

# Government Electricity Rebate Direction made by the Secretary of State for Energy and Climate Change pursuant to sections 7(3)(a) and 107 of the Electricity Act 1989

## **Title, commencement and cessation**

1.—(1) This direction is made by the Secretary of State pursuant to sections 7(3)(a) and 107 of the Electricity Act 1989 (“the Act”) and may be referred to as the Government Electricity Rebate Direction.

(2) This direction has effect from 3rd October 2014 to 2nd October 2019.

## **Interpretation, notifications and submissions**

2.—(1) In this direction—

“the Authority” means the Gas and Electricity Markets Authority established by section 1 of the Utilities Act 2000;

“credit customer” means a Domestic Customer supplied pursuant to a Domestic Supply Contract or a Deemed Contract who is neither a prepayment customer nor a direct debit customer;

“cut-off date” means the last date on which a domestic supplier may provide a GER to an eligible customer for which the domestic supplier may make a request for reimbursement and in relation to each scheme year is 28th February;

“direct debit customer” means a Domestic Customer who pays the charges which are payable under its Domestic Supply Contract by way of regular direct debit payments of a fixed amount (which amount may be varied from time to time in accordance with the relevant Domestic Supply Contract or, as the case may be, the relevant Green Deal Plan);

“domestic supplier” means a person who holds a licence granted under section 6(1)(d) of the Act and who supplies or intends to supply electricity to Domestic Customers;

“eligible customer” means a Domestic Customer of a domestic supplier with a Domestic Supply Contract or a Deemed Contract at 00:01 hours on a qualifying date;

“end of year report” means the report mentioned in paragraph 10(2)(a);

“external audit” means the auditing process undertaken by the Authority;

“Government Electricity Rebate” or “GER” means a rebate of £12 per scheme year which a domestic supplier is directed to deliver to an eligible customer;

“internal audit report” means the report mentioned in paragraph 10(2)(b);

“outstanding customer” is to be construed in accordance with paragraph 8(1);

“overpayment” has the meaning given in paragraph 13(2);

“payment period” means a period beginning with a qualifying date and ending on—

- (a) 24th November 2014 in scheme year 1;
- (b) 27th November 2015 in scheme year 2;

“prepayment customer” means a Domestic Customer to whom electricity is supplied pursuant to a Domestic Supply Contract or a Deemed Contract through a Prepayment Meter;

“qualifying date” means—

- (a) 12th October 2014 for scheme year 1;
- (b) 11th October 2015 for scheme year 2;

“request for reimbursement” is to be construed in accordance with paragraph 11(2)(a);

“responsible person” means a senior employee or officer of a domestic supplier designated by the supplier as responsible for the delivery of GERs to eligible customers by that supplier;

“scheme year” means a period—

- (a) commencing on 3rd October 2014 and ending on 31st March 2015 (“scheme year 1”);
- (b) commencing on 1st April 2015 and ending on 31st March 2016 (“scheme year 2”);

“the Secretary of State” means the Secretary of State for Energy and Climate Change;

“the Secretary of State’s guidance” means the guidance relating to this direction issued by the Secretary of State on 3rd October 2014 and available from the Department of Energy and Climate Change, 3 Whitehall Place, SW1A 2AW, as amended from time to time;

“secure voucher” means a voucher for the purchase of electricity addressed to a prepayment customer for use by that customer;

“special action message” means a message addressed to a prepayment customer’s meter and transmitted from a domestic supplier to that meter through the electricity credit purchasing network;

“the standard licence conditions” means the standard conditions incorporated by virtue of section 8A(1) of the Act in licences granted or treated as granted under section 6(1)(d) of that Act;

“working day” means any day other than a Saturday or Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

(2) For the purpose of this direction a domestic supplier—

- (a) has provided a GER to an eligible customer (including an outstanding customer) on the date on which it has complied with paragraph 7(1) in relation to that customer;
- (b) has delivered a GER to an eligible customer specified in the first column of the table (including an outstanding customer) on the date specified in the second column of the table—

Direct debit customer	The date confirmed by the external audit as the date on which the domestic supplier has complied with paragraph 7(1)(a) in relation to the customer
Credit customer	The date confirmed by the external audit as the date on which the domestic supplier has complied with paragraph 7(1)(a) in relation to the customer
Prepayment customer	The date confirmed by the external audit as the date on which the customer has used a credit provided under paragraph 7(1)(b) for the purchase of electricity
Customer to whom a domestic supplier has tendered payment under paragraph 7(1)(c)	The date confirmed by the external audit as the date on which the customer has received a payment under paragraph 7(1)(c)

- (c) for the purposes of the fourth row of the table and of paragraphs 10(1)(f) and 13(2)(d) a customer has received a payment under paragraph 7(1)(c) when the transaction in the supplier’s bank account indicates that the payment is available as cleared funds in the customer’s bank account or when the customer has cashed a voucher tendered in payment, as the case may be.



