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## 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 (“suppliers”) who have 50,000 or more domestic customers to achieve a carbon emissions reduction obligation. This Order also places an obligation on electricity generators (“generators”) who have generated 10TWh/yr or more of electricity in previous years (generation periods) to achieve a carbon emissions reduction obligation. The Order is administered and enforced by the Office for Gas and Electricity Markets (“the Authority”).

The obligation imposed by this Order on generators and suppliers is similar to the obligation imposed on suppliers under the Electricity and Gas (Carbon Emissions Reduction) Order 2008 ([S.I. 2008/188](#)) in so far as it places an obligation to achieve carbon emissions reductions. However, under this Order the carbon emissions reduction obligation must be achieved by promoting particular types of actions to domestic energy users in areas of low income. A copy of the document containing the areas of low income can be obtained from the website referred to in the definition of “areas of low income” in article 2. However, a copy may also be obtained by contacting the CESP Team at the Department of Energy and Climate Change.

Article 3 sets out the overall carbon emissions reduction target which the obligated parties must be achieved between 1st October 2009 and 31st December 2012.

Article 4 defines a generator whilst article 5 defines a supplier. Article 6 places an obligation on a generator to notify the Authority of the amount of electricity the generator has generated. Article 7 places a similar obligation on suppliers to notify the Authority of number of the supplier’s domestic customers.

Article 8 sets out when the obligation period for a generator commences. Article 9 requires the Authority to determine a generator’s carbon emission reduction obligation in accordance with the formula provided.

Article 10 requires the Authority to determine a supplier’s carbon emissions reduction and provides when such an obligation commences. Article 11 contains matters which the Authority must consider when determining a supplier’s carbon emissions reduction obligation.

Article 12 provides for a review of a generator’s carbon emissions reduction obligation. Article 13 provides for a review of a supplier’s carbon emissions reduction obligation.

Article 14 provides that a generator’s or a supplier’s carbon emissions reduction obligation must be achieved by promoting qualifying actions to domestic energy users in areas of low income. Limits are set on the extent to which particular qualifying actions can be promoted.

Article 15 provides for the purposes for which a qualifying action must be promoted. Article 16 provides for notifications of actions by generators and suppliers whilst article 17 sets out how the Authority must approve a qualifying action.

Article 18 requires the Authority to estimate the carbon emissions reductions for a connection to a district heating system or an upgrade to a district heating system. Article 19 provides for the information which a generator or a supplier must provide to the Authority.

Article 20 provides for the transfer of completed qualifying action between the obligated parties whilst article 21 allows the obligated parties to trade their carbon emissions reduction obligations.

Article 22 requires a generator and a supplier to notify the Authority of the number and type of qualifying actions that each has completed.

**Status:** *This is the original version (as it was originally made).*

The Authority must determine the carbon emissions reduction to be attributed to a completed action. Article 23 provides for such a determination in relation to an individual qualifying action. Article 24 provides the circumstances in which a whole house bonus must be applied to particular qualifying actions whilst article 25 provides the circumstances in which an area bonus must be applied to particular qualifying actions.

Article 26 requires the Authority to determine whether generators and suppliers have achieved their carbon emissions reduction obligations. The Authority must submit a final report to the Secretary of State setting out whether each generator and supplier has achieved their carbon emissions reduction obligation. The Authority must also report whether the overall carbon emissions reduction target was achieved.

By article 27, 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.

Article 28 makes an amendment to the Electricity and Gas (Carbon Emissions Reduction) Order 2008 which prevents a qualifying action approved under that Order from being regarded as a qualifying action, as a result of that approval, under this Order.

An impact assessment has been prepared in respect of this Order and copies can be obtained from the CESP Team, Department of Energy and Climate Change, 3-8 Whitehall Place, London, SW1A 2HH.