
D R A F T S T A T U T O R Y I N S T R U M E N T S

202[2] No.

ELECTRICITY, ENGLAND AND WALES

GAS, ENGLAND AND WALES

**The Warm Home Discount (England and Wales) Regulations
202[2]**

Made - - - - *****

Coming into force in accordance with regulation 1

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

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 this instrument has been laid before and approved by resolution of each House of Parliament.

PART 1

Introductory

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Warm Home Discount (England and Wales) Regulations 202[2].

(2) These Regulations come into force on [...].

(3) These Regulations extend to England and Wales only.

Interpretation: general

2.—(1) In these Regulations—

“the 2011 Regulations”, other than in paragraph 4 of Schedule 1, means the Warm Home Discount Regulations 2011, as they had effect immediately before the commencement date;

“central heating system” means a system—

- (a) which provides heat for the purposes of space heating through a boiler or other heat source connected to one or more separate heat emitters, and
- (b) where the heat source and heat emitters are all situated in the same domestic premises or building;

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

“compulsory scheme electricity supplier” has the meaning given in regulation 5(2);

“core group customer”—

- (a) in relation to scheme year 11, has the meaning given in regulation 2 of the 2011 Regulations;
- (b) in relation to scheme years 12 to 15, has the meaning given in regulation 9(2);

“debt write-off” means the provision of assistance to reduce or cancel debts for household electricity or gas supply by means of reducing or cancelling debts;

“domestic customer” means—

- (a) an E&W domestic customer, or
- (b) a GB domestic customer;

“dual fuel” has the meaning given in paragraph (2);

“E&W domestic customer” means an owner or occupier of domestic premises in England and Wales who is supplied with electricity or gas at those premises wholly or mainly for domestic purposes;

“electricity supply licence” means a licence granted under section 6(1)(d) of the Electricity Act 1989;

“eligibility statement” has the meaning given in regulation 8(2);

“energy advice” means advice on reducing or preventing the wastage of energy in domestic premises;

“financial assistance” means the activity listed in the final row of the Table in Part 1 of Schedule 2;

“final aggregate non-core spending obligation” has the meaning given in regulation 17(5);

“final non-core spending obligation”, in relation to a compulsory scheme electricity supplier, has the meaning given in regulation 18;

“gas supply licence” means a licence granted under section 7A(1) of the Gas Act 1986;

“GB 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;

“industry initiative” has the meaning given in regulation 24(1);

“installation” includes the carrying out of a repair;

“interim aggregate non-core spending obligation” has the meaning given in regulation 14;

“interim non-core spending obligation, in relation to a compulsory scheme electricity supplier, has the meaning given in regulation 15;

“rebate notice” has the meaning given in regulation 7(1);

“relevant supplier” means—

- (a) a licensed electricity supplier, or
- (b) a licensed gas supplier who is connected to a licensed electricity supplier;

“the prescribed rebate”, other than in regulation 20, means a rebate of £150;

“scheme electricity supplier” means—

- (a) a compulsory scheme electricity supplier, or

(b) a voluntary scheme electricity supplier;

“scheme gas supplier” has the meaning given in regulation 5(8);

“scheme year”, other than in the expression “scheme year 11”, means—

(a) the period beginning with the commencement date and ending with 31st March 2023 (“scheme year 12”), or

(b) a period of 12 months beginning with 1st April in any of the years from 2023 to 2025 (and scheme year followed by a number from 13 to 15 means the scheme year commencing in 2023, 2024 or 2025 (as the case may be));

“scheme year 11” has the meaning given by the 2011 Regulations (see regulation 2 of those Regulations);

“smart meter advice” means advice on the benefits of using a smart meter in domestic premises;

“voluntary scheme electricity supplier” has the meaning given in regulation 5(6);

“working day” means a day other than—

(a) a Saturday or a Sunday,

(b) Christmas day or Good Friday, or

(c) a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in England and Wales or in Scotland.

(2) “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.

(3) For the purposes of these Regulations, other than regulation 20, a prescribed rebate is undelivered if—

(a) the rebate was provided to a customer by tendering payment of the amount of the prescribed rebate to the customer, and the customer has not accepted the payment, or

(b) the rebate was provided to a customer who pre-pays for electricity or gas with credit in the amount of the prescribed rebate against the cost of future electricity or gas, and the customer has not accepted that credit.

(4) For the purposes of these Regulations a licensed supplier is connected to another licensed supplier if they both belong to the same group of companies.

(5) For the purpose of these Regulations—

(a) “group of companies” means a holding company and its wholly-owned subsidiaries;

(b) “holding company” and “wholly-owned subsidiary” have the meanings given by section 1159 of the Companies Act 2006.

PART 2

The Scheme: introductory

Warm Home Discount Scheme for England and Wales

3.—(1) These Regulations make provision for the continuation, in England and Wales, of the scheme for reducing fuel poverty established by the 2011 Regulations (“the Scheme”).

(2) The Scheme, as continued by these Regulations—

(a) is to be known as the Warm Home Discount (England and Wales), and

(b) has effect during the period beginning with the commencement date and ending with 31st March 2026 (“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 11(7) and (8), and 31(3);
- (b) the duties of the Secretary of State under regulation 12;
- (c) the duties of the Authority under regulation 30, and
- (d) the powers of the Authority under regulation 31(1) and 31(2).

Calculation of a relevant supplier’s number of GB domestic customers

4.—(1) A relevant supplier must notify the Authority by—

- (a) the 14th day after the commencement date, and
- (b) 1st February in 2023, 2024 and 2025,

of the number of that supplier’s relevant GB domestic customers on the preceding 31st December.

(2) If a relevant supplier does not notify the Authority in accordance with paragraph (1), the Authority must determine the number of that supplier’s relevant GB domestic customers on the preceding 31st December.

(3) But if—

- (a) before the commencement date, a relevant supplier has notified the Authority of the number of that supplier’s GB domestic customers on 31st December 2021 (the “original notification”), and
- (b) the relevant supplier does not notify the Authority in accordance with paragraph (1)(a) of a change in the number of that supplier’s GB domestic customers,

the Authority must treat the original notification as the relevant supplier’s notification under paragraph (1)(a).

(4) In each of scheme years 13 to 15, each scheme electricity supplier and scheme gas supplier must also notify the Authority by the specified date in the scheme year (“the reporting date”)—

- (a) whether or not the supplier’s number of relevant GB domestic customers on the specified date in the scheme year (“the calculation date”) (“M”) is the same as the number notified under paragraph (1), or as the case may be, determined under paragraph (2), (“D”), and
- (b) if M exceeds or is less than D, of M.

(5) If a scheme electricity supplier or scheme gas supplier does not notify the Authority in accordance with paragraph (4), the Authority must determine the number of that supplier’s relevant GB domestic customers on the calculation date.

(6) For the purposes of paragraph (4) “specified” means specified in a notice given by the Authority to scheme electricity suppliers and scheme gas suppliers, and—

- (a) the date specified as the reporting date must not be earlier than the 14th day after the date on which the notice is given, and must not in any event be—
 - (i) before the first day of the scheme year, or
 - (ii) later than 18th October in the scheme year;
- (b) the calculation date must not be less than one month before the reporting date.

(7) For the purposes of this regulation, a relevant supplier’s number of relevant GB domestic customers is the number of GB domestic customers to whom it supplies—

- (a) electricity (other than as part of the supply of dual fuel),
- (b) gas (other than as part of the supply of dual fuel), and
- (c) dual fuel.

