



# Electricity Act 1989

## 1989 CHAPTER 29

### PART I

#### ELECTRICITY SUPPLY

##### *Licensing of supply etc.*

#### **[<sup>F1</sup>6 Licences authorising supply, etc.**

(1) The Authority may grant any of the following licences—

(a) a licence authorising a person to generate electricity for the purpose of giving a supply to any premises or enabling a supply to be so given (“a generation licence”);

[<sup>F2</sup>(b) a licence authorising a person to participate in the transmission of electricity for that purpose (“a transmission licence”);]

(c) a licence authorising a person to distribute electricity for that purpose (“a distribution licence”); <sup>F3</sup>...

(d) a licence authorising a person to supply electricity to premises (“a supply licence”) <sup>F4</sup>...

[ <sup>F5</sup>(da) subject to subsections (1ZB) and (2ZA), a licence authorising a person to co-ordinate and direct the flow of electricity onto and over transmission systems by means of which the transmission of electricity takes place (“an electricity system operator licence”);]

[ a licence authorising a person to participate in the operation of an electricity interconnector (“an interconnector licence”)]<sup>F7</sup>; or

(f) subject to subsection (1C), a licence authorising a person to provide a smart meter communication service (“a smart meter communication licence”).]

[ Subject to subsection (2ZA), the Secretary of State may grant an electricity system <sup>F8</sup>(1ZA) operator licence.

(1ZB) The first electricity system operator licence may only be granted by the Secretary of State.

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(1ZC) For the purposes of this section, references to the grant of an electricity system operator licence include the giving of a direction under section 167 of the Energy Act 2023 in respect of a transmission licence.]

[ Subject to subsection (1B), the Secretary of State may grant a smart meter  
F<sup>9</sup>(1A) communication licence.

(1B) The Secretary of State may not grant a smart meter communication licence after 1 November 2018.

(1C) The first smart meter communication licence may only be granted by the Secretary of State.]

(2) The same person may not be the holder of both a distribution licence and [F<sup>10</sup>—  
(a) a generation licence; or  
(b) a supply licence.]

[ A person may not be granted an electricity system operator licence unless the same  
F<sup>11</sup>(2ZA) person—

(a) already holds a licence granted under section 7AA of the Gas Act 1986, or  
(b) is granted such a licence at the same time as the person is granted an electricity system operator licence.]

[ The same person may not be the holder of an interconnector licence and the holder of  
F<sup>12</sup>(2A) a licence falling within any of paragraphs (a) to [F<sup>13</sup>(da)] of subsection (1).]

[ A person may not be granted a smart meter communication licence unless the same  
F<sup>14</sup>(2B) person is at the same time granted a licence under section 7AB of the Gas Act 1986.]

(3) A supply licence may authorise the holder to supply electricity—  
(a) to any premises;  
(b) only to premises specified in the licence, or to premises of a description so specified; or  
(c) only to any premises situated in a specified area, or to premises of a specified description which are so situated.

(4) The Authority may, with the consent of the holder of a supply licence, modify terms included in the licence in pursuance of subsection (3) so as to extend or restrict the premises to which the licence holder may give a supply of electricity.

(5) A distribution licence may authorise the holder to distribute electricity in any area, or only in an area specified in the licence.

(6) The Authority may, with the consent of the holder of a distribution licence, modify terms included in the licence in pursuance of subsection (5) so as to extend or restrict the area within which the licence holder may distribute electricity.

[ A transmission licence may authorise the holder to participate in the transmission of  
F<sup>15</sup>(6A) electricity in any area, or only in an area specified in the licence.

(6B) The Authority may, with the consent of the holder of a transmission licence, modify terms included in the licence in pursuance of subsection (6A) above.]

[ An interconnector licence authorising participation in the operation of an electricity  
F<sup>16</sup>(6C) interconnector—

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- (a) must specify the interconnector or interconnectors in relation to which participation is authorised; and
- (b) may limit the forms of participation in the operation of an interconnector which are authorised by the licence.]

[ The Authority may, with the consent of a relevant licensee nuclear company (within <sup>F17</sup>(6D) the meaning of Part 1 of the Nuclear Energy (Financing) Act 2022 (nuclear energy generation projects: regulated asset base model)), modify terms included in the company’s generation licence.]

[<sup>F18</sup>(7) A licence, and any modification of a licence under subsection (4), (6) [<sup>F19</sup>, (6B) or (6D)], shall be in writing.]

(8) A licence shall, unless previously revoked in accordance with any term of the licence [<sup>F20</sup>and subject to], continue in force for such period as may be specified in or determined by or under the licence.

[ If a person who holds an electricity system operator licence ceases at any time to hold <sup>F21</sup>(8A) a licence under section 7AA of the Gas Act 1986, the person is to be treated as ceasing to hold the electricity system operator licence at the same time.]

(9) In this Part—

<sup>F22</sup>

“electricity distributor” means any person who is authorised by a distribution licence to distribute electricity except where he is acting otherwise than for purposes connected with the carrying on of activities authorised by the licence;

<sup>F23</sup>

“electricity supplier” means any person who is authorised by a supply licence to supply electricity except where he is acting otherwise than for purposes connected with the carrying on of activities authorised by the licence.

