

EXPLANATORY NOTES

ENERGY ACT 2013

INTRODUCTION

SUMMARY AND BACKGROUND

PART 1: DECARBONISATION

PART 2: ELECTRICITY MARKET REFORM

Chapter 1: General considerations

Chapter 2: Contracts for difference

Chapter 3: Capacity Market

Chapter 4: Investment contracts

Chapter 5: Conflict of interest and contingency arrangements

Chapter 6: Access to markets etc.

Chapter 7: The renewables obligation: transitional arrangements

Chapter 8: Emissions performance standard

PART 3: NUCLEAR REGULATION

Chapter 1: The ONR's purposes

Chapter 2: Nuclear regulations

Chapter 3: Office for Nuclear Regulation

Chapter 4: Functions of the ONR

Chapter 5: Supplementary

PART 4: GOVERNMENT PIPE-LINE AND STORAGE SYSTEM

PART 5: STRATEGY AND POLICY STATEMENT

PART 6: CONSUMER PROTECTION AND MISCELLANEOUS

Consumer Protection

Fuel Poverty

Feed-in Tariffs

Offshore Transmission

Fees for services provided for energy resilience purposes

Nuclear decommissioning costs

Smoke and carbon monoxide alarms

OVERVIEW AND STRUCTURE OF THE ACT

TERRITORIAL EXTENT AND APPLICATION

COMMENTARY ON SECTIONS

PART 1: DECARBONISATION

Section 1: Decarbonisation target range

Section 2: Matters to be taken into account

Section 3: Further duties of the Secretary of State

Section 4: Meaning and calculation of “carbon intensity of electricity generation in the United Kingdom”

PART 2: ELECTRICITY MARKET REFORM

Chapter 1: General considerations

Section 5: General considerations relating to this Part

Chapter 2: Contracts for difference

Section 6: Regulations to encourage low carbon electricity generation

Section 7: Designation of a CFD counterparty

Section 8: Duties of a CFD counterparty

Section 9: Supplier obligation

Section 10: Direction to offer to contract

Section 11: Standard terms

Section 12: CFD notifications

Section 13: Allocation of CFDs

Section 14: CFD notification: offer to contract on standard terms

Section 15: Modification of standard terms

Section 16: Sections 12 to 15: further provision

Section 17: Payments to electricity suppliers

Section 18: Application of sums held by CFD counterparty

Section 19: Information and advice

Section 20: Functions of the Authority

Section 21: Regulations: further provision

Section 22: Enforcement

Section 23: Limits on costs to be incurred

Section 24: Consultation

Section 25: Shadow directors, etc.

Section 26: Licence modifications

Chapter 3: Capacity Market

Section 27: Power to make electricity capacity regulations

Section 28: Capacity agreements

Section 29: Capacity auctions

Section 30: Settlement body

Section 31: Functions of the Authority or the national system operator

Section 32: Other requirements

Section 33: Electricity capacity regulations: information and advice

Section 34: Power to make capacity market rules

Section 35: Provision about electricity demand reduction

Section 36: Enforcement and dispute resolution

Section 37: Licence modifications for the purpose of the capacity market

Section 38: Amendment of enactments

Section 39: Principal objective and general duties

Section 40: Regulations under Chapter 3

Section 41: Capacity market rules: procedure

Section 42: Capacity market rules: further provision

Section 43: Pilot scheme for electricity demand reduction

Chapter 4: Investment contracts

Section 44: Investment contracts

Schedule 2, Part 1

Paragraph 1: Meaning of “investment contract”

Paragraph 2: Varied investment contract

Paragraph 3: Confidential information

Paragraph 4: Interpretation for the purposes of this Schedule

Paragraph 5: Investment contract counterparty

Schedule 2, Part 2

Paragraph 7 – Supplier obligation

Paragraph 8: Payments to electricity suppliers

Paragraph 9: Application of sums

Paragraph 10: Information and advice

Paragraph 11: Functions of the Authority

Paragraph 12: Enforcement

Paragraph 13: Consultation

Schedule 2, Part 3

Paragraph 14: Duties and liabilities of an investment contract counterparty and a CFD counterparty

Paragraph 15: Shadow directors

Schedule 2: Part 4

Paragraphs 16-18: Transfers

Schedule 3: Part 5

Paragraph 19: Licence modifications

Paragraph 20: Expenditure

Chapter 5: Conflict of interest and contingency arrangements

Section 45: Modifications of transmission and other licences: business separation

Section 46: Power to transfer EMR functions

Section 47: Orders under section 46: fees and other supplementary provision

Section 48: Energy administration orders

Chapter 6: Access to markets etc

Section 49: Power to modify licence conditions etc: market participation and liquidity

Section 50: Power to modify licence conditions etc to facilitate investment in electricity generation

Section 51: Power purchase agreement scheme: regulations

Section 52: Power Purchase agreement scheme: disclosure of information

Section 53: Principal objective and general duties: power purchase agreement scheme

Section 54: Licence modifications under sections 49 and 50: further provisions

Chapter 7: The renewables obligation: transitional arrangements.