(8) For the purposes of paragraph (7)(c), a supply of dual fuel to a GB domestic customer is to be treated as a supply to two GB domestic customers.

(9) For the purposes of these Regulations—

- (a) a supplier's number of GB domestic customers on the 31st December preceding the start of a scheme year is the number notified, or treated as notified, under paragraph (1) or determined under paragraph (2) (as the case may be);
- (b) a supplier's number of GB domestic customers on the calculation date for any of scheme years 13 to 15 is—
 - (i) where the supplier notifies the Authority under paragraph (4) that their number of customers has not changed, D,
 - (ii) where the supplier notifies the Authority under paragraph (4) that their number of customers has changed, M, or
 - (iii) otherwise, the number determined under paragraph (5).

Licensed suppliers who are scheme suppliers

5.—(1) This regulation sets out the licensed suppliers who are scheme suppliers in relation to a scheme year.

(2) A licensed electricity supplier is a compulsory scheme electricity supplier in relation to a scheme year if the supplier—

- (a) supplied electricity to GB domestic customers on 31st December preceding the start of that year, and
- (b) satisfies the condition in paragraph (3) or (4).

(3) The condition in this paragraph is that the supplier had at least the relevant number of GB domestic customers on 31st December preceding the start of the scheme year.

(4) The condition in this paragraph is that—

- (a) the supplier, and
- (b) any other licensed supplier who was connected to the supplier on 31st December preceding the start of the scheme year,

together had at least the relevant number of GB domestic customers on that date.

(5) For the purposes of paragraphs (3) and (4), the relevant number of GB domestic customers—

- (a) in relation to scheme year 12, is 50,000;
- (b) in relation to any other scheme year, is 1,000.

(6) A licensed electricity supplier is a voluntary scheme electricity supplier in relation to a scheme year if the supplier is not a compulsory scheme electricity supplier, but

- (a) notifies the Authority on or before the notification date that the supplier wishes Part 3 to apply to the supplier in that scheme year, and
- (b) the Authority approves that notification.

(7) For the purposes of paragraph (7) “the notification date” means—

- (a) in relation to scheme year 12, the 14th day after the commencement date;
- (b) in relation to any other scheme year, 1st February preceding the start of that year.

(8) A licensed gas supplier is a scheme gas supplier in relation to a scheme year if the supplier—

- (a) supplied gas to GB domestic customers on 31st December preceding the start of that scheme year, and
- (b) was on that date connected to a licensed electricity supplier who is, in relation to that scheme year, a scheme electricity supplier.

Suppliers not participating in the scheme in a scheme year

6.—(1) This regulation applies to a licensed electricity supplier in a scheme year (“the current year”) if the supplier—

- (a) is not a scheme electricity supplier in relation to the current year, but

- (b) was—
 - (i) where the current year is scheme year 12, a scheme electricity supplier (within the meaning given in the 2011 Regulations) in relation to scheme year 11, or
 - (ii) in any other case, a scheme electricity supplier in relation to the scheme year preceding the current year.
- (2) A licensed electricity supplier to whom this regulation applies must—
 - (a) place a statement on its website that it is not participating in the Warm Home Discount (England and Wales) scheme in the current year, and
 - (b) notify its former core group customers in writing that it is not participating in the Warm Home Discount (England and Wales) scheme in the current year.
- (3) The statement under paragraph (2)(a) must—
 - (a) be placed in a prominent and publicly accessible location on the licensed electricity supplier’s website on or before the relevant date, and
 - (b) remain in a prominent and publicly accessible location on that website for the remainder of the current year.
- (4) The notification under paragraph (2)(b) must, so far as reasonably practicable, be given on or before the relevant date.
- (5) In this regulation—
 - “former core group customer”, in relation to a supplier, means a person who—
 - (a) is an E&W domestic customer of the supplier, and
 - (b) was a core group customer of the supplier in scheme year 11 or the scheme year preceding the current year (as the case may be);
 - “the relevant date” means the date falling one month after the date on which the current year starts.

PART 3

The Core Spending Obligation

Determination of scheme customers by the Secretary of State

7.—(1) The Secretary of State may in any scheme year give one or more notices to a scheme electricity supplier specifying persons to whom the supplier must provide the prescribed rebate in accordance with regulation 9.

Such a notice is referred to in these Regulations as a “rebate notice”.

(2) A rebate notice may not be given before the eligibility statement for the scheme year in which the notice is to be given is published (see regulation 8).

(3) The Secretary of State may not specify a person (“P”) in a rebate notice unless it appears to the Secretary of State that—

- (a) P is an E&W domestic customer of the scheme electricity supplier,
- (b) the domestic premises at which P is supplied with electricity (the “qualifying premises”) are occupied by P as their sole or main residence, and
- (c) the relevant person—
 - (i) is in receipt of guarantee credit, or
 - (ii) meets the criteria described in the relevant eligibility statement.

(4) For the purposes of paragraph (3)(c) “the relevant person” means—

- (a) P, or

- (b) where both P and P’s partner occupy the qualifying premises as their sole or main residence, P or P’s partner.
- (5) A notice containing personal information (within the meaning of section 40(5) of the Digital Economy Act 2017) may only be given if—
- (a) the personal information is given with the consent of the person to whom it relates,
 - (b) regulations are in force under section 142 of the Pensions Act 2008 and those regulations authorise the Secretary of State to provide the electricity supplier with the personal information contained in the notice, or
 - (c) the Secretary of State is authorised by section 36 of the Digital Economy Act 2017 to provide the electricity supplier with the personal information contained in the notice.
- (6) For the purposes of this regulation, where a person who would normally occupy qualifying premises as their sole or main residence is staying in hospital, or residing in a care home, that person is to be treated as continuing to occupy the qualifying premises as their sole or main residence provided that—
- (a) where the person is staying in hospital, the duration of their stay in hospital has not exceeded 52 weeks from the date on which they were admitted;
 - (b) where the person is residing in a care home, their residence there is temporary.
- (7) For the purpose of paragraph (6) it does not matter whether the person’s stay in hospital, or residence in a care home, began before the start of the relevant scheme year.
- (8) For the purposes of this regulation—
- (a) “care home” means—
 - (i) an establishment in England that is a care home within the meaning of section 3 of the Care Standards Act 2000;
 - (ii) a place in Wales at which a care home service within the meaning of Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016 is provided wholly or mainly to persons over the age of 18;
 - (iii) accommodation provided by a care home service within the meaning given by paragraph 12 of schedule 12 to the Public Services Reform (Scotland) Act 2010;
 - (iv) an establishment in Northern Ireland that is a residential care home, or a nursing home, for the purposes of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003;
 - (b) “guarantee credit” is to be construed in accordance with sections 1 and 2 of the State Pension Credit Act 2002;
 - (c) “partner” means member of a couple.
- (9) For the purposes of paragraph (8)(c) “couple” means—
- (a) two people who are married to, or civil partners of, each other and are members of the same household, or
 - (b) two people who are not married to, or civil partners of, each other but who live together as if they were spouses or civil partners.
- (10) In scheme year 15, a rebate notice may not be given after 1st March 2026.

Eligibility statement

- 8.—**(1) The Secretary of State must publish an eligibility statement for each scheme year.
- (2) An “eligibility statement” is a document which describes the criteria adopted by the Secretary of State for the purpose of providing the prescribed rebate in a scheme year to persons living in fuel poverty or in a fuel poverty risk group.
- (3) An eligibility statement—
- (a) may be for one or more scheme years;

- (b) must state which scheme year or years it is for.
- (4) The Secretary of State may amend an eligibility statement for—
 - (a) a scheme year, or
 - (b) where a statement is for more than one scheme years, any or all of those scheme years.
- (5) The Secretary of State must publish the amended eligibility statement.