[ In this section “premises” has the same meaning as in section 4.]]  
<sup>F24</sup>(10)

#### Textual Amendments

- F1** Ss. 6, 6A, 6B substituted for s. 6 (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 30; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F2** S. 6(1)(b) substituted (1.9.2004) by Energy Act 2004 (c. 20), ss. 136(1), 198(2); S.I. 2004/2184, art. 2(2), Sch. 2
- F3** Word in s. 6(1)(c) repealed (1.12.2004) by Energy Act 2004 (c. 20), s. 198(2), Sch. 23 Pt. 1; S.I. 2004/2575, art. 2(2), Sch. 2
- F4** Word in s. 6(1) omitted (19.9.2012) by virtue of The Electricity and Gas (Smart Meters Licensable Activity) Order 2012 (S.I. 2012/2400), arts. 1, 6(2)(a)
- F5** S. 6(1)(da) inserted (31.1.2024) by Energy Act 2023 (c. 52), ss. 166(4), 334(1); S.I. 2024/32, reg. 3(a)(iii)
- F6** S. 6(1)(e) and preceding word inserted (1.12.2004) by Energy Act 2004 (c. 20), ss. 145(5), 198(2); S.I. 2004/2575, art. 2(2), Sch. 2
- F7** S. 6(1)(f) and preceding word inserted (19.9.2012) by The Electricity and Gas (Smart Meters Licensable Activity) Order 2012 (S.I. 2012/2400), arts. 1, 6(2)(b)
- F8** S. 6(1ZA)-(1ZC) inserted (31.1.2024) by Energy Act 2023 (c. 52), ss. 166(5), 334(1); S.I. 2024/32, reg. 3(a)(iii)

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- F9** S. 6(1A)-(1C) inserted (19.9.2012) by The Electricity and Gas (Smart Meters Licensable Activity) Order 2012 (S.I. 2012/2400), arts. 1, **6(3)**
- F10** Words in s. 6(2) substituted (10.11.2011) by The Electricity and Gas (Internal Markets) Regulations 2011 (S.I. 2011/2704), regs. 1(1), **19**
- F11** S. 6(2ZA) inserted (31.1.2024) by Energy Act 2023 (c. 52), **ss. 166(6)**, 334(1); S.I. 2024/32, reg. 3(a)(iii)
- F12** S. 6(2A) inserted (1.12.2004) by Energy Act 2004 (c. 20), **ss. 145(6)**, 198(2); S.I. 2004/2575, art. 2(2), Sch. 2
- F13** Word in s. 6(2A) substituted (31.1.2024) by Energy Act 2023 (c. 52), **ss. 166(7)**, 334(1); S.I. 2024/32, reg. 3(a)(iii)
- F14** S. 6(2B) inserted (19.9.2012) by The Electricity and Gas (Smart Meters Licensable Activity) Order 2012 (S.I. 2012/2400), arts. 1, **6(4)**
- F15** S. 6(6A)(6B) inserted (1.9.2004) by Energy Act 2004 (c. 20), **ss. 136(2)**, 198(2); S.I. 2004/2184, art. 2(2), Sch. 2
- F16** S. 6(6C) inserted (1.12.2004) by Energy Act 2004 (c. 20), **ss. 145(7)**, 198(2); S.I. 2004/2575, art. 2(2), Sch. 2
- F17** S. 6(6D) inserted (1.6.2022) by Nuclear Energy (Financing) Act 2022 (c. 15), s. 44(2)(d), **Sch. para. 1(3)(a)**
- F18** S. 6(7) substituted (1.9.2004) by Energy Act 2004 (c. 20), s. 198(2), **Sch. 19 para. 5**; S.I. 2004/2184, art. 2(2), Sch. 2
- F19** Words in s. 6(7) substituted (1.6.2022) by Nuclear Energy (Financing) Act 2022 (c. 15), s. 44(2)(d), **Sch. para. 1(3)(b)**
- F20** Words in s. 6(8) inserted (31.1.2024) by Energy Act 2023 (c. 52), **ss. 166(8)**, 334(1); S.I. 2024/32, reg. 3(a)(iii)
- F21** S. 6(8A) inserted (31.1.2024) by Energy Act 2023 (c. 52), **ss. 166(9)**, 334(1); S.I. 2024/32, reg. 3(a)(iii)
- F22** Words in s. 6(9) repealed (1.9.2004) by Energy Act 2004 (c. 20), s. 198(2), **Sch. 23 Pt. 1**; S.I. 2004/2184, art. 2(2), Sch. 2
- F23** Words in s. 6(9) omitted (6.4.2014) by virtue of Energy Act 2011 (c. 16), s. 121(5)(c), **Sch. 1 para. 3**
- F24** S. 6(10) inserted (1.3.2005 for specified purposes, 29.7.2010 for specified purposes, 10.6.2014 in so far as not already in force) by Energy Act 2004 (c. 20), **ss. 89(3)**, 198(2); S.I. 2005/442, art. 2(1), Sch. 1; S.I. 2010/1889, art. 2; S.I. 2014/1460, art. 2

#### **Modifications etc. (not altering text)**

- C1** S. 6 applied (1.10.2001) by S.I. 2001/3266, **art. 3(3)**
- C2** S. 6 modified (1.12.2004) by Energy Act 2004 (c. 20), **ss. 148(2)**, 198(2); S.I. 2004/2575, art. 2(2), Sch. 2
- C3** S. 6 applied (2.10.2014) by The Clocaenog Forest Wind Farm Order 2014 (S.I. 2014/2441), arts. 1, **4(2)** (with art. 33)
- C4** S. 6(1) modified (16.5.2001) by 2000 c. 27, s. **33(1)**; S.I. 2001/1781, art. 2, **Sch.** (subject to transitional provisions in arts. 3-10)
- C5** S. 6(1)(f) applied (19.9.2012) by The Electricity and Gas (Smart Meters Licensable Activity) Order 2012 (S.I. 2012/2400), arts. 1, **38(2)**

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