STATUTORY INSTRUMENTS

2026 No. 991

ELECTRICITY
GAS

The Warm Home Discount (Reconciliation) (Amendment) Regulations 2026

Made - - - -	*4th September 2026*
Laid before Parliament	*8th September 2026*
Coming into force - -	*29th September 2026*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 11 and 31(5) and (6) of the Energy Act 2010(**1**).

In accordance with section 14(1) of the Energy Act 2010, 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(**2**).

Citation, commencement, extent and interpretation

1.—(1) These Regulations may be cited as the Warm Home Discount (Reconciliation) (Amendment) Regulations 2026.

(2) These Regulations come into force on 28th September 2026.

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

(4) In these Regulations, "the Reconciliation Regulations" means the Warm Home Discount (Reconciliation) Regulations 2022(**3**).

Amendment of the Reconciliation Regulations

2 The Reconciliation Regulations are amended in accordance with regulations 3 to 18.

Substitution of regulation 2

3 For regulation 2 (interpretation: general), substitute—

(**1**) 2010 c. 27.
(**2**) "Licensed electricity supplier" and "licensed gas supplier" are defined in section 15(5) of the Energy Act 2010.
(**3**) S.I. 2022/1162, as amended by S.I. 2024/893.

"In these Regulations—

"England & Wales Scheme Regulations" means the Warm Home Discount (England & Wales) Regulations 2026(**4**);

"Scotland Scheme Regulations" means the Warm Home Discount (Scotland) Regulations 2026(**5**).".

Amendment to regulation 3

4.—(1) In regulation 3(1) (interpretation)—

(a) omit the definition of "calculation date";

(b) after the definition of "interim reconciliation period", insert—

""original non-core spending obligation" in relation to a compulsory scheme electricity supplier and a scheme year, means a supplier's non core spending obligation for the scheme year calculated in accordance with regulation 20 of the England & Wales Scheme Regulations before any adjustments under regulation 21 or 22 of those Regulations;";

(c) after the definition of "reconciliation payment", insert—

""relevant supplier" means—

(a) a scheme electricity supplier; or

(b) a scheme gas supplier;";

(d) in the definition of "reporting date", for "regulation 4(7)", substitute "regulation 4(6)".

(e) after the definition of "reporting date", insert—

""standard rebate notice" has the meaning given in regulation 9(1)(a) of the England & Wales Scheme Regulations.".

(2) In regulation 3(2) (interpretation), before the definition of "core group customer", insert "compulsory scheme electricity supplier".

Substitution of regulation 4

5 For regulation 4 (notification of GB domestic customer numbers: scheme years 13 to 15) substitute—

"**Notification of GB domestic gas and electricity unit volumes: scheme years 16 to 20**

4.—.—(1) For each of scheme years 16 to 20, the Secretary of State may give one or more notices to the Authority specifying—

(a) one or more reporting periods for the scheme year; and

(b) one or more reporting dates for the scheme year,

stating that the reporting period or date relates to either interim or final reconciliation, or both, as appropriate.

(2) If the Authority is given a notice under paragraph (1), the Authority must give a notice to all relevant suppliers specifying—

(a) the reporting period; and

(b) the reporting date,

(**4**) S.I. 2026/389.

(**5**) S.I. 2026/488.

stating that the reporting period or date relates to either interim or final reconciliation, or both, as appropriate.

(3) A relevant supplier to whom a notice under paragraph (2) is given must notify the Authority on or before the reporting date, and in such form as may be specified in the notice, of such information as the Authority may require for the purpose of determining the total volume of electricity and gas units delivered by that supplier to all their GB domestic customers in the relevant reporting period specified in paragraph (2).

(4) If a relevant supplier does not comply with the requirements in paragraph (3), the Authority must, to the best of its ability with the information available to it, determine the supplier's total volume of electricity and gas units delivered to all their GB domestic customers in the relevant reporting period specified in paragraph (2).