Provision of rebate to core group customers

9.—(1) A scheme electricity supplier who is given a rebate notice must provide the prescribed rebate to each core group customer.

(2) In these Regulations “core group customer”, in relation to a scheme electricity supplier, means a person specified in a rebate notice who—

- (a) is an E&W domestic customer of the supplier, or
- (b) was an E&W 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 person is an E&W domestic customer of the supplier.

(3) The 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) following a request by the customer, crediting to the customer’s gas 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,
- (c) tendering payment of the amount of the prescribed rebate to the customer,
- (d) providing a customer who pre-pays for electricity with credit to the amount of the prescribed rebate against the cost (including Value Added Tax) of future electricity use, or
- (e) following a request by a customer who pre-pays for gas, providing the customer with credit to the amount of the prescribed rebate against the cost (including Value Added Tax) of future gas 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) If the rebate notice is given to the scheme electricity supplier on or before 1st March in a scheme year, the supplier must provide the prescribed rebate to the core group customers specified in the notice by 31st March in that scheme year.

(6) If the rebate notice is given to the scheme electricity supplier after 1st March in a scheme year—

- (a) the supplier must provide the prescribed rebate to the core group customers specified in the notice within 30 days, and
- (b) the prescribed rebate is to be treated as being provided in the scheme year in which the notice is given.

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

- (a) specify on the customer’s bill, or
- (b) otherwise notify the customer in writing,

that the customer has been given a rebate under the Warm Home Discount (England and Wales) scheme.

(8) This regulation is subject to regulation 10.

Exceptions

10.—(1) This regulation applies if the Secretary of State is satisfied that there are circumstances in which it would not be reasonably practicable for scheme electricity suppliers to provide the prescribed rebate to core group customers.

(2) The Secretary of State may determine that regulation 9 does not apply in those circumstances.

Provision of information by suppliers

11.—(1) The Secretary of State may direct scheme electricity suppliers to provide information to the Secretary of State about their E&W domestic customers for the purpose of facilitating the exercise of the power in regulation 7(1).

(2) A direction under paragraph (1)—

(a) must be given to all scheme electricity suppliers to whom information may be disclosed under section 36(1) of the Digital Economy Act 2017, and

(b) may only be given if—

(i) regulations are in force under section 142 of the Pensions Act 2008 and those regulations authorise the scheme electricity supplier to disclose to the Secretary of State the information specified in the direction, or

(ii) the scheme electricity supplier is authorised by section 37 of the Digital Economy Act 2017 to disclose to the Secretary of State the information specified in the direction.

(3) A direction under paragraph (1)—

(a) must specify the information to be provided;

(b) must specify the date on, or by, which the information is to be provided;

(c) may specify the form in which the information is to be provided.

(4) A scheme electricity supplier must comply with a direction under paragraph (1).

(5) A scheme electricity supplier must notify the Secretary of State if a rebate notice given to the supplier specifies a person—

(a) who is not a core group customer, or

(b) whom the supplier is unable to identify as a core group customer.

(6) A supplier must give the notice under paragraph (5) within 30 days after receiving the rebate notice.

(7) If, in relation to a scheme year, a scheme electricity supplier does not provide the prescribed rebate to any core group customer, the supplier must, within the specified period, notify the Authority of—

(a) the number of core group customers to whom the supplier has not provided the rebate,

(b) the reasons why the supplier has not provided the rebate to those customers, and

(c) any steps taken by the supplier to attempt to provide the rebate to those customers.

(8) A scheme electricity supplier must, within the specified period, notify the Authority of the number of prescribed rebates provided, or treated as being provided, by the supplier under this Part in the scheme year which are undelivered as at the date of the notification.

(9) For the purposes of paragraphs (7) and (8) “the specified period” means—

(a) for scheme year 12, the period beginning with 1st April 2023 and ending with 31st August 2023;

(b) for scheme year 13, the period beginning with 1st April 2024 and ending with 31st August 2024;

(c) for scheme year 14, the period beginning with 1st April 2025 and ending with 31st August 2025;

- (d) for scheme year 15, the period beginning with 1st April 2026 and ending with 31st August 2026.

Provision of information by the Secretary of State

12. The Secretary of State must, in respect of each scheme electricity supplier, notify the Authority as soon as reasonably practicable after the end of each scheme year of—

- (a) the number of persons specified in rebate notices given to the supplier during the scheme year, and
- (b) the number of those persons in respect of whom the supplier has notified the Secretary of State under regulation 11(5).

Interpretation of Part 3: references to the Secretary of State

13.—(1) In this Part, other than in the provisions specified in paragraph (2), references to the Secretary of State include a person providing services to the Secretary of State.

(2) The provisions are—

- (a) regulation 8;
- (b) regulation 10;
- (c) regulation 11(1).

PART 4

Non-Core Spending

CHAPTER 1

Determination etc. of interim non-core spending obligations

Determination and notification of interim aggregate non-core spending obligation

14.—(1) The Secretary of State must determine and notify the Authority of the interim aggregate non-core spending obligation—

- (a) for scheme year 12, on or before the 7th day after the commencement date;
- (b) for scheme years 13, 14 and 15, by 14th February preceding the start of the scheme year.

(2) Schedule 1 makes provision for the determination of the interim aggregate non-core spending obligation.

Duty to calculate interim non-core spending obligation and notify compulsory scheme electricity suppliers

15.—(1) The Authority must calculate for, and notify to, each compulsory scheme electricity supplier its interim non-core spending obligation for each scheme year.

(2) The notification under paragraph (1) must be given—

- (a) for scheme year 12, on or before the 20th working day after the commencement date;
- (b) for scheme years 13, 14 and 15, by 14th March preceding the start of the scheme year.

Calculation of a compulsory scheme electricity supplier's interim non-core spending obligation

16.—(1) The interim non-core spending obligation of a compulsory scheme electricity supplier ("C") for a scheme year is to be calculated by the Authority in accordance with this regulation.

(2) Subject to paragraphs (6) and (7), C's interim non-core spending obligation for the scheme year is C's relevant percentage of the interim aggregate non-core spending obligation for that scheme year.