(3) Except where otherwise provided by this paragraph, capitalised expressions in this direction which appear in the standard licence conditions have the same meaning as in the standard licence conditions.

(4) A notification or submission under this direction—

- (a) must be in writing;
- (b) may be transmitted by electronic means;
- (c) must be made in the form prescribed by the Authority or the Secretary of State.

### **Scope and purpose**

3.—(1) This direction is issued under standard licence condition 25D and applies to any domestic supplier.

(2) The purpose of this direction is to—

- (a) require that a domestic supplier—
  - (i) provides and delivers a GER to each of its eligible customers for each scheme year;
  - (ii) submits to reporting and auditing requirements demonstrating compliance with subparagraph (i);
  - (iii) refunds any overpayments to the Secretary of State;
- (b) establish terms on which the Secretary of State will reimburse a domestic supplier for the total sum of GERs it has provided and delivered.

### **Obligations**

4. The Secretary of State directs that a domestic supplier must comply with the obligations in this direction.

#### *Notification*

5.—(1) A domestic supplier must notify to the Authority and to the Secretary of State—

- (a) the number of that domestic supplier's eligible customers;
- (b) the number of that domestic supplier's eligible customers who are—
  - (i) prepayment customers;
  - (ii) direct debit customers;
  - (iii) credit customers;
- (c) the name, position and contact details of a responsible person.

(2) The notification under subparagraph (1) must be signed by the responsible person and made—

- (a) before or on 24th October in scheme year 1;
- (b) before or on 23rd October in scheme year 2.

#### *Pre-Notification*

6. A domestic supplier must notify to the Authority and to the Secretary of State the following pre-notification information in relation to scheme year 2 on or after 3rd August 2015 and before or on 4th September 2015—

- (a) a general overview of how the supplier intends to provide and deliver a GER to each of its eligible customers;
- (b) an estimate of the number of the supplier's eligible customers on the qualifying date;
- (c) an estimate of the number of the supplier's eligible customers who are—
  - (i) direct debit customers;
  - (ii) credit customers;
  - (iii) prepayment customers;

- (d) a description of how the supplier intends to identify its eligible customers for the purposes of paragraph 5;
- (e) a description of how the supplier intends to provide a GER to its eligible customers who are—
  - (i) direct debit customers;
  - (ii) credit customers;
  - (iii) prepayment customers;
- (f) a description of any circumstances in which the supplier expects that it may not be able to provide a GER to an eligible customer before or on the cut-off date;
- (g) a description of how the supplier intends to identify, manage and record the number of its eligible customers to whom it has not provided a GER before or on the cut-off date;
- (h) a description of how the supplier intends to comply with paragraph 9 in relation to its eligible customers who are—
  - (i) direct debit customers;
  - (ii) credit customers;
  - (iii) prepayment customers;
- (i) a description of any testing the supplier intends to carry out in relation to its obligations under this direction before the qualifying date;
- (j) a description of how the supplier intends to ensure its compliance with its obligations under this direction including the name and position of—
  - (i) the responsible person;
  - (ii) the senior compliance officer required to compile the internal audit report;
- (k) a description of any management processes put in place by the supplier to oversee its compliance with the obligations in this direction;
- (l) a description of any measures taken by the domestic supplier to prevent fraud, misuse or abuse in relation to its provision of GERs to eligible customers;
- (m) a description of how the supplier intends to carry out the internal audit for the purpose of compiling the internal audit report.

*Providing Government Electricity Rebates*

7.—(1) In each scheme year a domestic supplier must provide a GER to each of its eligible customers by—

- (a) in relation to a direct debit customer or a credit customer, 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 £12;
- (b) in relation to a prepayment customer, providing a customer with credit in the amount of £12 against the cost (including Value Added Tax) of future electricity use;
- (c) in relation to any eligible customer tendering payment of the amount of £12 to the customer.

(2) A domestic supplier may provide a GER to an eligible customer under subparagraph (1)(c) only if in the circumstances it would not be reasonably practical to provide a GER to that customer under subparagraphs (a) or (b).

(3) For the purpose of subparagraph (1)(b) credit against the cost of future electricity use includes credit in the form of—

- (a) a secure voucher; or
- (b) a special action message.

