Draft Regulations laid before Parliament under section 31(2) of the Energy Act 2010, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2011 No.

ELECTRICITY
GAS

The Warm Home Discount Regulations 2011

Made - - - -	*2011*
	in accordance with
Coming into force - -	*regulation 1*

The Secretary of State makes these Regulations with the consent of the Treasury(**1**) in exercise of the powers conferred by sections 9, 10, 14(4) and 31(5) and (6) of the Energy Act 2010(**2**).

The Secretary of State has consulted the Gas and Electricity Markets Authority, licensed electricity suppliers, licensed gas suppliers and such other persons as the Secretary of State thinks appropriate.

In accordance with section 31(2) of the Energy Act 2010 a draft of these Regulations has been laid before and approved by resolution of each House of Parliament.

PART 1

Introduction

Title and commencement

1.—(1) These Regulations may be cited as the Warm Home Discount Regulations 2011.

(2) These Regulations come into force on the day after the day on which they are made.

Interpretation

2.—(1) In these Regulations—

"broader group customer" is to be interpreted in accordance with regulation 18(1);

"commencement date" means the date on which these Regulations come into force;

"compulsory scheme electricity supplier" has the meaning given in regulation 5(1);

(**1**) The consent of the Treasury is required by section 14(3) of the Energy Act 2010 (c. 27).
(**2**) 2010 c. 27.

"core group customer" has the meaning given in regulation 7(2);

"couple" means—

(a) a man and a woman who are married to each other and are members of the same household;

(b) a man and a woman who are not married to each other but are living together as husband and wife;

(c) two people of the same sex who are civil partners of each other and are members of the same household; or

(d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners,

and for the purposes of sub-paragraph (d), two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;

"domestic customer" means an owner or occupier of domestic premises in Great Britain who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes;

"dual fuel" means electricity and gas, where both are supplied to a domestic customer at the same domestic premises, by a person who is both a licensed electricity supplier and a licensed gas supplier;

"group of companies" means a holding company and the wholly-owned subsidiaries of that holding company; and "holding company" and "wholly-owned subsidiary" have the same meanings as in section 1159 of the Companies Act 2006(**3**);

"industry initiative" has the meaning given in regulation 26(1);

"legacy spending", and references to the amount of legacy spending incurred by a relevant supplier, are to be interpreted in accordance with regulation 21(2);

"non-core spending obligation" is to be interpreted in accordance with regulation 13;

"partner" means a member of a couple;

"the prescribed rebate" means a rebate of—

(a) in scheme year 1, £120;

(b) in scheme year 2, £130;

(c) in scheme year 3, £135; and

(d) in scheme year 4, £140;

"relevant supplier" means a compulsory scheme electricity supplier, or a scheme gas supplier which is connected to a compulsory scheme electricity supplier, which—

(a) made a voluntary commitment; and

(b) under that commitment, provided financial benefits to domestic customers in the period from 1st April 2010 to 31st March 2011;

"scheme electricity supplier" means a compulsory scheme electricity supplier or a voluntary scheme electricity supplier;

"scheme gas supplier" has the meaning given in regulation 5(5);

"scheme supplier" means a scheme electricity supplier or a scheme gas supplier;

"scheme year" means a period—

(a) from the commencement date to 31st March 2012; or

(**3**) 2006 c. 46.

(b) of 12 months commencing on 1st April in any of the years 2012 to 2014,

and "scheme year" followed by a number from 1 to 4 means the scheme year commencing in 2011, 2012, 2013 or 2014 as the case may be;

"state pension credit" has the meaning given by section 1 of the State Pension Credit Act 2002(**4**);

"voluntary commitment" means a commitment made by a licensed electricity supplier or a licensed gas supplier to the Secretary of State, in respect of the period from 1st April 2008 to 31st March 2011, to provide financial benefits to customers and carry out other initiatives, for the purpose of assisting persons in fuel poverty or in fuel poverty risk groups; and

"voluntary scheme electricity supplier" has the meaning given in regulation 5(4).

(2) For the purposes of these Regulations, an electricity supplier or gas supplier (A) is connected to an electricity supplier or gas supplier (B) if A and B are companies belonging to the same group of companies.

PART 2

The Scheme

Name and duration of scheme

3.—(1) These Regulations establish a scheme for reducing fuel poverty, to be known as the Warm Home Discount scheme.

(2) The scheme has effect during the period from the commencement date to 31st March 2015 ("the scheme period").

(3) The following duties and powers continue to apply after the end of the scheme period—

(a) the duties of scheme suppliers under regulations 9(5) and (6), 24(2) and 30(3) and Part 1 of Schedule 3;

(b) the duty of the Secretary of State under regulation 10;

(c) the duties of the Authority under regulations 23 and 29 and Part 2 of Schedule 3; and

(d) the powers of the Authority under regulations 24(3) and 30(1) and (2).