(3) "The relevant percentage" in relation to C is—

$$\left(\frac{X}{Y}\right) \times 100 \%$$

where—

- (a) "X" is the relevant number of GB domestic customers, and
 - (b) "Y" is the total number of GB domestic customers of—
 - (i) all compulsory scheme electricity suppliers, and
 - (ii) all scheme gas suppliers who are connected to a compulsory scheme electricity supplier.
- (4) For the purposes of paragraph (3)(a), the relevant number of GB domestic customers is—
- (a) C's number of GB domestic customers, unless sub-paragraph (b) or (c) applies;
 - (b) if C is connected to one or more scheme gas suppliers but not to any other compulsory scheme electricity suppliers, the combined number of GB domestic customers of C and its connected scheme gas suppliers;
 - (c) if C is connected to one or more scheme gas suppliers and to one or more other compulsory scheme electricity suppliers, a number equal to C's number of GB domestic customers as a percentage of the combined number of—
 - (i) C's number of GB domestic customers,
 - (ii) the number of GB domestic customers of C's connected scheme gas suppliers, and
 - (iii) the number of GB domestic customers of C's connected compulsory scheme electricity suppliers.
- (5) For the purposes of paragraphs (3) and (4)—
- (a) references to a supplier's number of GB domestic customers are to the supplier's number of such customers on 31st December preceding the start of the scheme year;
 - (b) a supplier is to be treated as connected to another supplier only if they were connected on 31st December preceding the start of the scheme year.
- (6) Paragraph (7) applies if the Secretary of State has adjusted the initial overall spending target for the scheme year in accordance with paragraph 4(3) or (4) of Schedule 1.
- (7) Where this paragraph applies, C's interim non-core spending obligation is—
- (a) $A - B$, if the initial overall spending target was reduced in accordance with paragraph 4(3) of Schedule 1 and C—
 - (i) if the scheme year is scheme year 12, was a scheme year 11 compulsory supplier, or
 - (ii) otherwise, was a compulsory scheme electricity supplier in the preceding scheme year;
 - (b) $A + B$, if the initial overall spending target was increased in accordance with paragraph 4(4) of that Schedule and C—
 - (i) if the scheme year is scheme year 12, was a scheme year 11 compulsory supplier, or
 - (ii) in relation to any other scheme year, was a compulsory scheme electricity supplier in the preceding scheme year;
 - (c) A , where—
 - (i) if the scheme year is scheme year 12, C was not a scheme year 11 compulsory supplier, or

- (ii) in relation to any other scheme year, C was not a compulsory scheme electricity supplier in the preceding scheme year.
- (8) For the purposes of paragraph (7)—
- (a) “A” is C’s relevant percentage for the scheme year of the amount which would have been the interim aggregate non-core spending obligation if the adjustment under paragraph 4(3) or (4) of Schedule 1 had not been made;
 - (b) “B” is C’s qualifying percentage of the amount by which the initial overall spending target was adjusted in accordance with paragraph 4(3) or (4) of Schedule 1;
 - (c) “scheme year 11 compulsory supplier” means a compulsory scheme electricity supplier (within the meaning given in regulation 5(1) of the 2011 Regulations) in scheme year 11.
- (9) For the purposes of paragraph (8)(b), C’s qualifying percentage is—
- (a) in scheme year 12, C’s relevant percentage as determined under regulation 13(2) of the 2011 Regulations for scheme year 11;
 - (b) otherwise, C’s relevant percentage determined under paragraph (3) for the preceding scheme year.

CHAPTER 2

Determination etc. final non-core spending obligations

Determination etc of final aggregate non-core spending obligation for a scheme year

- 17.—(1) The Secretary of State must for each scheme year—
- (a) review the core group spending estimate for the scheme year (“E”),
 - (b) increase or reduce E, if it appears to the Secretary of State that the aggregate amount of benefits to be provided under Part 3 will be greater or less than that estimate, and
 - (c) if E is increased or reduced, adjust the interim non-core spending obligation for the scheme year (“I”) in accordance with paragraph (3) or (4).
- (2) The final aggregate non-core spending obligation for the scheme year is—
- (a) I as adjusted in accordance with paragraph (3) or (4), or
 - (b) where the Secretary of State does not increase or reduce E, I.
- (3) If the Secretary of State increases E, I is to be reduced by the lesser of—
- (a) an amount corresponding to that increase, and
 - (b) £5 million.
- (4) If the Secretary of State reduces E, I is to be increased by an amount not exceeding the lesser of—
- (a) an amount corresponding to that reduction, and
 - (b) £5 million.
- (5) The Secretary of State must notify the Authority by 18th October in each scheme year of—
- (a) the final aggregate non-core spending obligation for the scheme year, and
 - (b) where an adjustment was made under paragraph (3) or (4), the amount of that adjustment.
- (6) In this regulation “core group spending estimate” has the meaning given in paragraph 3(2) of Schedule 1.

CHAPTER 3

Determination of a supplier's final non-core spending obligation

General and notification

18.—(1) The Authority must in each scheme year determine each supplier's final non-core spending obligation in accordance with this Chapter.

(2) The Authority must first make such recalculation of or other adjustments to the supplier's interim non-core spending obligation as are required—

- (a) in scheme year 12, by regulations 19 and 20;
- (b) in any other scheme year, by regulations 21 and 22.

(3) The supplier's final non-core spending obligation for a scheme year is—

- (a) the amount determined after the Authority has made those recalculations and adjustments, or
- (b) where no such recalculations or adjustments are required, an amount corresponding to the supplier's interim non-core spending obligation.

(4) The Authority must notify each compulsory scheme electricity supplier by 31st October in each scheme year of—

- (a) its final non-core spending obligation, and
- (b) where that obligation exceeds or is less than the interim non-core spending obligation, the adjustments made in accordance with this Chapter.

Adjustments to take account of difference between interim and final aggregate non-core spending obligation for scheme year 12

19.—(1) This regulation applies if the final aggregate non-core spending obligation for scheme year 12 ("F") exceeds or is less than the interim aggregate non-core spending obligation for that year ("I").

(2) Where this regulation applies, the Authority must adjust each compulsory scheme electricity supplier's interim non-core spending obligation ("O") in accordance with paragraph (3) or (4) to determine the regulation 19 amount.

(3) If F is less than I, O is to be adjusted by subtracting an amount equal to the relevant percentage of (I – F).

(4) If F exceeds I, O is to be adjusted by adding an amount equal to the relevant percentage of (F – I).

(5) For the purposes of this regulation "the relevant percentage", in relation to a compulsory scheme electricity supplier, is the percentage determined in accordance with paragraph (3) of regulation 16.

Further adjustments to interim non-core spending obligation: scheme year 12

20.—(1) In scheme year 12, the Authority must adjust each compulsory scheme electricity supplier's relevant obligation amount ("O") in accordance with this regulation.

(2) For the purposes of this regulation "relevant obligation amount" means—

- (a) the supplier's interim non-core spending obligation, or
- (b) where that amount is adjusted in accordance with regulation 19, the supplier's regulation 19 amount.

(3) The Authority must adjust O in accordance with paragraph (4) or (5) if I is less than or exceeds S where—

- (a) "I" is the amount of spending incurred by the supplier under Part 4 of the 2011 Regulations in scheme year 11, and

- (b) “S” is the supplier’s non-core spending obligation under that Part of those Regulations for that scheme year.
- (4) If I is less than S, O is to be adjusted by adding an amount equal to 90.6% of (S - I).
- (5) If I is greater than S, O is to be adjusted by subtracting the lesser of—
 - (a) an amount equal to 90.6% of (I - S), and
 - (b) an amount equal to 90.6% of the overspend amount.
- (6) For the purposes of paragraph (4) “the overspend amount” is—
 - (a) 5% of S, or
 - (b) where the supplier notified the Authority of their intention to pick up a failed supplier’s non-core spending obligation in accordance with regulation 30A of the 2011 Regulations in scheme year 11, 10% of S.
- (7) The Authority must, whether or not an adjustment is made under paragraph (2), adjust O by adding an amount equal to 90.6% of the rebate amount.
- (8) For the purposes of paragraph (6) “the rebate amount” is £140 multiplied by—
 - (a) where the supplier has made a notification under regulation 9(7) of the 2011 Regulations in respect of scheme year 11, the number of prescribed rebates as stated in that notification, and
 - (b) where the supplier has made a notification under regulation 14(3A) of the 2011 Regulations in respect of scheme year 11, the number of prescribed rebates as stated in that notification.

