

Climate Change and Sustainable Energy Bill

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TO

Make provision about the reduction of emissions of greenhouse gases, the alleviation of fuel poverty, the promotion of microgeneration and the introduction of a renewable heat obligation; and for connected purposes.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Purposes and reports

1 Purposes

- (1) The principal purpose of this Act is to enhance the United Kingdom contribution to combating climate change.
- (2) In performing functions under this Act, the relevant persons and bodies shall have regard to—
- (a) the principal purpose set out in subsection (1);
 - (b) the desirability of alleviating fuel poverty; and
 - (c) the desirability of securing a diverse and viable long-term energy supply. 10
- (3) In this section “the relevant persons and bodies” means—
- (a) the Prime Minister;
 - (b) the Chancellor of the Exchequer;
 - (c) the Secretary of State;
 - (d) any public authority. 15

2 Annual report on greenhouse gas emissions

- (1) It shall be the duty of the Prime Minister in the course of each year to lay before Parliament a report on—
- (a) steps that the government has taken to reduce emissions of greenhouse gases during the period to which the report relates; and 20

- (b) the level of emissions of greenhouse gases in the United Kingdom, including any increase or decrease in that level recorded during the period to which the report relates.
- (2) It shall be the duty of the Prime Minister, in the course of each year and following the laying before Parliament of the report under subsection (1) in that year, to make a motion for a resolution approving that report in the House of Commons. 5
- (3) It shall be the duty of a Minister of the Crown, in the course of each year and following the laying before Parliament of the report under subsection (1) in that year, to make a motion for a resolution approving that report in the House of Lords. 10
- (4) In this section “greenhouse gases” means –
- (a) carbon dioxide;
 - (b) methane;
 - (c) nitrous oxide; 15
 - (d) hydrofluorocarbons;
 - (e) perfluorocarbons;
 - (f) sulphur hexafluoride.
- 3 Fiscal and economic report**
- (1) The Chancellor of the Exchequer must, within one year of the passing of this Act, and annually thereafter, prepare and publish a report on such fiscal measures he considers appropriate to assist with microgeneration and energy efficiency. 20
- (2) In preparing the report under subsection (1), the Chancellor of the Exchequer shall take reasonable steps to consult local authorities and such persons as in his opinion have an interest in – 25
- (a) enhancing the United Kingdom contribution to combating climate change, and
 - (b) alleviating fuel poverty.
- Microgeneration* 30
- 4 National targets for microgeneration**
- (1) It shall be the duty of the Secretary of State to establish an overall target for the take-up of microgeneration in Great Britain.
- (2) The target established in accordance with subsection (1) may be expressed in relation to – 35
- (a) the reduction in emissions of carbon dioxide in Great Britain as a result of the increase of the take-up of microgeneration within a specified period of time, or
 - (b) the number of microgeneration installations operating within a specified period of time, or 40
 - (c) both those things.
- (3) The target established in accordance with subsection (1) shall be contained within a report that is laid before each House of Parliament.

- (4) A report under subsection (3) shall contain such information as the Secretary of State considers appropriate relating to the expected contribution towards meeting the target to be made by each of the relevant sources of energy and technologies.
- (5) *It shall be the duty of the Secretary of State to take such steps as he considers necessary to secure that the target established in accordance with subsection (1) is met.*

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5 Local targets for microgeneration

- (1) It shall be the duty of each energy conservation authority in England and Wales and Scotland to consider the contribution that microgeneration can make to the fulfilment of the authority's statutory duties and to the performance of its other functions relating to—
- (a) reducing emissions of carbon dioxide, and
 - (b) alleviating fuel poverty.
- (2) In pursuance of its duty under subsection (1), an energy conservation authority shall establish such local targets relating to microgeneration as it considers appropriate.
- (3) Targets established under subsection (2) shall be published in such form as the authority establishing them considers appropriate.

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6 Annual reports on microgeneration strategy, etc.

- The Secretary of State shall each year lay before Parliament a report on—
- (a) the implementation of measures contained in the microgeneration strategy under section 82 of the Energy Act 2004 (c. 20) in the form in which it has most recently been published;
 - (b) the achievement of any targets set for microgeneration pursuant to that Act or otherwise; and
 - (c) the way in which that implementation and any steps towards achieving any targets have assisted in—
 - (i) reducing emissions of carbon dioxide, and
 - (ii) alleviating fuel poverty.

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7 Sale of electricity produced by domestic microgeneration

- (1) It shall be the duty of the Secretary of State, within twelve months of the passing of this Act, to make an order establishing a scheme enabling electricity produced by domestic microgeneration to be sold.
- (2) After the coming into force of the order made under subsection (1), a licensed electricity supplier may only supply electricity to a domestic customer if that supplier also undertakes to buy at market rate any electricity produced by that customer (or any group of customers of which that customer is a member) by microgeneration.
- (3) In this section—
- (a) “domestic customer”,
 - (b) “domestic microgeneration”,
 - (c) “group of customers”, and
 - (d) “market rate”,

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have the meaning to be prescribed by regulations made by the Secretary of State.