(4) For the purpose of subparagraph (1)(c) tendering payment means making a payment by—

- (a) non-transferable cheque;



- (b) bank transfer; or
- (c) voucher that may be exchanged for cash.

(5) A domestic supplier must take all reasonable steps to comply with subparagraph (1) before the end of each payment period.

*Outstanding customers*

8.—(1) If a domestic supplier does not provide a GER before the end of a payment period to one or more eligible customers (“the outstanding customers”), the domestic supplier must before the end of a period of 10 working days after the end of that payment period notify to the Authority and to the Secretary of State—

- (a) the number of outstanding customers;
- (b) the reason why the domestic supplier has not provided a GER to one or more of the outstanding customers;
- (c) steps for providing a GER to the outstanding customers before or on the cut-off date.

(2) In relation to any outstanding customer notified under subparagraph (1) a domestic supplier must comply with the obligation in paragraph 7(1) before or on the cut-off date.

(3) Subparagraph (2) does not apply where in the circumstances it would not be reasonably practical for the domestic supplier to provide a GER to that customer.

*Information on Bills etc.*

9. A domestic supplier which provides a GER to an eligible customer must—

- (a) specify on the customer’s next Bill or statement of account; or
- (b) otherwise notify the customer in writing,

that the customer has been provided with a GER.

*Reporting on compliance*

10.—(1) In relation to each scheme year, a domestic supplier must notify to the Authority and to the Secretary of State—

- (a) the number of direct debit customers to whom the domestic supplier has provided a GER in the period beginning with the qualifying date and ending on the cut-off date;
- (b) the number of credit customers to whom the domestic supplier has provided a GER in the period beginning with the qualifying date and ending on the cut-off date;
- (c) the number of prepayment customers to whom the domestic supplier has provided a GER in the period beginning with the qualifying date and ending on the cut-off date;
- (d) the number of eligible customers to whom the domestic supplier has provided a GER under paragraph 7(1)(c) in the period beginning with the qualifying date and ending on the cut-off date;
- (e) the number of prepayment customers who have used a credit against the cost of future electricity for the purchase of electricity in the period beginning with the qualifying date and ending on the cut-off date;
- (f) the number of eligible customers who have received a payment under paragraph 7(1)(c) in the period beginning with the qualifying date and ending on the cut-off date;
- (g) the number of outstanding customers notified under paragraph 8(1) to whom the domestic supplier has provided a GER after the end of the payment period and before or on the cut-off date;
- (h) the number of eligible customers to whom the domestic supplier has not provided a GER before or on the cut-off date.

(2) In relation to each scheme year, a domestic supplier must submit to the Authority and to the Secretary of State—

- (a) a report signed by the responsible person which includes the information specified in subparagraph (1) (“the end of year report”);
  - (b) a report compiled for or on behalf of the domestic supplier by a senior compliance officer not under the direction of the responsible person certifying the accuracy of any information notified under this direction or standard licence condition 25D (“the internal audit report”).
- (3) A domestic supplier must submit the end of year report and the internal audit report before or on—
- (a) 28th April 2015 in relation to scheme year 1;
  - (b) 28th April 2016 in relation to scheme year 2,
- whether or not the supplier has separately notified under paragraphs 11 or 12 some or all of the information specified in subparagraph (1).

*Requesting reimbursement*

- 11.**—(1) To be eligible for reimbursement, a domestic supplier must comply with this paragraph.
- (2) In relation to each scheme year, a domestic supplier must submit to the Secretary of State—
- (a) a request for reimbursement (in one or more instalments) of a sum the total of which must not exceed the total amount of all the GERs the supplier has provided to its eligible customers in the period of each scheme year beginning with the qualifying date and ending on the cut-off date;
  - (b) one or more invoices in accordance with the process specified in the Secretary of State’s guidance, where the sum total of all the invoices submitted must not exceed the total amount specified in the request for reimbursement (or the combined total of all the instalments making up the request).
- (3) A request for reimbursement (and any instalment thereof) must include a declaration signed by the responsible person certifying that to the best of his or her knowledge and belief the request is a true and accurate reflection of the number of GERs the domestic supplier has provided in the period to which the request (or any instalment thereof) relates.
- (4) Before submitting a request for reimbursement (or any instalment thereof) a domestic supplier must agree to the following terms of reimbursement—
- (a) the domestic supplier is responsible for ensuring that all payments received in connection with GERs are used for the sole purpose of reimbursing the domestic supplier for GERs it has provided and delivered to eligible customers;
  - (b) the domestic supplier will refund to the Secretary of State any overpayments;
  - (c) the Authority and the Secretary of State are entitled to audit compliance by the domestic supplier with standard licence condition 25D and this direction;
  - (d) the use of subcontractors for the purpose of providing and delivering GERs does not relieve the domestic supplier of any of its obligations under this direction, including the obligation to refund overpayments;
  - (e) the Secretary of State may offset any overpayment paid to a domestic supplier in either scheme year (that has not been refunded by the supplier) against future invoices submitted by that supplier;
  - (f) the terms for accepting a payment listed in paragraph 13(1).
- (5) An agreement under subparagraph (4) must be executed as a deed.
- (6) A domestic supplier must not submit a request for reimbursement (or any instalment thereof) for providing a GER to an eligible customer mentioned in the first column of the table before the domestic supplier has satisfied the condition in the second column of the table—