Further adjustments to interim non-core spending obligation in scheme years 13 to 15: difference between interim and final aggregate non-core spending obligation or changes in GB domestic customer numbers

21.—(1) The Authority must adjust a compulsory scheme electricity supplier’s interim non-core spending obligation for a relevant scheme year if one or more of the following sub-paragraphs apply—

- (a) the final aggregate non-core spending obligation for the scheme year (“F”) exceeds or is less than the interim aggregate non-core spending obligation that scheme year (“I”);
- (b) C’s number of GB domestic customers on 31st December preceding the start of the scheme year exceeds or is less than the supplier’s number of GB domestic customers on the calculation date for that scheme year;
- (c) a relevant connected supplier’s number of GB domestic customers on 31st December preceding the start of that scheme year exceeds or is less than the relevant supplier’s number of GB domestic customers on that calculation date for that scheme year;
- (d) the total number of GB domestic customers of all scheme electricity suppliers and scheme gas suppliers has increased or decreased.

(2) Where sub-paragraph (a) of paragraph (1) applies but none of sub-paragraphs (b) to (d) of that paragraph applies, the Authority must adjust the compulsory scheme electricity supplier’s interim non-core spending obligation (“O”) in accordance with paragraph (3) or (4).

(3) If F is less than I, O is to be adjusted by subtracting an amount equal to the relevant percentage of (I - F).

(4) If F exceeds I, O is to be adjusted by adding an amount equal to the relevant percentage of (F - I).

(5) For the purposes of paragraphs (3) and (4) “the relevant percentage”, in relation to a compulsory scheme electricity supplier, is the percentage determined in accordance with paragraph (3) of regulation 16.

(6) Where sub-paragraph (a) of paragraph (1) applies and one or more of sub-paragraphs (b) to (d) of that paragraph also apply, the Authority must—

- (a) recalculate the supplier's interim non-core spending obligation ("R"), and
- (b) adjust R in accordance with paragraph (7) or (8).

(7) If F is less than I, R is to be adjusted by subtracting an amount equal to the final relevant percentage of (I – F).

(8) If F exceeds I, R is to be adjusted by adding an amount equal to the final relevant percentage of (F – I).

(9) Where one or more of sub-paragraphs (b) to (d) of paragraph (1) apply but sub-paragraph (a) of that paragraph does not apply, the Authority must—

- (a) determine the supplier's final relevant percentage ("A"), and
- (b) if A exceeds or is less than relevant percentage as determined in accordance with regulation 16, recalculate the supplier's interim non-core spending obligation.

(10) For the purposes of paragraphs (6)(a) and (9)(b), the supplier's interim non-core spending obligation is to be recalculated in accordance with regulation 16 but with the following modifications—

- (a) references to the supplier's relevant percentage, or qualifying percentage, are to be treated as references to the supplier's final relevant percentage;
- (b) paragraphs (3) to (5) and (9) of that regulation are to be disregarded.

(11) For the purposes of paragraphs (7) to (10) "the final relevant percentage", in relation to a compulsory scheme electricity supplier ("C"), is—

$$\left(\frac{X}{Y}\right) \times 100\%$$

where—

- (a) "X" is the relevant number of GB domestic customers, and
- (b) "Y" is the total number of GB domestic customers of—
 - (i) all compulsory scheme electricity suppliers, and
 - (ii) all scheme gas suppliers who are connected to a compulsory scheme electricity supplier,
 on the calculation date for the scheme year.

(12) For the purposes of paragraph (11)(a), the relevant number of GB domestic customers is—

- (a) C's number of GB domestic customers, unless sub-paragraph (b) or (c) applies;
- (b) if regulation 16(4)(b) applied to C, the combined number of GB domestic customers of C and C's connected scheme gas suppliers;
- (c) if regulation 16(4)(c) applied to C, a number equal to C's number of GB domestic customers as a percentage of the combined number of—
 - (i) C's number of GB domestic customers,
 - (ii) the number of GB domestic customers of C's connected scheme gas suppliers, and
 - (iii) the number of GB domestic customers of C's connected compulsory scheme electricity suppliers.

(13) For the purposes of paragraphs (11) and (12)—

- (a) references to a supplier's number of GB domestic customers are to the supplier's number of such customers on the calculation date for the scheme year;
- (b) a supplier is to be treated as connected to another supplier only if they are relevant connected suppliers.

(14) For the purposes of this regulation "relevant connected supplier" means a scheme electricity supplier or scheme gas supplier who was treated as connected to C for the purposes of regulation 16 on 31st December preceding the start of the scheme year.

(15) A supplier's interim non-core spending obligation as recalculated or adjusted (as the case may be) in accordance with this regulation is referred to in this Chapter as the supplier's regulation 21 amount.

Further adjustments for scheme years 13 to 15: banking and borrowing

22.—(1) The Authority must adjust each compulsory scheme electricity supplier's relevant obligation amount for each of scheme years 13 to 15 in accordance with this regulation.

(2) In this regulation "relevant obligation amount" ("O"), in relation to a supplier, means—

- (a) the supplier's regulation 21 amount, or
- (b) if no recalculation or adjustment is made under regulation 21, the supplier's interim non-core spending obligation.

(3) The Authority must adjust O in accordance with paragraph (4) or (5) if I is less than or exceeds S where—

- (a) "I" is the amount of spending incurred under this Part (as determined by the Authority in accordance with regulation 30) by the compulsory scheme electricity supplier in the preceding scheme year, and
- (b) "S" is the supplier's final non-core spending obligation for the preceding scheme year.

(4) If I is less than S, O is to be adjusted by adding (S-I).

(5) If I is greater than S, O is to be adjusted by subtracting the lesser of—

- (a) (I - S), and
- (b) the relevant amount.

(6) For the purposes of paragraph (4) "the relevant amount" is—

- (a) 5% of S, or
- (b) where the supplier notified the Authority of their intention to pick up a failed supplier's non-core spending obligation in accordance with regulation 32, 10% of S.

(7) The Authority must, whether or not an adjustment is made under paragraph (3), adjust a O by adding the rebate amount.

(8) For the purposes of paragraph (7) "the rebate amount" is £150 multiplied by, where the supplier has made a notification under regulation 11(8) in respect of the preceding scheme year, the number of prescribed rebates as stated in that notification.

CHAPTER 4

Types and amounts of spending

Obligation to incur spending and amounts of spending

23.—(1) In each scheme year, a compulsory scheme electricity supplier must incur spending under this Part to the amount of its final non-core spending obligation.

(2) In doing so, the supplier—

- (a) must include spending under regulation 24 (industry initiatives), and
- (b) may include spending under regulation 28 (specified activities).

(3) Where the final aggregate non-core spending obligation for the scheme year exceeds £5 million, the supplier's spending on financial assistance under regulation 24—

- (a) must be no less than the relevant percentage of £5 million, but
- (b) must not exceed the relevant percentage of—
 - (i) £10 million, where the aggregate non-core spending obligation exceeds £10 million;
 - (ii) otherwise, the final aggregate non-core spending obligation.

(4) The maximum amount of spending under regulation 24 on debt write-off that a compulsory scheme electricity supplier may count towards its non-core spending obligation is the relevant percentage of £6 million.

(5) But paragraph (4) does not apply in a scheme year in which the final aggregate non-core spending obligation is equal to or less than £6 million.

(6) The maximum amount of spending under regulation 24 on the installation of boilers or central heating systems that a compulsory scheme electricity supplier may count towards its non-core spending obligation is the relevant percentage of £8 million.

(7) But paragraph (6) does not apply in a scheme year in which the final aggregate non-core spending obligation is equal to or less than £8 million.

