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STATUTORY INSTRUMENTS

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**2018 No. 1183**

The Electricity and Gas (Energy  
Company Obligation) Order 2018

PART 5

Applications for demonstration actions, innovation  
measures, monitored measures and surplus actions

**Demonstration actions**

**20.**—(1) A participant may apply to the Administrator in writing for the installation of a measure at two or more domestic premises to be approved as a demonstration action.

(2) An application under paragraph (1) must include—

(a) the following information—

- (i) an explanation of how the measure is expected to achieve cost savings;
- (ii) the estimated amount of cost savings expected;
- (iii) the arrangements for monitoring whether the measure achieves cost savings;
- (iv) the arrangements for assessing the effectiveness of the measure at achieving cost savings;
- (v) the arrangements for ensuring the safety of the measure, for repairing or removing any measure that is faulty and for preventing or remedying any adverse impacts caused by the measure on the domestic premises at which it is installed;
- (vi) the number of domestic premises at which the participant intends to promote the installation of the measure, and an explanation of how that number was determined;
- (vii) the estimated cost in pounds sterling to be incurred by the participant in respect of the matters described in paragraphs (iii) to (vi); and
- (viii) such other information relating to the measure as the Administrator may require; and

(b) consent to the publication of information, other than personal data, provided by the participant to the Administrator in relation to the promotion, monitoring and assessment of the measure.

(3) An application under paragraph (1) must be made before the installation of the measure to which the application relates.

(4) The Administrator must not approve the application unless it is satisfied that—

- (a) the measure to which the application relates is reasonably expected to result in a reduction in the cost of heating domestic premises;
- (b) the estimates provided under paragraph (2)(a)(ii) and (vii) are reasonable, and having regard to those estimates, the measure is reasonably expected to provide value for money;
- (c) the arrangements described under paragraph (2)(a)(iii) to (v) are reasonable;

- (d) the number of domestic premises at which the participant intends to promote the installation of the measure is no more than is necessary in order to demonstrate the effectiveness of the measure at achieving cost savings;
  - (e) the measure is not—
    - (i) the installation of equipment for the generation of heat wholly or partly from oil;
    - (ii) the installation of equipment for the generation of heat wholly from a non-renewable source; or
    - (iii) a repair;
  - (f) the measure is at technology readiness level 8 (system complete and qualified) or technology readiness level 9 (actual system proven in operational environment); and
  - (g) the measure is materially different from the measures promoted by licence-holders to meet their obligations under previous energy efficiency schemes and from any measures notified under article 24 before the date on which the application was made.
- (5) A demonstration action is the installation of a measure at two or more domestic premises which is the subject of an application under paragraph (1) which has been approved by the Administrator.
- (6) For the purposes of this article—
- (a) a measure is not materially different from another measure merely because it is installed at different domestic premises; and
  - (b) when considering whether a measure is materially different from another measure, the Administrator may have regard to such matters as it thinks fit, including to any one or more of the following—
    - (i) the production method;
    - (ii) the installation method;
    - (iii) the materials used;
    - (iv) the technology used;
    - (v) the expected costs of promoting the measure;
    - (vi) the expected cost savings or other benefits of the measure.
- (7) In this article—
- “personal data” has the same meaning as in section 3 of the Data Protection Act 2018(1);
- “technology readiness level” followed by a number has the same meaning as “TRL” followed by that number in General Annex G to the Horizon 2020 Work Programme 2018-2020 adopted by Commission Decision C(2017)7124 of 27th October 2017(2).

### **Innovation measures**

**21.—**(1) A participant may apply to the Administrator in writing for a measure which the participant intends to promote to be approved as an innovation measure.

- (2) An application under paragraph (1) must include the following information—
- (a) a description of the characteristics of the measure (“the innovation measure description”);
  - (b) an explanation of how the measure is—

(1) 2018 c.12.

(2) OJ No. C 368, 28.10.2017, p.6. The Horizon 2020 Work Programme 2018-2020 and its General Annexes can be found at: [http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference\\_docs.html#h2020-work-programmes-2018-20](http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html#h2020-work-programmes-2018-20) A copy can be inspected by contacting the Energy Company Obligation Team at the Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London SW1H 0ET.

