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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

**The Electricity and Gas (Energy Companies Obligation) (Amendment) (No. 2) Order 2014**

**Insertion of new articles 19A to 19D**

**10.** After article 19 (determining savings for qualifying actions) insert—

**“Determining the qualifying CERO achievement for a supplier which is not a group company**

**19A.**—(1) This article applies to a supplier (“S”) which is not a group company on 30th April 2015.

(2) The Administrator must calculate S’s qualifying CERO achievement in accordance with paragraph (4).

(3) The calculation in paragraph (2) must be carried out—

- (a) if by 30th April 2015 S has not made an application under article 20, after 30th April 2015;
- (b) if by 30th April 2015 S has made one or more applications under article 20, after the Administrator has decided whether to approve, or not to approve, those applications.

(4) S’s qualifying CERO achievement is—

**B – C**

where—

- (a) “B” is the sum total of the relevant carbon savings for eligible CERO actions; and
- (b) “C” is 35% of the sum total of carbon emissions reduction obligations which have been determined for S in respect of phases 1 and 2.

(5) The Administrator must notify S of its qualifying CERO achievement.

(6) In this article—

“eligible CERO action” means a carbon qualifying action—

- (a) which falls within article 12(4)(a) or (b);
- (b) installation of which was carried out before 1st April 2014; and
- (c) which is credited against S’s total carbon emissions reduction obligation;

“relevant carbon saving”, in relation to an eligible CERO action, means the carbon saving which the Administrator has attributed to that action under article 19.

**Attributing an uplift to certain eligible CERO actions**

**19B.**—(1) This article applies where the Administrator has notified S that it has a qualifying CERO achievement that is greater than zero.

(2) S may, by no later than fifteen working days after the Administrator has notified S of its qualifying CERO achievement, nominate to the Administrator eligible CERO actions which have relevant carbon savings which, in sum total, do not exceed S's qualifying CERO achievement, which it wishes to be attributed with an uplift.

(3) If S does not make a nomination under paragraph (2), the Administrator must determine which eligible CERO actions are to be attributed with an uplift, selecting the most recently installed eligible CERO actions which have relevant carbon savings which, in sum total, do not exceed S's qualifying CERO achievement.

(4) The Administrator must attribute an uplift, in lifetime tonnes of carbon dioxide, calculated in accordance with paragraph (5), to eligible CERO actions which—

- (a) are nominated or selected in accordance with paragraph (2) or (3), as applicable; and
- (b) the relevant carbon savings of which, in sum total, do not exceed S's qualifying CERO achievement.

(5) The uplift to be attributed to an eligible CERO action under paragraph (4) is—

$$A \times 0.75$$

where "A" is the relevant carbon saving for that action.

(6) The contribution that an eligible CERO action makes towards S's total carbon emissions reduction obligation is the sum total of—

- (a) the relevant carbon saving for that action; and
- (b) the uplift, if any, calculated for that action under paragraph (5).

(7) The Administrator must notify S, by no later than 30th September 2015, of—

- (a) the eligible CERO actions which have been attributed with an uplift under paragraph (4); and
- (b) the contribution that each eligible CERO action identified under sub-paragraph (a) has made towards S's total carbon emissions reduction obligation.

(8) In this article—

"eligible CERO action" has the meaning given in article 19A;

"qualifying CERO achievement", in relation to S, is the amount calculated for S under article 19A(4);

"relevant carbon saving" has the meaning given in article 19A;

"S" has the meaning given in article 19A.

### **Determining the group qualifying CERO achievement for suppliers which are members of a group of companies**

**19C.**—(1) This article applies to suppliers which are members of a group of companies on 30th April 2015.

(2) The Administrator must calculate the group of companies' ("G's") group qualifying CERO achievement in accordance with paragraph (4).

(3) The calculation in paragraph (4) must be carried out—

- (a) if by 30th April 2015 no relevant transfer application has been made, after 30th April 2015;
- (b) if by 30th April 2015 one or more relevant transfer applications have been made, after the Administrator has decided whether to approve, or not to approve, those applications.

(4) G's group qualifying CERO achievement is—

**B – C**

where—

- (a) “B” is the sum total of the relevant carbon savings for eligible group CERO actions; and
- (b) “C” is equal to 35% of the sum total of the carbon emissions reduction obligations which have been determined for suppliers which are members of G in respect of phases 1 and 2.

(5) The Administrator must notify the suppliers which are members of G of G's group qualifying CERO achievement.

(6) In this article—

“eligible group CERO action” means a carbon qualifying action—

- (a) which falls within article 12(4)(a) or (b);
- (b) installation of which was carried out before 1st April 2014; and
- (c) which is credited against the total carbon emissions reduction obligation of a supplier which is a member of G;

“relevant carbon saving”, in relation to an eligible group CERO action, means the carbon saving which the Administrator has attributed to that action under article 19;

“relevant transfer application” means an application which is made by a supplier which is a member of G under article 20.

#### **Attributing an uplift to certain eligible group CERO actions**

**19D.**—(1) This article applies where the Administrator has notified suppliers which are members of G that G has a group qualifying CERO achievement which is greater than zero.

(2) One or more suppliers which are members of G may, by no later than fifteen working days after the date on which all suppliers which are members of G have been notified by the Administrator of their qualifying CERO achievement, nominate to the Administrator eligible group CERO actions, with relevant carbon savings which in sum total do not exceed G's group qualifying CERO achievement, which they wish to be attributed with an uplift.

(3) Only one nomination may be made in respect of G under paragraph (2).

(4) If no nomination is made under paragraph (2), the Administrator must determine which eligible group CERO actions are to be attributed with an uplift, selecting the most recently installed eligible group CERO actions which have relevant carbon savings which, in sum total, do not exceed G's qualifying CERO achievement.

(5) The Administrator must attribute an uplift, in lifetime tonnes of carbon dioxide, calculated in accordance with paragraph (6), to eligible group CERO actions which—

- (a) are nominated or selected in accordance with paragraph (2) or (4), as applicable; and
- (b) the relevant carbon savings of which, in sum total, do not exceed G's group qualifying CERO achievement.

(6) The uplift to be attributed to an eligible group CERO action under paragraph (5) is—

**A × 0.75**

where “A” is the relevant carbon saving for that action.

(7) The contribution that an eligible group CERO action makes towards a supplier's total carbon emissions reduction obligation is the sum total of—

- (a) the relevant carbon saving for that action; and
  - (b) the uplift, if any, calculated for that action under paragraph (6).
- (8) The Administrator must notify the suppliers which are members of G, by no later than 30th September 2015, of—
- (a) the eligible group CERO actions which have been attributed with an uplift under paragraph (5); and
  - (b) the contribution that each eligible group CERO action identified under sub-paragraph (a) has made towards a supplier’s total carbon emissions reduction obligation.
- (9) In this article—
- “eligible group CERO action” has the meaning given in article 19C;
  - “G” has the meaning given in article 19C;
  - “qualifying group CERO achievement”, in relation to G, is the amount calculated for G under article 19C(4);
  - “relevant carbon saving” has the meaning given in article 19C.”.