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## RED TAPE SLASHED IN BOOST FOR SMALL ENERGY SUPPLIERS

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**“Increased competition can help bring down prices and encourage innovation, benefitting energy consumers.”**

(Charles Hendry, Minister of State)

Smaller gas and electricity suppliers will benefit from a cut in red tape in time for next year, Energy Minister Charles Hendry announced today. Firms with 250,000 customers or fewer will not have to take part in two government programmes - the Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP). This follows a consultation which originally proposed a threshold of 100,000 customers.

Previously suppliers with as few as 50,000 customers were obliged to participate. Participating in these schemes placed a disproportionate burden on small suppliers, acting as a barrier to market entry and reducing incentives to grow.

Charles Hendry said:

“Currently, over 99% of people get their energy from just six big companies. Reducing red tape for smaller suppliers will help them grow and encourage new players into the market. Increased competition can help bring down prices and encourage innovation, benefitting energy consumers.

“It’s vital that we improve energy efficiency without placing disproportionate costs on small suppliers. We have listened to small suppliers, studied the evidence and gone further than our initial proposals, to give competition a bigger boost.”

CERT and CESP will run until the end of 2012. The Department of Energy and Climate Change is considering how to design future schemes to minimise burdens for all suppliers.

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### NOTES FOR EDITORS:

1. [The Government's full response to the consultation is available on the DECC website.](#)
2. For the purpose of calculating the threshold, a dual fuel customer is counted as two customers.
3. In January 2011 DECC consulted on raising the threshold for mandatory participation in CERT, CESP and for paying Feed in Tariffs (FITs). The consultation also included proposals to set the threshold for participation in the Warm Home Discount Scheme (WHD).
4. The Carbon Emissions Reduction Target (CERT) is an obligation placed on suppliers with more than 50,000 domestic customers. Participating suppliers are allocated a proportion of the total target based on their market share of the domestic energy market. They are required to meet these targets through the promotion of energy efficiency measures to households, for example by establishing schemes to encourage (usually with subsidy) the installation of loft or cavity wall insulation. CERT has been extended through to the end of 2012. An order to raise the customer number threshold for mandatory participation is expected to be laid in summer.
5. The Carbon Emissions Reduction Target (CERT) is an obligation which is currently placed on suppliers with more than 50,000 domestic customers. An order to raise the customer number threshold for mandatory participation is expected to be laid in summer. Participating suppliers are allocated a proportion of the total target based on their market share of the domestic energy market. They are required to meet these targets through the promotion of energy efficiency measures to households, for example by establishing schemes to encourage (usually with subsidy) the installation of loft or cavity wall insulation. CERT has been extended through to the end of 2012.
6. No change is proposed to the threshold applying to Feed in Tariffs (FITs). Suppliers with more than 50,000 domestic customers must make FITs payments to small renewable generators and other suppliers can opt-in on a yearly basis. The threshold at which suppliers are obliged to make FITs payments will be considered as part of the wider review of FITs.