(5) The Authority may use volumetric data which it has already previously collected as part of—

(a) voluntary requests for information; or

(b) final reconciliation;

for the purposes of interim reconciliation.

(6) In this regulation—

"reporting date", in relation to a scheme year, means a date specified as a reporting date in a notice given by the Secretary of State under paragraph (1), by which date the supplier's total volume of electricity and gas units delivered to all their GB domestic customers must be reported to the Authority for the purposes of interim reconciliation, or final reconciliation, as the case may be;

"reporting period", in relation to a scheme year, means a period specified as a reporting period, being the period for which the supplier's total volume of electricity and gas units delivered to all their GB domestic customers is calculated, in accordance with a notice given by the Secretary of State under paragraph (1).

(7) For the final reconciliation, the reporting period must conclude on 31st March in any scheme year.

(8) For the final reconciliation, the reporting date must fall within two months from the date of the end of the reporting period.".

Substitution of regulation 5

6 For regulation 5 (determination of market share for scheme electricity supplier) substitute—

"**Determination of market share for scheme electricity supplier**

5.—.—(1) The Authority must use the total volume of electricity and gas units obtained from scheme electricity suppliers as described in regulation 4 or 5A, as the case may be, in respect of each scheme year to determine the market share of each scheme electricity supplier, in accordance with paragraph (3), to be used for—

(a) the interim reconciliation in that scheme year; and

(b) the final reconciliation in that scheme year.

(2) The Authority must make a determination—

(a) under paragraph (1)(a) as soon as is reasonably practicable after the start of the scheme year;

(b) under paragraph (1)(b) as soon as is reasonably practicable after the reporting date for the final reconciliation.

(3) The market share of a scheme electricity supplier is to be calculated as follows—

$$VMS = \frac{SRg + SRe}{TSRg + TSRe}$$

where—

(a) "VMS" is the volumetric market share;

(b) "SRg" is the Supplier Recovery (gas), the amount recovered by that supplier through Warm Home Discount gas unit rates (see paragraph (5));

(c) "SRe" is the Supplier Recovery (electric), the amount recovered by that supplier through Warm Home Discount electric unit rates (see paragraph (5));

(d) "TSRg" is the Total Supplier Recovery (gas), the sum of the amount recovered by all suppliers through Warm Home Discount gas unit rates (see paragraph (5));

(e) "TSRe" is the Total Supplier Recovery (electric), the sum of the amount recovered by all suppliers through Warm Home Discount electric unit rates (see paragraph (5)).

(4) For the purposes of paragraph (3)—

(a) a reference to a supplier's market share is a reference to the supplier's market share calculated—

(i) in respect of the interim reconciliation, in accordance with paragraph (1)(a); or

(ii) in respect of the final reconciliation, in accordance with paragraph (1)(b);

(b) if a scheme electricity supplier is connected to one or more scheme gas suppliers but is not connected to any other scheme electricity suppliers, they must be treated as one supplier when determining supplier recovery;

(c) if a scheme electricity supplier is connected to one or more scheme gas suppliers and one or more scheme electricity suppliers, the estimated amount recovered through Warm Home Discount gas unit rates must be split between those connected scheme electricity suppliers according to each supplier's proportion of the group's electricity volumes;

(d) a relevant supplier is to be treated as connected to another relevant supplier only if they both belonged to the same group of companies on 31st December preceding the start of the scheme year;

(e) all references to "supplier" in this regulation include any supplier connected to that supplier by virtue of paragraph (d).

(5) In this regulation—

"WHD gas unit rates" are gas unit rates set out in the Policy Cost Allowance Methodology, Annex 4, maintained in accordance with the conditions of licences granted under section 6(1) of the Electricity Act 1989(**6**) and section 8 of the Gas Act 1986(**7**), and under section 2 of the Domestic Gas and Electricity (Tariff Cap) Act 2018(**8**).

