
EXPLANATORY NOTE

(This note is not part of the Order)

This Order applies in Great Britain and places an obligation on electricity and gas suppliers who have 50,000 or more domestic customers to achieve a carbon emissions reduction obligation. The Order is administered and enforced by the Office for Gas and Electricity Markets (“the Authority”). Article 3 sets out the overall carbon emissions reduction target which must be achieved by electricity and gas suppliers between 1st April 2008 and 31st March 2011.

Article 4 defines a supplier. Article 5 places an obligation on a supplier to notify the Authority of the number of the supplier’s domestic customers.

Article 6 requires the Authority to determine a supplier’s carbon emissions reduction obligation and provides when a carbon emissions reduction obligation commences. Article 7 contains matters which the Authority must consider when determining a supplier’s carbon emissions reduction obligation. Article 8 provides for a review of a supplier’s carbon emissions reduction obligation.

Article 9 provides that a supplier’s carbon emissions reduction obligation must be achieved by promoting qualifying actions to domestic energy users. Limits are set on the extent to which particular qualifying actions can be promoted.

Article 10 provides for the purposes for which a qualifying action must be promoted. Article 11 provides for notifications of actions by suppliers. Article 12 sets out how the Authority is to approve a particular action.

Article 13 requires a supplier to achieve at least 40% of the supplier’s carbon emissions reduction obligation by promoting measures to members of the priority group. Article 14 provides for particular action which a supplier may decide to promote to achieve this obligation.

Article 15 requires the Authority to estimate the carbon emissions reduction which is likely to be achieved by a qualifying action which it has approved. Article 16 provides for information that a supplier must provide to the Authority.

Under article 17 a supplier may apply to credit towards the supplier’s carbon emissions reduction obligation any excess action which the supplier achieved under the Electricity and Gas (Energy Efficiency Obligations) Order 2004. Article 18 provides for the transfer of completed qualifying actions between suppliers.

Article 19 requires a supplier to notify the Authority of the number and type of qualifying actions the supplier has completed. The Authority must determine the carbon emissions reduction to be attributed to a completed action. Articles 20 and 21 provide for such determination in relation to a priority group flexibility action and a demonstration action.

Article 22 requires the Authority to determine whether a supplier’s carbon emissions reduction obligation has been achieved. The Authority must submit a final report to the Secretary of State setting out whether each supplier’s carbon emissions reduction obligation and the priority group obligation under article 13 has been achieved. The Authority must report whether the overall carbon emissions reduction target was achieved.

By article 23, requirements of this Order are a relevant requirement for the purposes of Part I of the Electricity Act 1989 and Part I of the Gas Act 1986 and may be enforced accordingly.

An impact assessment has been prepared in respect of this Order and copies can be obtained from the Climate and Energy: Household and Markets policy division, Department for Environment, Food and Rural Affairs, Noble House, 17 Smith Square, London, SW1A 3JR.