(8) In this regulation “relevant percentage” means—

- (a) the percentage determined in accordance with paragraph (3) of 16(3), or
- (b) where regulation 21(6) or (9) applies, the final relevant percentage as determined in accordance with that regulation.

Types of spending: industry initiatives

24.—(1) A compulsory scheme electricity supplier must in respect of a scheme year count towards its final non-core spending obligation spending (excluding Value Added Tax) taking place in that scheme year on an activity of a kind listed in the table in Part 1 of Schedule 2 (an “industry initiative”) by—

- (a) the supplier, or
- (b) any connected scheme gas supplier, to the extent permitted by regulation 26.

(2) If the final aggregate non-core spending obligation for the scheme year exceeds £5 million, the supplier’s spending must include spending on financial assistance

(3) But spending on industry initiatives does not count towards a supplier’s final non-core spending obligation if it—

- (a) is incurred pursuant to a requirement in—
 - (i) any other enactment, or
 - (ii) an electricity supply or gas supply licence,
- (b) is counted by a scheme supplier towards a spending obligation or target imposed by—
 - (i) any other enactment, or
 - (ii) an electricity supply or gas supply licence, or
- (c) falls within any exception in the table in Part 1 of Schedule 2.

(4) In addition, spending on industry initiatives does not count towards a supplier’s final non-core spending obligation unless—

- (a) the initiative has been notified to the Authority, and
- (b) either—
 - (i) the spending takes place after the Authority approves the initiative, or
 - (ii) in relation to scheme year 12, the spending takes place before the Authority decides whether to approve the initiative but the Authority subsequently approves it.

Approval of industry initiatives

25.—(1) A compulsory scheme electricity supplier must notify the Authority of the industry initiatives which it, or any connected scheme gas supplier, proposes to carry out.

(2) A supplier may—

- (a) make a notification for the purposes of one or more scheme years;
- (b) make more than one notification in respect of a scheme year.

(3) The Authority must approve a supplier's notification if, but only if, it is satisfied that the supplier's proposed industry initiatives—

- (a) meet the criteria specified in the relevant entry in the first column of the table in Part 1 of Schedule 2, and do not fall within the exceptions in the corresponding entry in the second column of the Table,
- (b) ensure, so far as reasonably practicable, that every E&W domestic customer provided with benefits under the initiatives will be provided with energy advice and smart meter advice,
- (c) include adequate measures to ensure, so far as reasonably practicable, that benefits provided under the initiatives are provided wholly or mainly to persons in fuel poverty or in a fuel poverty risk group, and
- (d) will provide value for money.

Spending incurred by connected scheme suppliers

26.—(1) Paragraph (2) applies if a compulsory scheme electricity supplier (“C”)—

- (a) is connected to one or more scheme gas suppliers, but
- (b) is not connected to any other compulsory scheme electricity suppliers.

(2) C may treat any amount of spending incurred under regulation 24 by a connected scheme gas supplier as an amount of spending incurred by C.

(3) Paragraph (4) applies where C is connected to one or more scheme gas suppliers and one or more compulsory scheme electricity suppliers.

(4) C may treat the specified percentage of any spending incurred under regulation 24 by a connected scheme gas supplier as an amount of spending incurred by C.

(5) For the purposes of paragraph (4), the “specified percentage” is C's number of E&W domestic customers as a percentage of the combined number of E&W domestic customers of—

- (a) C, and
- (b) C's connected compulsory scheme electricity suppliers,

on the relevant date.

(6) For the purposes of paragraph (5) “the relevant date” means—

- (a) in relation to scheme year 12, 31st December preceding the start of that scheme year;
- (b) in any other case, the calculation date for the scheme year.

Spending incurred before the commencement date

27.—(1) Paragraph (2) applies if these Regulations come into force after 1st April 2022.

(2) In scheme year 12, a compulsory scheme electricity supplier may treat as an amount of spending incurred under regulation 25 any spending which—

- (a) was incurred between 1st April 2022 and the commencement date, and
- (b) would have counted towards its final non-core spending obligation by virtue of regulations 24 to 26 if these Regulations had come into force on 1st April 2022.

Types of spending: activities specified by the Secretary of State

28.—(1) A compulsory scheme electricity supplier may, in respect of any scheme year, count towards its non-core spending obligation financial contributions (excluding Value Added Tax) made by the supplier in the scheme year to fund a specified activity.

(2) A “specified activity” is an activity specified in a notice published by the Secretary of State.

(3) The Secretary of State may only specify an activity in a notice if the Secretary of State is satisfied—

- (a) the funding of the activity is open to contributions from any compulsory scheme electricity supplier,
 - (b) the activity is of a kind listed in the first column of the table in Part 1 of Schedule 2, and do not fall within an exception in the second column of the table,
 - (c) the activity includes adequate measures to ensure, so far as reasonably practicable, that—
 - (i) every E&W domestic customer provided with benefits under the activity will be provided with energy advice and smart meter advice, and
 - (ii) benefits provided under the activity will be provided wholly or mainly to persons in fuel poverty or in a fuel poverty risk group, and
 - (d) that activity will provide value for money.
- (4) But financial contributions made to fund a specified activity do not count towards a supplier's final non-core spending obligation if they are—
- (a) made pursuant to a requirement in—
 - (i) any other enactment, or
 - (ii) an electricity supply or gas supply licence,
 - (b) counted by a scheme supplier towards a spending obligation or target imposed by—
 - (i) any other enactment, or
 - (ii) an electricity supply or gas supply licence.
- (5) In addition, financial contributions to fund a specified activity may count towards a supplier's final non-core spending obligation only if they are made after the Secretary of State has published the notice specifying the activity.

PART 5

Authority functions

Approvals by the Authority: procedure

- 29.**—(1) This regulation applies to notifications to the Authority under regulation 5(6) or 25.
- (2) A notification must be in such form, and contain such information, as the Authority may require.
- (3) The Authority must, within the specified period—
- (a) notify the supplier of its decision, or
 - (b) if the Authority requires further information from the supplier before determining the application, request that information from the supplier.
- (4) “The specified period” is—
- (a) 12 weeks after the commencement date, if the notification is received by the Authority within eight weeks after that date;
 - (b) otherwise, 20 working days after receipt of the notification.
- (5) When a supplier replies to a request for further information, the Authority must within 20 working days after receiving the reply—
- (a) notify the supplier of its decision, or
 - (b) if the Authority still requires further information before determining the application, request that information from the supplier.
- (6) If the Authority refuses to approve a supplier's notification, or part of a notification, the Authority must give reasons for its refusal.

Determination of amounts spent by scheme suppliers

30. The Authority must, in respect of each scheme year, determine as soon as reasonably practicable after the end of the scheme year—

- (a) the total amount of rebates provided in the scheme year, or treated as being provided in the scheme year, by each scheme electricity supplier under Part 3, and
- (b) the total amounts of—
 - (i) spending on industry initiatives under Chapter 2 of Part 4, and
 - (ii) spending on specified activities under that Chapter,incurred by, or treated as incurred by, each compulsory scheme electricity supplier which that supplier may count towards its final non-core spending obligation for the scheme year.

Provision of information to the Authority

31.—(1) The Authority may request that a scheme supplier provide it with such information as the Authority requires for the purposes of carrying out its functions in relation to the Warm Home Discount (England and Wales) scheme.

- (2) A request under paragraph (1)—
 - (a) must specify the date by when the information is to be provided, and
 - (b) may specify the form in which the information is to be provided.
- (3) A scheme supplier must comply with a request under paragraph (1).

