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## 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

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.