"WHD electricity unit rates" are electricity unit rates set out in the Policy Cost Allowance Methodology, Annex 4, maintained in accordance with the conditions of licences granted under section 6(1) of the Electricity Act 1989and section 8 of the Gas Act 1986, and under section 2 of the Domestic Gas and Electricity (Tariff Cap) Act 2018.

(**6**) 1989 c. 29.
(**7**) 1986 c. 44.
(**8**) 2018 c. 21.

"Wholesale Cost Allowance Methodology" is the Annex 2 Wholesale Cost Allowance Methodology maintained in accordance with the conditions of licences granted under section 6(1) of the Electricity Act 1989 and section 8 of the Gas Act, and under section 2 of the Domestic Gas and Electricity (Tariff Cap) Act 2018.

(6) In paragraph (3), for the purposes of calculating the Supplier Recovery (electric)—

(a) the supplier's reported electricity units supplied to GB domestic customers as notified, or treated as notified, to the Authority by the supplier under regulation 4(3), or 5A(3), of these Regulations or, as the case may be, determined by the Authority under regulation 4(4), or 5A(4), must be apportioned across each quarter using the electricity profile class 1 seasonal weighting percentages used in the Authority's published Wholesale Cost Allowance Methodology;

(b) the apportioned electricity units for each quarter must be multiplied by the applicable Warm Home Discount electricity unit rate for that quarter, used in the Authority's published Policy Cost Allowance Methodology; and

(c) the resulting quarterly amounts must be aggregated.

(7) In paragraph (3), for the purposes of calculating the Supplier Recovery (gas)—

(a) the supplier's reported gas units supplied to GB domestic customers, as notified, or treated as notified, to the Authority by the supplier under regulation 4(3), or 5A(3), of these Regulations or, as the case may be, determined by the Authority under regulation 4(4), or 5A(4), must be apportioned across each quarter using the gas non-prepayment meter seasonal weighting percentages used in the Authority's published Wholesale Cost Allowance Methodology;

(b) the apportioned gas units for each quarter must be multiplied by the applicable Warm Home Discount gas unit rate for that quarter, used in the Authority's published Policy Cost Allowance Methodology; and

(c) the resulting quarterly amounts must be aggregated.

(8) For the purposes of paragraph 4(d) "group of companies" has the meaning given in regulation 3(1) of the England & Wales Scheme Regulations.".

Insertion of regulation 5A

7 After regulation 5 (determination of market share for scheme electricity suppliers), insert—

"**Provision of relevant information**

5A.—.—(1) The Authority may request that a relevant supplier provide it with such information or evidence as the Authority requires for the purposes of carrying out its functions in relation to the reconciliation mechanism as provided for in these regulations.

(2) A request under paragraph (1)—

(a) must specify the date on or before which the information or evidence is to be provided; and

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

(3) A relevant supplier must comply with a request under paragraph (1).

(4) If a relevant supplier does not comply with any request made under paragraph (1), the Authority must make any determination required for the purposes of carrying out its functions in relation to the reconciliation mechanism, to the best of its ability using the information available to it.".

Amendment to regulation 6

8 In regulation 6 (direction to carry out interim reconciliation)—

(a) in paragraph (3)(a)—

(i) for "rebate notice" substitute "standard rebate notice";

(ii) for "regulation 8(1)" substitute "regulation 9(1)";

(b) for paragraph (7) substitute—

"(7) If the Secretary of State gives an interim reconciliation direction to the Authority, the Secretary of State must notify the Authority of the number of persons specified in the Warm Home Discount standard rebate notices issued to each scheme electricity supplier on or before the date specified for interim reconciliation period, which number is then to be used for the purpose of calculating interim reconciliation payments in accordance with regulation 7.";

(c) after paragraph (7) insert paragraph (7A)—

"(7A) If, in accordance with paragraph (7), the Secretary of State gives an interim reconciliation direction to the Authority, the Authority must notify each scheme electricity supplier of—

(a) the interim reconciliation direction;

(b) the interim reconciliation period;

(c) the number of persons specified in the standard rebate notices notified to the Authority under paragraph (7).";

(d) omit paragraph (8).

