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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on the day after the day on which they are made, amend the Warm Home Discount Regulations 2011 (the “WHD Regulations”) and the Disclosure of State Pension Credit Information (Warm Home Discount) Regulations 2011 (the “Disclosure Regulations”).

The WHD Regulations established the Warm Home Discount scheme (“the Scheme”), which was in operation for five years, until 31st March 2016. The Scheme placed obligations on licensed electricity suppliers who have 250,000 or more domestic customer accounts (or who are part of a group of electricity or gas supply companies which together have 250,000 or more domestic customer accounts) to incur spending on providing benefits to customers who are in, or are at risk of, fuel poverty.

The Scheme required those electricity suppliers to provide a rebate in each scheme year to their “core group customers” (that is, domestic customers who are, or who have a partner who is, in receipt of state pension credit guarantee credit). It also required those suppliers to incur “non-core spending” by providing the rebate to other domestic customers (“the broader group”) who met their eligibility criteria, and by undertaking “industry initiatives” for the benefit of energy consumers, such as the provision of energy advice or debt assistance.

Regulations 3(1)(c) and (e) and 4(c) amend the WHD Regulations to reinstate the Scheme for a further two scheme years. Scheme year 6 will run from the coming into force of this instrument to 31st May 2017, and scheme year 7 will run from 1st June 2017 to 31st March 2018.

A number of amendments are made to the WHD Regulations for the new scheme years. Regulation 3(1)(b) sets the value of the prescribed rebate to customers at £140, and regulation 21(a) sets the overall spending target at £323 million for scheme year 6 and £329 million for scheme year 7.

Regulation 3(1)(a) replaces the definition of “couple”.

Regulations 5(b), 6(b), 10(b) and (c) and 12(d) and (e) change the deadlines for certain notifications and determinations under the Scheme.

Regulation 5(c) inserts provision to take into account notifications of domestic customer numbers made to the Authority before this instrument comes into force, and regulation 14 inserts provision to enable spending on industry initiatives incurred between 1st April 2016 and the coming into force of this instrument to count towards the non-core spending obligation.

Regulations 8 and 16(2) insert provision to allow the rebate to be credited to the customer’s gas account.

Regulations 9 and 12(c) insert requirements on scheme electricity suppliers to notify the Gas and Electricity Markets Authority (“the Authority”) following the end of the scheme year of the number of rebates they provided in the scheme year which were not accepted by the customer. The supplier’s non-core spending obligation for scheme year 7 is increased by the value of the rebates provided in scheme year 6 that were not accepted.

Regulation 11(b) inserts provisions for the calculation of the non-core spending obligation of a supplier that was not a compulsory scheme electricity supplier in the preceding scheme year.

Regulation 13(5) and (7) insert limits on the amount of spending on industry initiatives for debt reduction or cancellation that can count towards a supplier’s non-core spending obligation.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Regulation 17 inserts provision so that nothing in Chapter 3 of Part 4 of the WHD Regulations (relating to legacy spending) applies in scheme years 6 and 7.

Regulation 19 inserts a new Chapter 5 into Part 4 of the WHD Regulations to allow spending on activities specified in a notice published by the Secretary of State to count towards the non-core spending obligation. Regulation 13(3) inserts a limit on the combined amount of spending on industry initiatives and on activities specified by the Secretary of State that can be counted towards the non-core spending obligation.

The remaining provisions in regulations 3 to 21 amend the WHD Regulations in consequence of the extension of the Scheme and the other changes described above.

Regulation 22 corrects a drafting error in Schedule 2 to the WHD Regulations.

The Disclosure Regulations authorise the sharing of data between the Secretary of State and electricity suppliers about customers, or their partners, who are in receipt of state pension credit, to facilitate the operation of the Scheme. This instrument amends the Disclosure Regulations to align the definitions of “couple” and “scheme year” with the WHD Regulations, as amended by these Regulations.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department of Energy and Climate Change at 3 Whitehall Place, London SW1A 2AW and is published with the Explanatory Memorandum alongside this instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk).