
EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Electricity and Gas (Energy Companies Obligation) Order 2012 ([S.I. 2012/3018](#)), as amended by [S.I. 2014/1131](#) (the “ECO Order”).

Article 3 amends the definition of “area of low income” by referring to a new document for a description of the areas that fall within this definition for carbon saving community qualifying actions carried out on or after 1 April 2014. It also updates, with effect from the date this Order comes into force, the definition of “Publicly Available Specification” to refer to a new version.

Article 4 reduces the overall carbon emissions target from 20.9 MtCO₂ to 14 MtCO₂.

Article 5 inserts a new article 8A into the ECO Order, which requires the Administrator to determine a supplier’s reduced phase 3 carbon emissions reduction obligation. This reduced phase 3 carbon emissions reduction obligation will reflect the reduction to the overall carbon emissions target made by article 4 of this Order.

Article 6 makes amendments to article 12 of the ECO Order to provide that, if installed on or after 1 April 2014, certain new types of measure are eligible for the carbon emissions reduction obligation. Previously these measures were only eligible if installed alongside hard to treat cavity wall insulation or solid wall insulation. The new measures are cavity wall insulation (rather than only hard to treat cavity wall insulation, as previously), flat roof insulation, loft insulation, rafter insulation, room-in-roof insulation, and a connection to a district heating system. Article 6 sets out the conditions that must be met when these measures are installed, and conditions that must be met where other insulation measures (referred to as “secondary measures”) are installed alongside these measures.

Article 7 amends the requirement, in article 13 of the ECO Order, that 15% of a supplier’s carbon saving community obligation is met by promoting carbon saving community qualifying actions to members of the affordable warmth group living in a rural area. It provides that this 15% sub-target can also be achieved by promoting carbon saving community qualifying actions installed on or after 1 April 2014 in a deprived rural area.

Article 8 amends article 14 of the ECO Order to clarify, in light of the amendment to the definition of “area of low income” in article 2 of the ECO Order, how the determination as to whether the 25% limit on adjoining installations in article 14(2) is met is to be made where a measure was installed before 1 April 2014. Article 8 also removes article 14(3), which provided that adjoining installations were not qualifying actions until the determination on the 25% limit has been made.

Article 9 amends article 16 of the ECO Order, to provide for the notification, after this Order comes into force, of qualifying actions installed in the period 1 April 2014 to the end of the month in which this Order comes into force.

Article 10 inserts new articles 19A to 19D into the ECO Order. These new articles provide for certain carbon qualifying actions to make a contribution towards a supplier’s carbon emissions reduction obligation of 1.75 times the carbon saving attributed to the qualifying action under article 19 of the ECO Order. This article only provides for this uplift to be applied where a supplier (or, if a group company, its group) achieves more than 35% of its carbon emissions reduction obligation for phases 1 and 2 by 31st March 2014 by the installation of solid wall insulation or hard to treat cavity wall insulation.

Article 11 amends article 20 of the ECO Order to extend the deadline for applications for transfer of qualifying actions between suppliers to 30th April 2015.

Articles 12, 13 and 14 insert a new article 21ZA into the ECO Order, and make small amendments to articles 21 and 21A of the ECO Order. Article 21ZA provides that a group of suppliers may apply to the Administrator to credit towards an applicant supplier's obligations under the ECO Order actions which were installed and approved under the Electricity and Gas (Carbon Emissions Reduction) Order 2008 (S.I. 2008/188) ("CERT actions"). It provides that a CERT action can be carried forward to an applicant supplier's ECO obligations if it is surplus to the relevant supplier group's obligations under CERT, and the other requirements of article 21ZA are met.

Article 15 amends article 22 of the ECO Order to provide that suppliers can apply to transfer qualifying actions from one ECO obligation to another more than once. It also provides that the Administrator must notify suppliers whether they have met their obligations by 30th September 2015 (rather than 1st July 2015, as previously), and that the Administrator must report to the Secretary of State whether suppliers have met their obligations by 30th September 2015 (rather than 31st January 2016, as previously).

Article 16 amends article 24 of the ECO Order to provide that achieving the carbon emissions reduction obligation is not a relevant requirement.

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