Amendment to regulation 7

9 In regulation 7 (calculation of interim reconciliation payments)—

(a) for paragraphs (2) to (4) substitute—

"(2) For the purposes of paragraph (1), the interim reconciliation payment is to be calculated as follows—

$$\mathit{Interim\ Reconciliation\ Payment} = \mathit{Supplier\ Commitment} - (\mathit{VMS} \times \mathit{Aggregate\ Supplier\ Commitment})$$

where—

(a) "Supplier Commitment" is, in this regulation, the projected Warm Home Discount liability, calculated by multiplying £150 with the number of persons specified in the standard rebate notices for that scheme electricity supplier issued to that supplier in relation to that scheme year added together with the total of the original non-core spending obligation for that supplier;

(b) "VMS" is the latest volumetric market share, calculated in accordance with the formula set out in Regulation 5(3);

(c) "Aggregate Supplier Commitment" is the total of the Supplier Commitments across all scheme electricity suppliers.

(3) Where the interim reconciliation payment calculation set out in paragraph (2) results in a positive amount, the scheme electricity supplier is entitled to receive an interim reconciliation payment equal to that amount.

(4) Where the interim reconciliation payment calculation set out in paragraph (2) results in a negative amount, the scheme electricity supplier must make a payment equal to that amount to the Authority.";

(b) omit paragraph (5).

Amendment to regulation 8

10 In regulation 8(a) (notification of amounts of rebates provided), for "regulation 27(1)(a)" substitute "regulation 29(1)(a)".

Omission of regulation 9

11 Omit regulation 9 (estimate of the number of undelivered rebates).

Substitution of regulation 10

12 For regulation 10 (calculation of final reconciliation payments) substitute—

"**Calculation of final reconciliation payments**

10.—.—(1) The Authority must calculate, in relation to each scheme year, the amount ("the final reconciliation payment") to be received or paid by each scheme electricity supplier in accordance with this regulation.

(2) The calculation referred to in paragraph (1) must be made as soon as reasonably practicable after the Authority has given a notification to each scheme electricity supplier in accordance with regulation 8.

(3) For the purposes of calculating a scheme electricity supplier's final reconciliation payment, the final reconciliation payment is to be calculated as follows—

$$\mathit{Reconciliation\ payment} = \mathit{Supplier\ Commitment} - (\mathit{VMS} \times \mathit{Aggregate\ Supplier\ Commitment}) + \mathit{Pm} - \mathit{Pr}$$

where—

(a) "Supplier Commitment" is, in this regulation, the actual Warm Home Discount liability, the total cost of rebates provided by that supplier during the scheme year added together with the total cost of the original non-core spending obligation for that supplier;

(b) "VMS" is the latest volumetric market share, calculated in accordance with the formula set out in regulation 5(3);

(c) "Aggregate Supplier Commitment" is the total of the Supplier Commitments across all scheme electricity suppliers;

(d) "Pm" is the total of any interim reconciliation payments already made by the scheme electricity supplier;

(e) "Pr" is the total of any interim reconciliation payments already received by the scheme electricity supplier.

(4) Where the final reconciliation payment calculation set out in paragraph (3) results in a positive amount, the scheme electricity supplier is entitled to receive a final reconciliation payment equal to that amount.

(5) Where the final reconciliation payment calculation set out in paragraph (3) results in a negative amount, the scheme electricity supplier must make a payment equal to that amount to the Authority.".

Amendment to regulation 12

13 In regulation 12(13) (mutualisation), in the definition of "latest market share", for sub-paragraphs (a), (b) and (c), substitute—

"(a) a determination under regulation 5(1)(a) of the supplier's market share for the purposes of interim reconciliation;

(b) a determination under regulation 5(1)(b) of the supplier's market share for the purposes of final reconciliation;

(c) a recalculation under regulation 13(4) of the supplier's market share for the relevant scheme year.".