8 Microgeneration and access to green energy certificates

- (1) In exercising any power or function conferred by any Act of Parliament, order or regulations relating to green energy certificates, it shall be the duty of a public authority to have regard to the desirability of – 5
- (a) promoting microgeneration, and
 - (b) minimising the cost and administrative burdens for domestic customers in installing or operating, or seeking to instal or operate, microgeneration installations. 10
- (2) In performing its duty under (1), the Gas and Electricity Markets Authority shall have particular regard to the relevance of that duty to the performance of its functions relating to –
- (a) electricity metering (within the meaning of Schedule 7 to the Electricity Act 1989 (c. 29)), and 15
 - (b) the collection of data from licensed electricity suppliers and others.
- (3) In this section –
- “domestic customers” has the meaning to be prescribed by the Secretary of State by regulations;
 - “green energy certificates” means – 20
 - (a) Renewable Obligation Certificates,
 - (b) Levy Exemptions Certificates,
 - (c) Renewable Electricity Guarantee of Origin Certificates;
 - “Levy Exemption Certificates” means certificates of that name issued in exercise of powers under the Climate Change Levy (General) Regulations 2001 (S.I. 2001/838); 25
 - “Renewable Electricity Guarantee of Origin Certificates” means certificates issued in exercise of powers under the Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003 (S.I. 2003/2562); 30
 - “Renewable Obligation Certificates” means any certificate certifying the matters in section 32B(2A) of the Electricity Act 1989.

Community energy

9 Promotion of community energy

- (1) It shall be the duty of the Secretary of State to take such steps as he considers appropriate to promote community energy. 35
- (2) In the exercise of his duty under subsection (1), the Secretary of State –
- (a) *may make such payments to such persons as he thinks fit;*
 - (b) shall have regard to the desirability of promoting – 40
 - (i) investment by others in community energy,
 - (ii) the provision of relevant legal and other advice to community energy schemes and other persons, and
 - (iii) the provision of model constitutions, guidance, standard agreements and protocols for such schemes and other persons.

- (3) In this section—
- “community energy” means activities in a local area which are concerned in whole or in part with the taking of measures which will assist in doing any of the following things—
- (a) promoting sustainable energy, 5
 - (b) alleviating fuel poverty,
 - (c) securing a diverse and viable long-term energy supply;
- “community energy schemes” means any schemes which—
- (a) are owned by more than three persons ordinarily resident within the same local authority area; 10
 - (b) are established on a not-for-profit basis; and
 - (c) are concerned in whole or in part with the taking of measures which will assist in doing any of the following things—
 - (i) promoting sustainable energy,
 - (ii) alleviating fuel poverty, 15
 - (iii) securing a diverse and viable long-term energy supply;
- “sustainable energy” shall be construed in accordance with the provisions of section 1 of the Sustainable Energy Act 2003 (c. 30).

Renewable heat

- 10 Renewable heat obligation** 20
- (1) The Secretary of State may by regulations introduce a renewable heat obligation.
- (2) Regulations under subsection (1) may—
- (a) require suppliers of heating fuel to demonstrate that a specified proportion of the fuel they supply is derived from renewable heat sources, 25
 - (b) establish targets for the proportion of heating fuel supplied that is renewable, and
 - (c) provide for penalties on suppliers that fail to meet those targets.
- (3) Regulations under subsection (1) shall prescribe the meaning of “suppliers of heating fuel” and “renewable heat sources”, but the prescribed meaning of the latter term shall include—
- (a) solid, liquid or gaseous fuels produced from biomass,
 - (b) passive solar heating systems, and
 - (c) geothermal systems. 35
- (4) In this section—
- “biomass” means the biodegradable fraction of product and residues from agriculture, forestry and related industries;
- “passive solar heating systems” means systems for the collection, transfer, storage and use of solar energy for space, water and process heating or cooling; 40
- “geothermal systems” means systems for collecting stored or geothermal energy from ground or water sources, including through the use of heat pumps.

*Miscellaneous and final provisions***11 Interpretation**

In this Act –

- “energy conservation authority” has the meaning given in section 1(1) of the Home Energy Conservation Act 1995 (c. 10); 5
- “fuel poverty” shall be construed in accordance with the provisions of section 1 of the Warm Homes and Energy Conservation Act 2000 (c. 31);
- “licensed electricity supplier” means any person falling within the definition of “electricity supplier” in section 6(9) of the Electricity Act 1989 (c. 29); 10
- “microgeneration” has the meaning given by section 82 of the Energy Act 2004 (c. 20);
- “public authority” has the same meaning as in section 6 of the Human Rights Act 1998 (c. 42);
- “relevant sources of energy and technologies” means the sources of energy and technologies listed in subsection (7) of section 82 of the Energy Act 2004. 15

12 Orders and regulations

- (1) Any power of the Secretary of State to make an order or regulations under this Act is exercisable by statutory instrument. 20
- (2) Any order or regulations under this Act (other than regulations under section 10) shall be laid before Parliament after being made and is subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) No regulations may be made under section 10 unless a draft of the regulations has been laid before Parliament and approved by a resolution of each House of Parliament. 25
- (4) Every power conferred by this Act on the Secretary of State to make an order or regulations includes power –
 - (a) to make different provision for different cases (including different provision in respect of different areas); 30
 - (b) to make provision subject to such exemptions and exceptions as the Secretary of State thinks fit; and
 - (c) to make such incidental, supplemental, consequential and transitional provision as the Secretary of State thinks fit.

13 Expenses

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There shall be paid out of money provided by Parliament –

- (a) *any expenditure incurred by a Minister of the Crown by virtue of this Act; and*
- (b) *any increase attributable to this Act in the sums payable out of money so provided under any other enactment.*

14 Short title and extent

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- (1) This Act may be cited as the Climate Change and Sustainable Energy Act 2005.
- (2) Sections 4 to 8 do not extend to Northern Ireland.

Climate Change and Sustainable Energy Bill

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To make provision about the reduction of emissions of greenhouse gases, the alleviation of fuel poverty, the promotion of microgeneration and the introduction of a renewable heat obligation; and for connected purposes.

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