Provision of information by the Authority

32.—(1) The Authority must notify the Secretary of State if—

- (a) the Authority is notified by a supplier of last resort of that supplier's intention to meet all or part of a failed supplier's final non-core spending obligation for a scheme year, and
- (b) that notification is made on or before 15th February in that scheme year.

(2) A notification under paragraph (1) must be given by the Authority as soon as reasonably practicable after it is notified by the supplier of last resort.

(3) In this regulation—

“failed supplier” means a person in respect of whose domestic customers the Authority has given a last resort supply direction;

“last resort supply direction” means a direction given by the Authority to a licensed electricity supplier to take over responsibility for the supply of electricity to domestic customers of a failed supplier;

“supplier of last resort” means a compulsory scheme electricity supplier which has been given a last resort supply direction.

PART 6

Review

Reviews of the scheme

33.—(1) The Secretary of State must conduct a review of the scheme if the Secretary of State is satisfied that a review would be desirable because—

- (a) the Scottish Ministers have consulted, or are consulting, the Secretary of State in accordance with section 14A(5)(a) of the Energy Act 2010, or
- (b) there has been a significant change in circumstances since the commencement date.

(2) The Secretary of State must conduct a review of regulation 5 if the Secretary of State is satisfied that a review would be desirable in order to—

- (a) promote effective competition between suppliers, or
- (b) protect the interests of domestic customers.

(3) The Secretary of State must conduct a review of the prescribed rebate, if the Secretary of State is satisfied that a review would be desirable because there has been a significant change in the gas or electricity costs incurred by persons in fuel poverty or in a fuel poverty risk group.

(4) The Secretary of State must conduct a review of Part 4, if the Secretary of State is satisfied that a review is desirable because the Secretary of State has proposed a significant increase to the number of persons to whom scheme suppliers must provide the prescribed rebate under Part 3.

(5) The Secretary of State must conduct a review of any aspect of the scheme if the Secretary of State is satisfied that a review would be desirable—

- (a) in order for the scheme to achieve greater reductions in fuel poverty,
- (b) because that aspect of the scheme is not, or may not be, operating effectively, or
- (c) because the effectiveness of that aspect of the scheme could be improved.

PART 7

Consequential etc. provisions

Revocation of the 2011 Regulations

34. The 2011 Regulations are revoked.

Transitional provisions and savings in connection with regulation

35. [...]

CONSULTATION DRAFT – NOT FOR SIGNATURE
Parliamentary Under Secretary of State
Department Business, Energy and Industrial Strategy

SCHEDULE 1

Regulation 14

Determination of interim aggregate non-core spending obligation

General

1. The Secretary of State is to determine the interim aggregate non-core spending obligation for a scheme year (“the current year”) in accordance with this Schedule.

Meaning of “the initial overall spending target”

2.—(1) For the purposes of this Schedule “the initial overall spending target” is—

- (a) £442 million for scheme year 12;
- (b) £449 million for scheme year 13;
- (c) £458 million for scheme year 14;
- (d) £467 million for scheme year 15.

Step one: core group spending estimate

3.—(1) The Secretary of State must estimate the aggregate amount of benefits (if any) to be provided by scheme suppliers under Part 3 in the current year.

(2) This estimate is referred to in this Schedule as the “core group spending estimate”.

Step two: calculation of interim overall spending target

4.—(1) The Secretary of State must adjust the initial overall spending target for the current year (“IO”) in accordance with this paragraph to calculate the interim overall spending target.

(2) First, the Secretary of State must—

- (a) review the relevant estimate for the relevant year (with any reduction or increase previously made to that estimate under the 2011 Regulations or these Regulations (as the case may be)) (“RE”),
- (b) increase or reduce RE, if it appears to the Secretary of State that the aggregate amount of benefits provided under the core spending Part in the relevant year will be greater or less than RE, and
- (c) if the Secretary of State increases or reduces RE, adjust IO in accordance with sub-paragraph (3) or (4).

(3) If RE is reduced, IO may be increased by an amount not exceeding—

- (a) in scheme year 12, an amount equal to 90.6% of that reduction, or
- (b) in any other case, the amount of that reduction.

(4) If RE is increased, IO must be reduced by an amount corresponding to—

- (a) in scheme year 12, 90.6% of the amount of that increase, or
- (b) in any other case, the amount of that increase.

(5) The Secretary of State must then—

- (a) calculate for the current year the difference between—
 - (i) the aggregate amount of benefits provided under the core spending Part in the year a-2 (“amount A”), and
 - (ii) the relevant estimate (with any increase or reduction previously made to it) for year a-2 (“amount B”), and
- (b) if amount A exceeds or is less than amount B, in addition to any adjustment made in accordance with sub-paragraph (2), adjust IO in accordance with sub-paragraph (6) or (7).

(6) If amount A is greater than amount B, IO is to be reduced by an amount corresponding to—

- (a) in scheme years 12 and 13, 90.6% of $(A - B)$, or
- (b) in any other case, $(A - B)$.

(7) If amount A is less than amount B, IO may be increased by an amount not exceeding—

- (a) in scheme years 12 and 13, 90.6% of $(B - A)$, or
- (b) in any other case, $(B - A)$.

(8) The interim overall spending target for the current year is, subject to paragraph 5, IO as adjusted in accordance with this regulation.

(9) For the purposes of this paragraph—

“the 2011 Regulations” means the Warm Home Discount Scheme Regulations 2011;

“core spending Part” means—

- (a) where “the relevant year” is scheme year 11, or “year a-2” is scheme year 10 or scheme year 11, Part 3 of the 2011 Regulations as it had effect for the purposes of scheme year 10 or 11 (as the case may be);
- (b) otherwise, Part 3 of these Regulations;

“relevant estimate” means—

- (a) where “the relevant year” is scheme year 11, or “year a-2” is scheme year 10 or scheme year 11, the amount determined by the Secretary of State under paragraph 1 of Schedule 1 to the 2011 Regulations as it had effect for the purposes of scheme year 10 or 11 (as the case may be);
- (b) otherwise, the core group spending estimate;

“relevant year” means—

- (a) where the current year is scheme year 12, scheme year 11;
- (b) otherwise, the scheme year immediately preceding the current year;

“scheme year 10” has the meaning given in regulation 2 of the 2011 Regulations, as they had effect immediately before the commencement date;

“year a-2” means—

- (a) in relation to scheme year 12, scheme year 10;
- (b) in relation to scheme year 13, scheme year 11;
- (c) in relation to scheme year 14, scheme year 12;
- (d) in relation to scheme year 15, scheme year 13.

Minimum and maximum adjustments to the initial overall spending target

5.—(1) The initial overall spending target for each of scheme years 12 to 15 may not be adjusted to—

- (a) be less than the minimum amount for the scheme year, or
- (b) exceed the maximum amount for the scheme year.

(2) “The minimum amount” is—

- (a) £432 million for scheme year 12;
- (b) £439 million for scheme year 13;
- (c) £448 million for scheme year 14;
- (d) £457 million for scheme year 15.

(3) “The maximum amount” is—

- (a) £452 million for scheme year 12;
- (b) £459 million for scheme year 13;
- (c) £468 million for scheme year 14;
- (d) £477 million for scheme year 15.

Step three: interim aggregate non-core spending obligation

6.—(1) Finally, the Secretary of State must calculate the interim aggregate non-core spending obligation for the current year in accordance with sub-paragraph (2).

