
EXPLANATORY NOTE

(This note is not part of the Order)

This Order applies in Great Britain. Parts 1 to 9 establish an Energy Company Obligation scheme for the period to 31st March 2026 for the promotion of measures for reducing the cost to individuals of heating their homes (“the ECO4A scheme”). The ECO4A scheme is administered and enforced by the Gas and Electricity Markets Authority (the “Administrator”). Part 10 amends the Electricity and Gas (Energy Company Obligation) Order 2022 (“the 2022 Order”). That Order established another Energy Company Obligation scheme (“the ECO4 scheme”) also for the promotion of measures for reducing the cost to individuals of heating their homes.

Part 1 contains introductory and interpretation provisions.

In Part 2—

- (a) article 3 sets the overall home-heating cost reduction target for the period from the commencement of Parts 1 to 9 of this Order to 31st March 2026;
- (b) article 4 sets out who must participate in the ECO4A scheme. These are the same licensed electricity and gas suppliers as are required to participate in the ECO4 scheme.

Part 3 sets out the process for the apportionment of the overall home-heating cost reduction target between participants. A participant’s share of the target is referred to as its total home-heating cost reduction obligation (its “obligation”). A participant’s obligation is determined in three phases, by reference to whether the participant is a participant in relation to the phase, and if so, by reference to the amount of gas or electricity supplied by the participant (or its group) in the qualification year for the equivalent phase under the ECO4 scheme.

Part 4 requires a participant to achieve its obligation by no later than 31st March 2026, and by promoting ECO4A qualifying actions, which are defined in Part 5. Article 9(3) to (7) impose further requirements as to how a participant must achieve its obligation, including by promoting low-income qualifying actions (as defined in article 2).

Part 5 contains provisions about ECO4A qualifying actions—

- (a) article 10 sets out the requirements and conditions that must be met for a measure to be an ECO4A qualifying action;
- (b) article 11 sets out general requirements, including that the measure must be either an insulation measure or a heating control measure (as defined in article 2);
- (c) articles 12 to 15 set out conditions for a measure to be an ECO4A qualifying action, depending on whether the measure is installed at—
 - (i) private domestic premises in council tax valuation bands A to D in England, or A to E in Wales or Scotland;
 - (ii) private domestic premises occupied by a member of the help to heat group. These are persons awarded a benefit listed in Schedule 1 to the 2022 Order and meeting any condition in relation to that benefit which is specified in that Schedule;
 - (iii) social housing with an energy performance rating of band D; or
 - (iv) social housing with an energy performance rating of band E, F or G;
- (d) articles 16 to 19 set out conditions for a measure to be an ECO4A qualifying action, where a relevant authority (as defined in the 2022 Order) or participant has made certain declarations, such as relating to household income;

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- (e) articles 20 and 21 set out conditions for a measure to be an ECO4A qualifying action, where the measure meets the definition of an “in-fill measure” as set out in those articles;
- (f) articles 22 and 23 set out additional requirements relating to insulation measures and heating control measures respectively;
- (g) article 24 sets out further requirements relating to quality assurance and consumer protection.

Part 6 contains provisions about the notification of completed measures—

- (a) the requirements for an ECO4A qualifying action include a requirement for the participant to notify the measure to the Administrator in accordance with article 25;
- (b) the deadline for notification of the measure is set by, or determined under, article 26;
- (c) article 27 makes provision for applications to extend the deadline for notification;
- (d) article 28 enables notifications to be withdrawn.

Part 7 contains provisions about scores—

- (a) article 29 requires the Administrator to give a score to each ECO4A qualifying action. The score is the amount the ECO4A qualifying action contributes towards the achievement of a participant’s obligation;
- (b) articles 30 to 32 contain provisions for calculating the score.

Part 8 contains provisions about transfer of measures and obligations—

- (a) participants can apply to the Administrator under article 33 to transfer notified measures from one to another;
- (b) participants can apply to the Administrator under article 34 to transfer all or part of a participant’s obligation or low-income minimum requirement from one to another. The low-income minimum requirement is used in article 9 to specify how much of its obligation a participant must achieve through the promotion of low-income qualifying actions.

Part 9 contains provisions about information and enforcement—

- (a) article 35 requires the Administrator to determine before 1st December 2026 whether a participant has achieved its obligation;
- (b) article 36 enables the Administrator to require information and evidence from a participant regarding compliance with the requirements of this Order and the costs of achieving its obligation;
- (c) article 37 requires the Administrator, following an application by a participant, to check copies of purported declarations by relevant authorities with information provided by the relevant authorities;
- (d) article 38 makes provision for the enforcement of the requirements placed on participants under this Order.

Part 10 amends the 2022 Order—

- (a) article 40 amends article 2(1) of the 2022 Order to—
 - (i) insert definitions for “related electricity generation equipment” and “renewable means”;
 - (ii) correct the definition of “licence-holder” to exclude holders of a licence under section 7A(2) of the Gas Act 1986 (“gas shippers”);
 - (iii) correct the definition of “Reduced Data Standard Assessment Procedure” to refer to the latest version number for the 2012 edition. Copies of the latest and previous version of the 2012 edition of the Reduced Data Standard Assessment Procedure can

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- be inspected by contacting the Energy Company Obligation Team, Department for Energy Security and Net Zero, 1 Victoria Street, London SW1H 0ET;
- (iv) expand the definitions of “heating measure” and “renewable heating system” to include “related electricity generation equipment”. A consequential amendment is made to article 2(3)(b) of the 2022 Order;
 - (v) expand the definition of “renewable heating system” to include equipment for the generation of heat partly by renewable means;
- (b) article 41 corrects article 4(5) of the 2022 Order to exclude gas shippers;
 - (c) article 42 amends article 12 of the 2022 Order to prevent a measure from being a qualifying action under the ECO4 scheme if it is a measure notified in accordance with the ECO4A scheme;
 - (d) article 43 amends the general requirements relating to heating measures in article 27(1) of the 2022 Order to—
 - (i) remove the restriction in sub-paragraph (d) on installation of connections to district heating systems that deliver heat generated wholly or partly from mains gas;
 - (ii) widen the circumstances in which electric storage heaters or electric heating systems can be installed;
 - (iii) apply the restrictions on the installation of solar pv equipment in sub-paragraph (i) to all equipment for the generation of electricity by renewable means;
 - (e) article 44 amends the specific requirements relating to heating measures installed at on-gas premises in article 28 of the 2022 Order to widen the circumstances in which electric storage heaters, electric heating systems or related electricity generation equipment can be installed at on-gas premises;
 - (f) article 45 amends the specific requirements relating to heating measures installed at off-gas premises in article 29(2) of the 2022 Order to widen the circumstances in which related electricity generation equipment can be installed at off-gas premises;
 - (g) article 46 amends the off-gas heating hierarchy in article 30 of the 2022 Order to widen the circumstances in which electric storage heaters or electric heating systems can be installed;
 - (h) articles 47 to 49(a) amend the notification requirements in article 43 of the 2022 Order, insert a new article 44A to enable the withdrawal of notifications of completed measures and to make a consequential amendment to article 80 of the 2022 Order;
 - (i) article 49(b) makes a correction as to how references to the person that promoted the measure are to be interpreted in the 2022 Order following approval of an application to transfer the measure;
 - (j) article 50 contains saving provisions.

A full impact assessment of the effect that this instrument will have on the costs of business and the public sector has been published and is available at www.legislation.gov.uk. Hard copies of the impact assessment can be obtained from the Energy Company Obligation Team, Department for Energy Security and Net Zero, 1 Victoria Street, London SW1H 0ET.