Notification by suppliers

4.—(1) Paragraph (2) applies to every—

(a) licensed electricity supplier; and

(b) licensed gas supplier which is connected to a licensed electricity supplier.

(2) A supplier to which this paragraph applies must notify the Authority by—

(a) 14 days after the commencement date; and

(b) 14th February in each of the years 2012, 2013 and 2014,

of the number of that supplier's domestic customers on the preceding 31st December.

(3) If, before the commencement of these Regulations, a supplier has notified the Authority of the number of that supplier's domestic customers on 31st December 2010, the Authority shall treat that as the supplier's notification for the purposes of paragraph (2)(a).

(**4**) 2002 c. 16.

(4) If a supplier does not notify the Authority in accordance with paragraph (2), the Authority shall determine the number of that supplier's domestic customers on the preceding 31st December.

(5) For the purposes of this regulation, a supplier's number of domestic customers is the number of domestic customers to whom it supplies—

(a) electricity (other than as part of a supply of dual fuel);

(b) gas (other than as part of a supply of dual fuel); or

(c) dual fuel,

with a supply of dual fuel being treated as a supply to two domestic customers.

(6) For the purposes of the following regulations, a supplier's number of domestic customers is the number notified or determined under this regulation.

Scheme suppliers

5.—(1) In relation to any scheme year, a person is a compulsory scheme electricity supplier if—

(a) that person—

(i) is a licensed electricity supplier; and

(ii) supplied electricity to domestic customers on the 31st December preceding the start of the scheme year; and

(b) one of the following conditions is satisfied.

(2) Condition 1 is that the supplier had at least 250,000 domestic customers on the 31st December preceding the start of the scheme year.

(3) Condition 2 is that—

(a) the supplier; and

(b) any licensed electricity suppliers and licensed gas suppliers which were connected to it on the 31st December preceding the start of the scheme year,

together had at least 250,000 domestic customers on that date.

(4) In relation to any scheme year, a licensed electricity supplier which is not a compulsory scheme electricity supplier is a voluntary scheme electricity supplier if the supplier gives notice to the Authority—

(a) in relation to scheme year 1, by 14 days after the commencement date;

(b) in relation to scheme years 2, 3 and 4, by 14th February preceding the start of the scheme year,

that the supplier wishes Part 3 of these Regulations to apply to it.

(5) In relation to any scheme year, a person is a scheme gas supplier if that person—

(a) is a licensed gas supplier;

(b) supplied gas to domestic customers on the 31st December preceding the start of the scheme year; and

(c) was, on the 31st December preceding the start of the scheme year, connected to a licensed electricity supplier which in the scheme year is a scheme electricity supplier.

PART 3

The core group

Determination of scheme customers by the Secretary of State

6.—(1) The Secretary of State may in any scheme year give one or more notices to a scheme electricity supplier specifying persons to whom, subject to regulations 7 and 8, the supplier must provide the prescribed rebate.

(2) A person may not be specified in a notice unless it appears to the Secretary of State that—

(a) the person is a domestic customer of the scheme electricity supplier; and

(b) the person, or the person's partner, is in receipt of state pension credit.

(3) A notice containing information relating to state pension credit recipients may only be given if—

(a) the information is given with the consent of the persons to whom it relates; or

(b) regulations are in force under section 142 of the Pensions Act 2008 (disclosure of information relating to state pension credit recipients)(**5**), and those regulations authorise the Secretary of State to provide an electricity supplier with the information about state pension credit recipients contained in the notice.

(4) In scheme year 4, a notice may not be given after 1st March 2015.

Provision of rebate to core group customers

7.—(1) A scheme electricity supplier which is given a notice under regulation 6(1) must, subject to regulation 8, provide the prescribed rebate in accordance with this regulation to each person specified in the notice who—

(a) is a domestic customer of the supplier; or

(b) has previously been a domestic customer of the supplier, if during the scheme year in which the notice is given the supplier has informed the Secretary of State that the person is a domestic customer of the supplier.

(2) A "core group customer", in relation to a scheme electricity supplier, is a person specified in a notice given to that supplier under regulation 6(1) who falls within sub-paragraph (a) or (b) of paragraph (1).

(3) A scheme electricity supplier must provide the prescribed rebate to a core group customer by—

(a) crediting to the customer's electricity account an amount as a result of which the amount (including Value Added Tax) charged to the customer is reduced by the amount of the prescribed rebate;

(b) tendering payment of the amount of the prescribed rebate to the customer; or

(c) providing a customer who pre-pays for electricity with credit in the amount of the prescribed rebate against the cost (including Value Added Tax) of future electricity use.

(4) The date on which the prescribed rebate is provided to a core group customer is the date on which the scheme electricity supplier complies with paragraph (3).

(5) A scheme electricity supplier which provides the prescribed rebate to a core group customer must—

(**5**) 2008 c. 30.