(2) The interim aggregate non-core spending obligation for the scheme year is $T - E$ where—

“T” is the interim overall spending target for the current year, and

“E” is the core group spending estimate for that year.

Industry initiatives

PART 1

Table of industry initiatives

<i>Column 1 – Type of initiative</i>	<i>Column 2 – Exceptions</i>
<p>Payments to organisations which refer to electricity or gas suppliers, or facilitate the referral of, E&W domestic customers who—</p> <ul style="list-style-type: none"> (a) are in fuel poverty or in a fuel poverty risk group, and (b) are, or may be, eligible for a benefit under these Regulations or any other assistance from the supplier. 	
<p>Providing, or funding the provision by other persons of—</p> <ul style="list-style-type: none"> (a) benefit entitlement checks for persons who are resident in England and Wales, or (b) benefit entitlement checks for persons who are resident in England and Wales and assistance to those persons in claiming benefits. 	
<p>Providing to E&W domestic customers, or funding the provisions by other persons to domestic energy consumers in England and Wales, of—</p> <ul style="list-style-type: none"> (a) energy efficiency measures, (b) thermal efficiency measures, (c) energy efficient appliances, or (d) microgeneration. 	<p>A supplier may not count costs arising from the installation of a boiler or central heating system unless—</p> <ul style="list-style-type: none"> (a) at least one person living in the household for which the boiler or system is installed— <ul style="list-style-type: none"> (i) is aged 65 or over, (ii) is under compulsory school age, or (iii) has significant health problems or a disability which may be exacerbated by the cold, makes the person vulnerable to cold-related illness or means that the person spends the majority of their time in the premises, and (b) the installation meets the requirements of Part 2 of this Schedule.
<p>Providing, or funding the provision by other persons of, energy advice to E&W domestic customers.</p>	
<p>Training persons, or funding the training of persons, to provide energy advice to E&W domestic customers.</p>	<p>A supplier may not count costs of training its own employees or contractors, or the employees or contractors of a company in the same group of companies as the supplier.</p>
<p>Providing assistance, or funding the provision by other persons of assistance, to reduce or</p>	<p>A supplier may not count—</p> <ul style="list-style-type: none"> (a) costs arising from a billing error by the

cancel debts for household electricity or gas supply, where such assistance is provided as part of a package of measures aimed at providing E&W domestic customers with long-term relief from fuel poverty.	supplier, or (b) the part of any costs of debt-write off in relation to a domestic customer that exceeds £2,000 in a scheme year.
Making, or funding the making by other persons of, payments to eligible occupiers of mobile homes in England and Wales.	
Providing, or funding the provision by other persons, of energy advice or energy efficiency measures to E&W domestic customers who— (c) are in fuel poverty or in a fuel poverty risk group, and (d) are— (i) living in domestic premises which are non-gas fuelled, (ii) living in a household with a person who has significant health problems or a disability, or (iii) living in a community where residents are wholly or mainly in fuel poverty, or in a fuel poverty risk group.	A supplier may not count costs arising from the installation of a boiler or central heating system unless— (a) at least one person living in the household for which the boiler or system is installed— (i) is aged 65 or over, (ii) is under compulsory school age, or (iii) has significant health problems or a disability which may be exacerbated by the cold, makes the person vulnerable to cold-related illness or means that the person spends the majority of their time in the premises, and (b) the installation meets the requirements of Part 2 of this Schedule.
Making, or funding the making by other persons of, payments towards the gas or electricity bills of E&W domestic customers who are— (a) living in domestic premises which are non-gas fuelled, (b) living in a household with a person who has significant health problems or a disability, (c) living in a community where residents are wholly or mainly in fuel poverty, or in a fuel poverty risk group, or (d) supplied with gas or electricity through a pre-payment meter.	A supplier may not count— (a) the part of any payment in relation to an E&W domestic customer that exceeds £150 in a scheme year, or (b) payments in relation to charges incurred by an E&W domestic customer before the date on which the payment was made.

PART 2

Installation requirements for boilers and central heating systems

Boilers

1.—(1) The installation of a boiler meets the requirements of this Part if the conditions in sub-paragraph (2) or (3) are satisfied.

(2) The conditions in this sub-paragraph are—

- (a) the boiler is installed by, or under the responsibility of, a person who is registered with TrustMark for the purposes of installing boilers, and

(b) a certificate of lodgement is issued by the operator of TrustMark in respect of the installation.

(3) The conditions in this sub-paragraph are that the boiler is installed subject to arrangements for quality assurance and consumer protection, including arrangements for repairs and other remedies and arrangements for compliance with PAS 2030:2019 and PAS 2035:2019, which are equivalent to the requirements under TrustMark.

Central heating systems

2.—(1) The installation of a central heating system meets the requirements of this Part if the conditions in sub-paragraph (2) or (3) are satisfied.

(2) The conditions in this sub-paragraph are—

- (a) the system is installed by, or under the responsibility of, a person who is registered with TrustMark for the purposes of installing central heating systems, and
- (b) a certificate of lodgement is issued by the operator of TrustMark in respect of the installation.

(3) The conditions in this sub-paragraph are that the central heating system is installed subject to arrangements for quality assurance and consumer protection, including arrangements for repairs and other remedies and arrangements for compliance with PAS 2030:2019 and PAS 2035:2019, which are equivalent to the requirements under TrustMark.

PART 3

Interpretation

Interpretation

3.—(1) In this Schedule—

“certificate of lodgement” means a document entitled “TrustMark Certificate of Lodgement” which sets out the address at which a measure has been installed and the type of measure;

“PAS 2030:2019” means Publicly Available Specification 2030:2019(a);

“PAS 2035:2019” means Publicly Available Specification 2035:3019(b);

“TrustMark” means the scheme of that name operated by TrustMark (2005) Limited, a company registered in England and Wales with company number 05480144.

(2) For the purposes of this Schedule, the occupier of a mobile home is an eligible occupier if—

- (a) they are, or their partner is, in receipt of guarantee credit, or
- (b) they meet the criteria described in the eligibility statement for the scheme year.

(3) For the purposes of sub-paragraph (2) “mobile home” and “occupier” have the meanings given by the Mobile Homes Act 1983 (see sections 1 and 5 of that Act).

(4) For the purposes of this Schedule, premises are non-gas fuelled if the main space heating system is not—

- (a) fuelled by mains gas, or
- (b) a district heating system.

(5) For the purposes of sub-paragraph (4)—

(a) ISBN 978 0 539 12816 1. This specification for the installation of energy efficiency measures in existing dwellings and insulation in residential park homes was published by the British Standards Institution on 20th February 2020.

(b) ISBN 978 0 539 06020 1. This specification and guidance for retrofitting in dwellings for improved energy efficiency was published by the British Standards Institution on 29th February 2020.

- (a) a “district heating system” is a system which delivers heat through pipes or conduits to two or more domestic premises;
- (b) “mains gas” is a supply of a kind mentioned in section 5(1)(b) of the Gas Act 1986.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which apply in England and Wales, revoke and replace the Warm Home Discount Regulations 2011 (as they apply in England and Wales) which established a scheme for reducing fuel poverty in Great Britain (“the Scheme”). These Regulations re-enact with amendments the provisions made by the 2011 Regulations to continue the Scheme in England and Wales.

The premise of the Scheme remains the same to place obligations on certain electricity suppliers to incur spending in each scheme year on the provision of benefits to customers in or at risk of fuel poverty. The Scheme will continue to be administered and enforced by the Office for Gas and Electricity Markets (“the Authority”). It will have effect until 31st March 2026.

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