- (i) an improvement on the measures that would otherwise be promoted by the participant; or
  - (ii) an improvement on the measures promoted by licence-holders to meet their obligations under previous energy efficiency schemes; and
- (c) such other information relating to the measure as the Administrator may require.
- (3) The Administrator must not approve the application unless it is satisfied that—
  - (a) the measure to which the application relates is capable of resulting in a reduction in the cost of heating domestic premises;
  - (b) the innovation measure description is accurate and contains sufficient detail to distinguish the measure from other measures that are materially different;
  - (c) the explanation provided under paragraph (2)(b) is reasonable;
  - (d) the measure is not—
    - (i) a district heating connection;
    - (ii) the installation of equipment for the generation of heat wholly or partly from oil;
    - (iii) the installation of equipment for the generation of heat wholly from a non-renewable source; or
    - (iv) a repair; and
  - (e) the measure is materially different from—
    - (i) the measures promoted by licence-holders to meet their obligations under previous energy efficiency schemes; and
    - (ii) any measures, other than innovation measures, notified under article 24 before the date of the application under paragraph (1).
- (4) If the Administrator approves the application it must publish on its website—
  - (a) the innovation measure description; and
  - (b) the date on which the application was approved.
- (5) An innovation measure is a measure which—
  - (a) is completed after the date on which an application under paragraph (1) is approved by the Administrator; and
  - (b) falls within the innovation measure description published by the Administrator in respect of that application.
- (6) For the purposes of this article, article 20(6) applies as it applies for the purposes of that article.

### **Monitored measures**

**22.**—(1) A participant may apply to the Administrator in writing for the installation of a measure at domestic premises to be approved as a monitored measure.

- (2) An application under paragraph (1) must include—
  - (a) the following information—
    - (i) the arrangements for monitoring the cost savings achieved by the measure at the premises where it is installed;
    - (ii) reasons why the arrangements in paragraph (i) are likely to improve the information available about the cost savings achieved by the measure;

- (iii) a methodology, based on the performance of the measure at the premises where it is installed, for calculating the cost savings achieved by the measure at those premises; and
  - (iv) such other information relating to the measure as the Administrator may require; and
  - (b) consent to the publication of information provided by the participant to the Administrator in relation to the methodology for calculating the cost savings achieved by the measure.
- (3) An application under paragraph (1) must be made before the installation of the measure to which the application relates.
- (4) The Administrator must not approve the application unless it is satisfied that—
- (a) the measure to which the application relates is capable of resulting in a reduction in the cost of heating domestic premises;
  - (b) the arrangements described under paragraph (2)(a)(i) are reasonable, and are likely to improve the information available about the cost savings achieved by the measure;
  - (c) the methodology provided under paragraph (2)(a)(iii) is reasonable; and
  - (d) the measure is not—
    - (i) a district heating connection;
    - (ii) the installation of equipment for the generation of heat wholly or partly from oil; or
    - (iii) a repair.
- (5) A monitored measure is a measure which is the subject of an application under paragraph (1) which has been approved by the Administrator.

### **Surplus actions**

**23.**—(1) On or before 30th November 2019 a relevant supplier may apply to the Administrator in writing for a measure to be recognised as a surplus action.

(2) An application under paragraph (1) must give details of the measure which the applicant considers constitutes a surplus action.

(3) A surplus action is a measure which—

- (a) is an ECO2 carbon qualifying action or an ECO2 heating qualifying action which was achieved by the applicant;
- (b) is not required by the applicant to meet any obligations under the 2014 Order or, by virtue of article 16(6) to (7A) of the 2014 Order, cannot be used by the applicant to meet any obligations under the 2014 Order;
- (c) was completed on or after 1st April 2017; and
- (d) is not the installation of equipment for the generation of heat wholly or partly from coal.

(4) The Administrator must recognise a measure as a surplus action if, following an application under paragraph (1), the Administrator is satisfied that—

- (a) the measure to which the application relates is a surplus action; and
- (b) in the case of an ECO2 carbon qualifying action, recognition of the measure as a surplus action would not cause the total carbon saving attributable to all of the ECO2 carbon qualifying actions achieved by the applicant and recognised by the Administrator as surplus actions to exceed 20% of the applicant's ECO2 CERO target.

(5) For the purposes of paragraph (4)(b), the carbon saving attributable to an ECO2 carbon qualifying action is the carbon saving attributed to it by the Administrator in accordance with article 25 of the 2014 Order.

(6) In this article—

“ECO2 carbon qualifying action” means a carbon qualifying action within the meaning of article 12(3) of the 2014 Order and which was notified to the Administrator in accordance with article 17 of the 2014 Order;

“ECO2 CERO target” means, in relation to an applicant, the applicant’s total carbon emissions reduction obligation within the meaning of the 2014 Order;

“ECO2 heating qualifying action” means a heating qualifying action within the meaning of article 16(3) of the 2014 Order and which was notified to the Administrator in accordance with article 17 of the 2014 Order.