Amendment to regulation 13

14 In regulation 13(5) (termination of supply licence)—

(a) for sub-paragraphs (a), (b) and (c), substitute—

"(a) a determination under regulation 5(1)(a) of the supplier's market share for the purposes of interim reconciliation;

(b) a determination under regulation 5(1)(b) of the supplier's market share for the purposes of final reconciliation;

(c) a recalculation under regulation 13(4) of the supplier's market share for the relevant scheme year.";

(b) in paragraph (6)—

(i) in sub-paragraph (a), for "regulation 10(3)", substitute "regulation 10(4)";

(ii) in sub-paragraph (b), for "regulation 10(4)", substitute "regulation 10(5)";

(c) in paragraph (7)—

(i) in sub-paragraph (a), for "regulation 10(3)", substitute "regulation 10(4)";

(ii) in sub-paragraph (b), for "regulation 10(4)", substitute "regulation 10(5)".

Amendment to regulation 14

15 In regulation 14(5) (interest on late payments), in the definition of "latest market share", for sub-paragraphs (a), (b) and (c), substitute—

"(a) a determination under regulation 5(1)(a) of the supplier's market share for the purposes of interim reconciliation;

(b) a determination under regulation 5(1)(b) of the supplier's market share for the purposes of final reconciliation;

(c) a recalculation under regulation 13(4) of the supplier's market share for the relevant scheme year.".

Amendment to regulation 15

16 In regulation 15(3) (interest earned by the Authority), in the definition of "latest market share", omit "(see the definition of "M%" in regulation 10(5)(b))".

Amendment to regulation 16

17 In regulation 16(15) (make-right amounts), in the definition of "latest market share", for sub-paragraphs (a), (b) and (c), substitute—

"(a) a determination under regulation 5(1)(a) of the supplier's market share for the purposes of interim reconciliation;

(b) a determination under regulation 5(1)(b) of the supplier's market share for the purposes of final reconciliation;

(c) a recalculation under regulation 13(4) of the supplier's market share for the relevant scheme year.".

Substitution of regulation 17

18 For regulation 17 (reconciliation mechanism in relation to the support scheme made by the Scotland Scheme Regulations) substitute—

"**Reconciliation mechanism in relation to the support scheme made by the Scotland Scheme Regulations**

17. For the purposes of a reconciliation mechanism,(**9**) in relation to the support scheme(**10**) made by the Scotland Scheme Regulations, Part 2 of these Regulations applies in the same way as it applies for the purposes of a reconciliation mechanism in relation to the support scheme made by the England & Wales Scheme Regulations, with the following modifications—

(a) for "England & Wales Scheme Regulations" in each place substitute "Scotland Scheme Regulations";

(b) in regulation 8(a), for "regulation 29(1)(a)" substitute "regulation 34(1)(a).".

Saving and transitional provision in relation to scheme year 15

19 The reconciliation mechanism in respect of scheme year 15 must be determined in accordance with the provisions of the Reconciliation Regulations as they had effect immediately before these Regulations came into force.

Polly Billington
Parliamentary Under Secretary of State
Department for Energy Security and Net Zero

4th September 2026

(**9**) "Reconciliation mechanism" is defined in section 11 (2) of the Energy Act 2010.
(**10**) "Support scheme" is defined in section 15 (5) of the Energy Act 2010.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Warm Home Discount (Reconciliation) Regulations 2022 ("the Reconciliation Regulations").

They restate, revoke or revoke and replace provisions that relate to delivery of the reconciliation mechanism in respect of the Warm Home Discount Scheme. They also make saving and transitional provision.