Direct debit customer	The domestic supplier has notified to the Secretary of State the information specified at paragraph 10(1)(a) relating to the request for reimbursement
Credit customer	The domestic supplier has notified to the Secretary of State—



	<p>(a) the information specified at paragraph 10(1)(b) relating to the request for reimbursement;</p> <p>(b) the frequency by which the supplier bills the customers to which the request for reimbursement relates.</p>
Prepayment customer	The domestic supplier has notified to the Secretary of State proof of its purchase of vouchers or of its transmission of special action messages or of any other means by which it has provided a customer with a GER under paragraph 7(1)(b)
Eligible customer to whom the domestic supplier has tendered payment under paragraph 7(1)(c)	The domestic supplier has notified to the Secretary of State the information specified at paragraph 10(1)(d) relating to the request for reimbursement

(7) A domestic supplier must not submit a request for reimbursement (or any instalment thereof) before a qualifying date and after—

- (a) 13th March 2015 in relation to scheme year 1;
- (b) 11th March 2016 in relation to scheme year 2.

(8) A domestic supplier must not submit an invoice relating to a request for reimbursement (or to any instalment thereof) after—

- (a) 30th September 2015 in relation to scheme year 1;
- (b) 30th September 2016 in relation to scheme year 2.

### Reimbursement

12.—(1) Within a period of 10 working days beginning with the receipt of a request for reimbursement (or any instalment thereof) the Secretary of State will determine whether the Secretary of State accepts or rejects the information notified under paragraph 11(6) as evidence that the domestic supplier has satisfied the condition for submitting the request for reimbursement.

(2) If the Secretary of State accepts the evidence, the Secretary of State will pay to the domestic supplier the amount specified in any invoice submitted under paragraph 11(2)(b) relating to the request for reimbursement (or to any instalment thereof).

(3) If the Secretary of State rejects all or part of the evidence the Secretary of State will notify to the domestic supplier—

- (a) the reasons for the rejection;
- (b) a description of the further information which the domestic supplier must notify to the Secretary of State in support of the request for reimbursement (or any instalment thereof).

(4) The Secretary of State will make any payments due to a domestic supplier under this paragraph—

- (a) within 10 working days of the receipt of an invoice relating to a request for reimbursement (or to any instalment thereof);
- (b) in accordance with the process and the terms of reimbursement specified in the Secretary of State's guidance.

### Overpayments

13.—(1) A domestic supplier which has accepted a payment from the Secretary of State under paragraph 12 agrees to—

- (a) account to the Secretary of State or a person in the service of the Secretary of State for any monies received within 10 working days of any written request;
- (b) notify to the Secretary of State any overpayment within 10 working days of the domestic supplier becoming aware of the existence of the overpayment;
- (c) refund to the Secretary of State any overpayment within 10 working days of—

- (i) the domestic supplier becoming aware of the existence of the overpayment; or
  - (ii) the receipt of a request in writing by the Secretary of State.
- (2) An overpayment exists in the following circumstances—
- (a) where any monies paid to a domestic supplier exceed the total sum of all the GERs the domestic supplier has provided to its eligible customers;
  - (b) where any monies paid to a domestic supplier exceed the total sum of all the GERs the domestic supplier has delivered to its eligible customers;
  - (c) where any monies paid to a domestic supplier in relation to prepayment customers exceed the total sum of all the credits used for the purchase of electricity by the domestic supplier's prepayment customers; or
  - (d) where any monies paid to a domestic supplier in relation to eligible customers to whom the domestic supplier has tendered payment under paragraph 7(1)(c) exceed the total sum of all the payments received by eligible customers under that paragraph.

Signed by Gareth Baynham-Hughes, an official of the Department of Energy and Climate Change duly authorised to sign on behalf of the Secretary of State.

A handwritten signature in dark ink, reading "GJ Baynham-Hughes". The signature is written in a cursive style with a horizontal line underneath the name.

01/10/2014