
DRAFT STATUTORY INSTRUMENTS

2012 No.

**The Electricity and Gas (Energy
Companies Obligation) Order 2012**

PART 3

Determining carbon emissions reduction obligations, carbon saving
community obligations and home heating cost reduction obligations

**Determining carbon emissions reduction obligations, carbon saving community obligations
and home heating cost reduction obligations**

8.—(1) Except where paragraph (6) or (7) applies, the Administrator must determine for each phase a supplier's obligations in paragraph (2).

(2) The obligations referred to in paragraph (1) are a supplier's—

- (a) carbon emissions reduction obligation;
- (b) carbon saving community obligation; and
- (c) home heating cost reduction obligation.

(3) For the purposes of paragraph (1), the Administrator must—

- (a) in the case of a supplier which is not a group company during the phase to which a determination relates, make the determination in accordance with article 9;
- (b) in the case of a supplier which is a group company during the phase to which a determination relates, make the determination in accordance with article 10.

(4) A determination under paragraph (1) of a supplier's obligations in paragraph (2) must be notified to the supplier—

- (a) for phase 1, by no later than the twelfth working day after day on which the supplier has notified the Administrator under article 7(1) in relation to the relevant notification period;
- (b) for phase 2 and phase 3, by no later than the last day of February prior to the commencement of the phase.

(5) In respect of a supplier to whom paragraph (6) or (7) applies, the Administrator must notify the supplier of the obligation by no later than the last day of February prior to the commencement of the relevant phase.

(6) Where a supplier is not a group company, each of a supplier's obligations in paragraph (2) for a phase is zero where the supplier has notified under article 7 a supply of gas or electricity for the relevant notification period which does not exceed a qualifying supply.

(7) Where a supplier is a group company, each of a supplier's obligations in paragraph (2) for a phase is zero where the supplier has notified under article 7 a supply of gas or electricity for the group for the relevant notification period which does not exceed a qualifying supply.

(8) A supplier is a group company during—

- (a) phase 1, where it is a member of a group with another supplier at the end of 31st December 2011;
- (b) phase 2 or phase 3, where it is a member of a group with another supplier at the end of 31st December immediately before the commencement of that phase.

Determining obligations for a supplier who is not a member of a group

9. Where this article applies, in respect of each of the obligations referred to in article 8(2), the supplier's obligation for a phase is—

$$\left(\frac{A}{2}\right)\left(\frac{T_x}{T}\right)$$

where—

“A” is the value given for the obligation in the following table in relation to the phase;

	<i>Carbon emissions reduction obligation</i>	<i>Carbon saving community obligation</i>	<i>Home heating cost reduction obligation</i>
Phase 1	4.18MtCO ₂	1.36MtCO ₂	£0.84bn
Phase 2	8.36MtCO ₂	2.72MtCO ₂	£1.68bn
Phase 3	8.36MtCO ₂	2.72MtCO ₂	£1.68bn

“Tx” is the amount of electricity or gas supplied in the relevant notification period by the supplier as determined in accordance with article 11;

“T” is the total amount of electricity or gas, as applicable, supplied in the relevant notification period by all suppliers as determined in accordance with article 11 but excluding those suppliers for whom an obligation of zero applies under article 8(6) and (7).

Determining obligations for a supplier who is a member of a group

10. Where this article applies, in respect of each of the obligations referred to in article 8(2), the supplier's obligation for a phase is—

$$J \times \left(\frac{H}{K}\right)$$

where—

“J” is the amount produced by applying the formula set out in article 9 where—

- (a) A and T have the same meaning as in that article;
- (b) Tx is the amount of electricity or gas supplied in the relevant notification period by the group to which the supplier belongs as determined in accordance with article 11;

“H” is the amount of electricity or gas notified by a supplier for the relevant notification period;

“K” is the amount of electricity or gas supplied in the relevant notification period by the group to which the supplier belongs.

Determining supply

11.—(1) For the purposes of articles 9 and 10, the amount of electricity or gas supplied by a supplier or group in the relevant notification period is—

- (a) where the amount notified under article 7 for that period is more than a qualifying supply but less than the amount in sub-paragraph (b)(i) or (ii) (as the case may be), the amount determined using the formula in paragraph (2);
 - (b) where the amount notified under article 7 for that period is equal to or more than—
 - (i) 800 gigawatt hours of electricity; or
 - (ii) 4000 gigawatt hours of gas,the notified amount.
- (2) The formula referred to in paragraph (1)(a) is—
- $$(A - B) \times 2$$

where—

“A” is the amount of electricity or gas notified by the supplier or group for the relevant notification period;

“B” is—

- (a) in the case of an electricity supplier, 400 gigawatt hours; or
- (b) in the case of a gas supplier, 2000 gigawatt hours.