Section 55: Closure of support under the renewables obligation

Section 56: Transition to certificate purchase scheme

Chapter 8: Emissions performance standard

Section 57: Duty not to exceed annual carbon dioxide emissions limit

Section 58: Introduction of carbon capture and storage: exemption from emissions limit

Section 59: Suspension etc of emissions limit in exceptional circumstances

Section 60: Monitoring and enforcement

Section 61: Interpretation of Chapter 8

Section 62: Regulations under Chapter 8

Chapter 9: Miscellaneous

Section 63: Exemption from liability in damages

Section 64: Licence modifications: general

Section 65: Consequential amendments

Section 66: Review of certain provisions of Part 2

PART 3: NUCLEAR REGULATION

Chapter 1: The ONR's purposes

Section 67: The ONR's purposes

Section 68: Nuclear safety purposes

Section 69: Nuclear site health and safety purposes

Section 70: Nuclear security purposes

Section 71: Notice by Secretary of State to ONR specifying sensitive nuclear information

Section 72: Nuclear safeguards purposes

Section 73: Transport purposes

Chapter 2: Nuclear regulations

Section 74: Nuclear regulations

Section 75: Nuclear regulations: offences

Section 76: Nuclear regulations: civil liability

Chapter 3: Office for Nuclear Regulation

Section 77: The Office for Nuclear Regulation

Functions of ONR: general

Section 78: Principal function

Section 79: Codes of practice

Section 80: Procedure for issue, revision or withdrawal of codes of practice.

Section 81: Proposals about orders and regulations

Section 82: Enforcement of relevant statutory provisions

Section 83: Inspectors

Section 84: Investigations

Section 85: Inquiries

Section 86: Inquiries: payments and charges

Other functions

Section 87: Provision of information

Section 88: Research, training etc

Section 89: Provision of information or advice to relevant authorities

Section 90: Arrangements with government departments etc

Section 91: Provision of services or facilities

Exercise of functions: general

Section 92: Directions from Secretary of State

Section 93: Compliance with nuclear safeguards obligations

Section 94: Consent of Secretary of State for certain communications

Section 95: Power to arrange for exercise of functions by others

Section 96: Co-operation between ONR and Health and Safety Executive

Information etc

Section 97: Power to obtain information

Section 98: Powers of HMRC in relation to information; and Section 99: HMRC power to seize articles etc to facilitate ONR and inspectors

Section 100: Disclosure of information

Fees

Section 101: Fees

General duties of employers, employees and others

Section 102: General duty of employees at work in relation to requirements imposed on others

Section 103: Duty not to interfere with or misuse certain things provided under statutory requirements

Section 104: Duty not to charge employees for certain things

Offences

Section 105: Offences relating to false information and deception

Section 106: Provision relating to offences under certain relevant statutory provisions

Supplementary

Section 107: Civil liability: saving for section 12 of the Nuclear Installations Act 1965

Section 108: Reporting requirements of Secretary of State

Section 109: Notices etc

Section 110: Electronic delivery of notices etc

Section 111: Crown application: Part 3

Section 112: Interpretation of Part 3

These notes refer to the Energy Act 2013 (c.32)

Section 113: Subordinate legislation under Part 3

Section 114: Transitional provision etc

Section 115: Transfer of staff etc

Section 116: Minor and consequential amendments

Section 117: Application of Part 3

Section 118: Review of Part 3

PART 4: GOVERNMENT PIPE-LINE AND STORAGE SYSTEM

Section 119: Meaning of “government pipe-line and storage system”

Section 120: Rights in relation to the government pipe-line and storage system

Section 121: Right of entry

Section 122: Warrants for the purposes of section 121

Section 123: Registration of rights

Section 124: Compensation

Section 125: Right to transfer the government pipe-line and storage system

Section 126: Application of the Pipe-lines Act 1962

Section 127: Rights apart from Part 4

Section 128: Repeals

Section 129: Power to dissolve the Oil and Pipelines Agency by order

Section 130: Crown application: Part 4

PART 5: STRATEGY AND POLICY STATEMENT

Section 131: Designation of statement

Section 132: Duties in relation to a statement

Section 133: Exceptions from section 132 duties

Section 134: Review

Section 135: Procedural requirements

Section 136: Principal objective and general duties in preparation of statement

Section 137: Reporting requirements

Section 138: Consequential provision

PART 6: CONSUMER PROTECTION AND MISCELLANEOUS

Chapter 1: Consumer Protection

Section 139: Power to modify energy supply licences: domestic supply contracts

Section 140: Section 139: Procedures etc

Section 141: General duties of Secretary of State

Section 142: Consequential provision

Section 143: Powers to alter activities requiring licence: activities related to supply contracts

Consumer redress orders

Section 144: Consumer redress orders

Schedule 14: Consumer redress orders

Schedule 14, Part 1 – Gas Consumers

New section 30G: Consumer redress orders

New section 30H: Remedial action under a consumer redress order

New section 30I: Other procedural requirements in relation to consumer orders

New section 30J: Statement of policy with respect to consumer redress orders

New section 30K: Time limits for making consumer redress orders

New section 30L: Enforcement of consumer redress orders

New section 30M: Appeals against consumer redress orders

New section 30N: Consumer redress orders: miscellaneous

New section 30O: Maximum amount of penalty or compensation

Schedule 14, Part 2 – Electricity Consumers

Section 145: Fuel Poverty

Feed-in tariffs

Section 146: Feed-in tariffs

Offshore Transmission

Section 147: Offshore transmission systems

Fees

Section 148: Fees for services provided for energy resilience purposes

Nuclear decommissioning costs

Section 149: Fees in respect of decommissioning and clean-up of nuclear sites

Section 150: Smoke and carbon monoxide alarms

Review

Section 151: Review of certain provisions of Part 6

PART 7: FINAL

Section 152: Interpretation of Act

Section 153: Transfer schemes

Section 154: Financial provisions

Section 155: Extent

Section 156: Commencement

Section 157: Short title

COMMENCEMENT

HANSARD REFERENCES