
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](#)) and the Electricity and Gas (Carbon Emissions Reduction) (Amendment) Order 2010 ([S.I. 2010/1958](#)). This Order also amends the Electricity and Gas (Community Energy Saving Programme) Order 2009 ([S.I. 2009/1905](#)) (“CESP Order”). 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 CESP Order places a similar obligation on electricity and gas suppliers to achieve a carbon emissions reduction obligation. The CESP Order also places an obligation on electricity generators who have generated 10 TWh/yr or more of electricity in previous years (generation periods) to achieve a carbon emissions reduction obligation. Both the CERT Order and the CESP Order is administered and enforced by the Office for Gas and Electricity Markets (“the Authority”).

To date an electricity or gas supplier has been under an obligation to achieve a carbon emissions reduction obligation if it has 50,000 or more customers on the relevant date. From 1st April 2012, an electricity supplier or a gas supplier will only have such an obligation if it has 250,000 or more domestic energy customers on 31st December 2011. This Order also makes some consequential amendments to both the CERT Order and the CESP Order which are necessary as a result of the changes being made.

Part 2 which begins with article 2 amends the CERT Order. Article 3 amends article 4 of the CERT Order (definition of a supplier). The existing definition of a supplier is amended so that a person is required to have 250,000 or more domestic customers on 31st December 2011 to be caught as a supplier.

Article 4 makes some consequential amendments to article 8 (review of the obligations by the Authority) which are necessary as a result of the amendment made by article 4 to the number of domestic customers which a person must have on 31st December 2011 to be caught by the definition of a supplier.

Article 5 amends article 18 of the CERT Order by increasing the timeframe in which suppliers may transfer completed qualifying actions to each other. Previously, all transfers needed to be approved by 31st March 2012 but now they can be approved until 31st December 2012.

Part 3 amends the CESP Order. Article 7 amends article 5 (definition of a supplier) in a similar way to how article 3 amends the definition of a supplier in the CERT Order.

Article 8 makes consequential amendments to article 13 of the CESP Order which are necessary as a result of the amendment made by article 8 to the number of domestic customers which a person must have on 31st December 2011 to be caught by the definition of a supplier.