These amendments ensure that the Reconciliation Regulations continue to operate in respect of scheme years 16 to 20. Under the amendments, the new approach ensures that suppliers' participation in the domestic energy market is reflected through cost-weighted supply volumes instead of customer numbers, which represent the extent to which suppliers recover Warm Home Discount costs through unit rates, and the reconciliation mechanism aligns these recovered amounts with total aggregate supplier spending across the scheme. Volumetric recovery must be cost-weighted, so that electricity and gas volumes are combined using the suppliers' gas and electricity volumes into a single £-based measure, reflecting how much Warm Home Discount cost is recovered through each fuel. Alignment is achieved through the application of a formula for calculating the volumetric market share, which adjusts suppliers' cost-weighted recovered amounts so that total recovery across the market matches the total aggregate cost of the scheme.

Regulation 3 amends regulation 2 of the Reconciliation Regulations to replace the definition of the Scheme Regulations with a reference to their most recent iteration, the Warm Home Discount (England & Wales) Regulations 2026 and the Warm Home Discount (Scotland) Regulations 2026. Regulation 4 amends regulation 3 to include new definitions to supplement the Reconciliation Regulations. Regulation 5 amends regulation 4 to replace a requirement for suppliers to notify the Authority of their customer numbers with a requirement for suppliers to notify the Authority of their total volume of gas and electricity units supplied to GB customers and in the relevant period.

Regulation 6 amends regulation 5 of the Reconciliation Regulations to replace the formula for calculating market share with a new formula intended to provide a volumetric market share calculation for each supplier. The amended regulation 5 refers to the Policy Cost Allowance Methodology (Annex 4) and Wholesale Cost Allowance Methodology (Annex 2). This document has been produced in digital form only, at https://www.ofgem.gov.uk/energy-regulation/domestic-and-non-domestic/energy-pricing-rules/energy-price-cap/energy-price-cap-default-tariff-levels. Alternative, accessible formats can be obtained from Retailpriceregulation@ofgem.gov.uk.

Regulation 7 inserts a new regulation 5A which allows the Authority to request further information from suppliers for the purposes of the reconciliation mechanism independently of a Secretary of State notice.

Regulation 8 amends regulation 6 of the Reconciliation Regulations in relation to the Direction to carry out interim reconciliation to replace customer number references with references to the cost-weighted volumetric energy share.

Regulation 9 amends regulation 7 of the Reconciliation Regulations to replace the old formula used for interim reconciliation based on customer number data with a new formula based on volumetric market share data. It also specifies how truing-up must be completed so that suppliers pay or receive from the Authority an amount which is an equitable reflection of their Warm Home Discount liabilities. Regulation 10 amends regulation 8 of the Reconciliation Regulations to account for the existence of the new Scheme Regulations (the Warm Home Discount (England & Wales) Regulations 2026.

Regulation 11 removes regulation 9 from the Reconciliation Regulations as the calculation in relation to undelivered rebates is no longer required. Regulation 12 amends regulation 10 of the Reconciliation Regulations to replace the old formula used for final reconciliation based on customer number data with the new formula based on volumetric market share data and specifies how truing-up must be completed so that suppliers pay or receive from the Authority an amount which is an equitable reflection of their Warm Home Discount liabilities. Regulations 13, 14, 15, 16 and 17 make consequential amendments to the Reconciliation Regulations.

Regulation 18 amends regulation 17 of the Reconciliation Regulations to make consequential amendments to account for the existence of the new Warm Home Discount (Scotland) Regulations 2026.

Regulation 19 makes saving and transitional provision for scheme year 15, which began before these Regulations come into force, but where reconciliation remains to be determined after that date in accordance with the previous 2022 Scheme rules.

A full impact assessment has not been produced for this instrument. An analysis of the effect of each of the Schemes on the costs of business and the public sector has been produced and is available alongside the Scheme Regulations on www.legislation.gov.uk. Paper copies can be obtained from the Warm Home Discount Team, Department for Energy Security and Net Zero, Whitehall Place, London. An Explanatory Memorandum has been published alongside this instrument at www.legislation.gov.uk.