

EXPLANATORY MEMORANDUM TO
THE GREEN DEAL (QUALIFYING ENERGY IMPROVEMENTS) ORDER 2014

2014 No. [XXXX]

1. This explanatory memorandum has been prepared by the Department of Energy and Climate Change and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Purpose of the instrument**

2.1 The Energy Act 2011 (the “2011” Act) provides for a new type of arrangement for the installation of energy efficiency measures, called a "Green Deal Plan". Under a Green Deal Plan, energy efficiency measures are installed in a property and then paid for wholly or partly in instalments which are collected on electricity bills for the property. The Green Deal (Qualifying Energy Improvements) Order 2012 (the “2012 Order”) sets out the kinds of energy efficiency improvements that can be installed under a Green Deal Plan. This instrument makes an amendment to the 2012 Order to add an additional measure of energy efficiency improvement. It also makes a minor amendment to the specification of waste water heat recovery devices in the 2012 Order.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None.

4. **Legislative Context**

4.1 This instrument relates to the Green Deal energy efficiency scheme established by Chapter 1 of Part 1 of the 2011 Act. It is being made in exercise of the power contained in section 1(4)(b) of the 2011 Act.

4.2 The 2012 Order, which this instrument amends, is part of a suite of instruments relating to the Green Deal energy efficiency scheme which include the Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) Regulations 2012 (S.I. 2012/2079)¹; the Green Deal (Energy Efficiency Improvements) Order 2012 (S.I. 2012/2106); the Green Deal (Disclosure) Regulations 2012 (S.I. 2012/1660); the Green Deal (Acknowledgment) Regulations 2012 (S.I. 2012/1661); the Green Deal (Acknowledgment) (Scotland) Regulations 2012 (S.S.I. 2012/214); the Consumer Credit (Green Deal) Regulations 2012 (S.I. 2012/2798); and the Consumer Credit Act 1974

¹ These regulations were amended by the Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) (Amendment) Regulations 2012 (S.I. 2012/3021) and the Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) (Amendment) Regulations 2013 (S.I. 2013/139).

(Green Deal) (Amendment) Order 2014 (S.I. 2014/437. In addition there is a Green Deal Code of Practice² which is subject to the negative procedure described in section 39 of the 2011 Act.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

6.1 The Secretary of State has made the following statement regarding Human Rights:

In my view the provisions of the Green Deal (Qualifying Energy Improvements) Order 2014 are compatible with the Convention rights.

7. Policy background

7.1 This instrument amends the 2012 Order to allow two additional energy efficiency improvements to be installed under a Green Deal Plan. They are circulator pumps and storage waste water heat recovery devices (attached to baths or showers). It is widely understood by industry that a circulator pump is a specific type of pump in a central heating system which transports the water heated in the heat generator (e.g. boiler) to the radiators in the individual rooms in the building.

7.2 This instrument will amend the existing definition in the 2012 Order, “(rr) waste water heat recovery devices attached to showers” to omit the words “attached to showers” so that those devices that are attached to showers and baths will be covered by the scope of the legislation.

7.3 Further information about eligible Green Deal measures is available on the Department’s website at <https://www.gov.uk/government/publications/information-for-the-supply-chain-on-green-deal-measures>.

8. Consultation outcome

8.1 The amendments do not make any material changes to the policy which was set out in the full Green Deal Consultation and subsequent Government response, further details of which are set out on the Department’s website³. There has therefore been no formal public consultation on the proposed amendments made by the instrument.

² Version 1 of the Code of Practice was issued by the Secretary of State on 27th September 2012. The Code has since been updated and version 3 of the Code came into force on 31st July 2013. An updated version of the Code was laid in Parliament on 2nd April 2014.

³ <https://www.gov.uk/government/consultations/the-green-deal-and-energy-company-obligation>

However, the measures being introduced have been discussed with a number of expert technical informal dialogue.

9. Guidance

9.1 Advisory documents for potential participants in the Green Deal scheme are available on the DECC website.

10. Impact

10.1 The Green Deal is a voluntary scheme. This instrument only applies to businesses, charities, voluntary bodies and others if they choose to participate in the Green Deal scheme. This instrument simply allows for new types of energy efficiency improvements to be installed under a Green Deal plan.

10.2 A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen. However a full regulatory impact assessment on the effect that the overall Green Deal scheme will have on the costs of business and the voluntary sector is available from the Green Deal Legislation Team, the Department of Energy and Climate Change at 3 Whitehall Place, London, SW1A 2AW and is published alongside the Green Deal Framework (Disclosure, Acknowledgment, Redress etc.) Regulations 2012 (S.I. 2012/2079) on www.legislation.gov.uk.

11. Regulating small business

11.1 This instrument is not expected to have any impact specific to small businesses. The Green Deal is a voluntary scheme and does not therefore place mandatory regulation on small businesses.

12. Monitoring & review

12.1 The Secretary of State is not obliged to carry out a review of this instrument, but in accordance with best practice the Secretary of State will carry out a review of the regulatory framework that establishes the Green Deal (which includes the 2012 Order).

13. Contact

Matthew Webb at the Department of Energy and Climate change Tel: 0300 068 6945 or email: matthew.webb@decc.gsi.gov.uk can answer any queries regarding this instrument.