
STATUTORY INSTRUMENTS

2014 No. 3219

The Electricity and Gas (Energy
Company Obligation) Order 2014

PART 3

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

**Determining a supplier's carbon emissions reduction obligation, carbon saving community
obligation, home heating cost reduction obligation and provisional solid wall minimum
requirement**

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

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

(2) Except where paragraph (6) or (7) applies, the Administrator must also determine for each phase a supplier's provisional solid wall minimum requirement.

(3) For the purposes of paragraphs (1) and (2), 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 8;
- (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 9.

(4) A determination under paragraph (1) of a supplier's obligations and under paragraph (2) of a supplier's requirement must be notified to the supplier 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 obligations and requirement by no later than the last day of February prior to the commencement of the relevant phase.

(6) Where a supplier—

- (a) is not a group company; and
- (b) has notified under article 6 a supply of gas or electricity for the relevant notification period which does not exceed a qualifying supply,

each of the supplier's obligations in paragraph (1) and the requirement in paragraph (2) for a phase is zero.

(7) Where a supplier—

- (a) is a group company; and

(b) has notified under article 6 a supply of gas or electricity for the group for the relevant notification period which does not exceed a qualifying supply, each of the supplier's obligations in paragraph (1) and the requirement in paragraph (2) for a phase is zero.

(8) A supplier is a group company during a phase 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

8. Where this article applies, in respect of each of the obligations referred to in article 7(1) and the provisional solid wall minimum requirement referred to in article 7(2), the supplier's obligation or requirement, as applicable, for a phase is—

$$\frac{A \times T_x}{T}$$

where—

- (a) "A" is half of the value given for the obligation or requirement 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>	<i>Provisional solid wall minimum requirement</i>
Phase 1	6.2MtCO ₂	3MtCO ₂	£1.85bn	2MtCO ₂
Phase 2	6.2MtCO ₂	3MtCO ₂	£1.85bn	2MtCO ₂

- (b) "Tx" is the amount of electricity or gas supplied in the relevant notification period by the supplier as determined in accordance with article 10;
- (c) "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 10 but excluding those suppliers for whom an obligation of zero applies under article 7(6) and (7).

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

9. Where this article applies, in respect of each of the obligations referred to in article 7(1) and the provisional solid wall minimum requirement referred to in article 7(2), the supplier's obligation or requirement, as applicable, for a phase is—

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

where—

- (a) "J" is the amount produced by applying the formula set out in article 8 where—
- (i) A and T have the same meaning as in that article;
 - (ii) 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 10;
- (b) "H" is the amount of electricity or gas notified by a supplier for the relevant notification period;
- (c) "K" is the amount of electricity or gas supplied in the relevant notification period by the group to which the supplier belongs.

Determining supply

10.—(1) For the purposes of articles 8 and 9, 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 6 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 6 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) “A” is the amount of electricity or gas notified by the supplier or group for the relevant notification period;
- (b) “B” is—
 - (i) in the case of an electricity supplier, 400 gigawatt hours; or
 - (ii) in the case of a gas supplier, 2000 gigawatt hours.

Increasing a supplier’s carbon emissions reduction obligation as a result of the supplier’s failure to achieve its ECO1 CERO target

11.—(1) This article applies where a supplier does not achieve its ECO1 CERO target by the end of March 2015.

(2) Where this article applies, the supplier’s carbon emissions reduction obligation for phase 1, determined under article 7, is to be increased by—

$$(A - B) \times 1.1$$

where—

- (a) “A” is the amount, in MtCO₂, of the supplier’s ECO1 CERO target;
- (b) “B” is the sum, in MtCO₂, of—
 - (i) the ECO1 carbon savings attributed to the ECO 1 qualifying actions and ECO1 excess actions credited against the supplier’s ECO1 CERO target; and
 - (ii) the uplifts, if any, attributed to those ECO1 qualifying actions under article 19B or 19D of the 2012 Order⁽¹⁾.

(3) The Administrator must notify the supplier by no later than 30th September 2015 of its revised phase 1 carbon emissions reduction obligation resulting from the calculation in paragraph (2).

(1) Articles 19B and 19D are inserted by [S.I. 2014/3210](#).