary to verify that qualifying actions promoted under the Electricity and Gas (Community Energy Saving Programme) Order 2009 (S.I. 2009/1905) do not count for the purposes of compliance under the CERT Order. Article 14 also inserts new paragraphs (1)(c) and (5) into the CERT Order: paragraph (1)(c) requires suppliers to provide certain information in relation to solid wall insulation measures whilst paragraph (5) makes some consequential amendments as a result of the obligation period being extended to 31st December 2012.

Article 15 makes a minor amendment to article 18 (transfers) of the CERT Order.

Article 16 amends article 19 (notification of actions and determination of reduction in carbon emissions) by making various amendments. Article 16(2) substitutes new paragraphs (1) and (2) into the CERT Order. Paragraph (1) makes some consequential changes necessary as a result of the obligation period being extended to 31st December 2012 and the creation of the new insulation and super priority group obligations. Paragraph (2) requires the Authority to verify whether actions notified to it by suppliers should count for the purposes of compliance under the CERT Order. Article 16(3) substitutes a new paragraph (4A)(b) into the CERT Order which states how the Authority must determine the carbon emissions reduction for real-time displays promoted during different periods.

Article 17 substitutes a new article 22 (final determination and reporting) into the CERT Order. This makes some consequential amendments which are necessary as a result of the changes being made by this Order.

An impact assessment has been prepared in respect of this Order and copies can be obtained from CERT Team, Department of Energy and Climate Change, Area 1D, 3-8 Whitehall Place, London, SW1A 2HD.