

## **ENERGY ACT 2011**

The Act has three principal objectives: tackling barriers to investment in energy efficiency; enhancing energy security; and enabling investment in low carbon energy supplies. In summary, the Act:

### *Green Deal*

- Creates a new financing framework to enable the provision of fixed improvements to the energy efficiency of households and non-domestic properties, funded by a charge on energy bills that avoids the need for consumers to pay upfront costs. This framework includes:
  - powers to set parameters around the use of this facility to ensure consumer protection for both the originator of the work and subsequent occupiers;
  - powers to limit access to the financial mechanism in the framework to the installation of measures that are expected to deliver savings exceeding the level of the charge; and
  - an obligation on energy companies to administer the charges and pass monies to the appropriate party.
- Exempts energy suppliers from the Consumer Credit Act requirement to gain a credit licence when they collect Green Deal payments. It exempts Green Deal Providers from the requirement to hold a consumer credit licence in respect of Green Deal Finance offered to smaller businesses, to avoid segmenting the non-domestic market.
- Obliges the Secretary of State to take reasonable steps to improve the energy efficiency of the English residential sector by 2020 in order that emissions from this sector follow a trajectory consistent with UK carbon budgets.
- Requires the Secretary of State to report to Parliament on the contribution of the Green Deal policy and Energy Company Obligation to reduce carbon emissions in Great Britain and the extent to which such reductions have contributed towards achieving the carbon budgets.

### *Private Rented Sector*

- Includes provisions to ensure that from April 2016, private residential landlords will be unable to refuse a tenants' reasonable request for consent to energy efficiency improvements, where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available. Provisions in the Act also provide for powers to ensure that from April 2018, it will be unlawful to rent out a residential or business premise that does not reach a minimum energy efficiency standard (the intention is for this to be set at EPC rating "E"). These requirements will be subject to there being no upfront financial cost to landlords; therefore, landlords will have fulfilled the requirement if they have reached "E" or carried out the maximum package of measures funded under the Green Deal and/or ECO.

### *Energy Company Obligation*

- Amends existing powers in the Gas Act 1986, Electricity Act 1989 and the Utilities Act 2000 to enable the Secretary of State to create a new Energy Company Obligation to take over from the existing obligations to reduce carbon emissions (the Carbon Emissions Reduction Target (CERT) and Community Energy Saving Programme (CESP)), which expires at the end of 2012, and to work alongside the Green Deal finance offer by targeting appropriate measures at those households which are likely to need additional support, in particular those containing vulnerable people on low incomes and those in hard to treat housing.

### *Additional measures to improve energy efficiency:*

- Amends the smart meters powers in the Energy Act 2008 to allow Government to direct the approach to the roll-out of Smart Meters until 2018 and to enable the Secretary of State to make changes to transmission licences to ensure the effective introduction of the new central data and communications arrangements to support all smart meters.
- Amends the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007, to enable the removal of unnecessary restrictions on access to data.
- Establishes powers for both the Secretary of State to require energy companies to provide information on the cheapest tariff on energy bills.

### *Measures to improve energy security:*

- Confers on the Gas and Electricity Markets Authority a duty to report to the Secretary of State with an estimate of future need for electricity capacity. Amends the Energy Act 2004 to give the Secretary of State a duty to publish his assessment of future capacity need.
- Establishes powers for Ofgem to require changes to be made to the Uniform Network Code so as to strengthen market incentive mechanisms for ensuring sufficient gas is available during a Gas Supply Emergency.
- Consolidates existing provisions, across four Acts of Parliament, for third party access to upstream oil and gas infrastructure, and streamlines current procedures to facilitate determinations by the Secretary of State where required. Makes new provisions for the notification of commercial negotiations, to trigger determination procedures where negotiations have been unduly protracted, and to publish any determinations made.
- Establishes powers for the Secretary of State (or Ofgem, with the consent of the Secretary of State) to apply to the court for an energy supply company administration order for gas and electricity suppliers to ensure that gas and electricity continue to be supplied as cost effectively as possible in the event that a large gas and electricity supply company becomes insolvent.
- Establishes powers to de-designate areas of the UK Continental Shelf in order to facilitate the signing of a comprehensive agreement with Ireland about maritime boundaries; which will enable the alignment of Exclusive Economic Zones and provide flexibility in managing the UK Continental Shelf resources (important for oil, gas and renewable energy supply).

- Enables the Secretary of State to make regulations for the purposes of ensuring the security of civil nuclear facilities being built in the vicinity of an existing nuclear site from the point when construction work begins.

*Measures to enable low carbon technologies:*

- Extends existing Secretary of State powers in the Energy Act 2004 (that expired on 18 December 2010) and also extends existing Ofgem powers in the Electricity Act 1989 to enable the implementation of an enduring offshore electricity transmission regime beyond 2010.
- Amends existing powers in the Energy Act 2008 that enable the Secretary of State to modify a nuclear operator's Funded Decommissioning Programme; to ensure that there is an appropriate balance between the Secretary of State's powers to protect the taxpayer and the operator's need for clarity over how those powers will be exercised.
- Removes barriers to the reuse of existing capital assets for the purpose of carbon dioxide storage and transport where they are suitable.
- Allows National Park Authorities and the Broads Authority to generate and sell renewable electricity within specific constraints.
- Extends the Renewable Heat Incentive primary powers in the Energy Act 2008 to cover Northern Ireland enabling them to make their own regulations to incentivise renewable heat. This will make the RHI a UK wide scheme as initially envisaged.
- Extends the end date for any scheme to adjust transmission charges under the power in section 185 of the Energy Act 2004 from October 2024 to 2034.

*Measures to extend the role of the Coal Authority:*

- Amends the Coal Industry Act 1994 to provide powers to the Coal Authority to enable it to offer and charge for services relating to the longer-term safety and remediation of non-coal mining subsidence and non-mine water pollution.

*Repeals:*

- Repeals the Home Energy Conservation Act 1995 (HECA) in Scotland and Wales.

**DECC**  
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