



# Electricity Act 1989

## 1989 CHAPTER 29

### PART I

#### ELECTRICITY SUPPLY

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

#### 7 Conditions of licences: general.

(1) A licence may include—

- (a) such conditions (whether or not relating to the activities authorised by the licence) as appear to the [<sup>F1</sup>grantor] to be requisite or expedient having regard to the duties imposed by [<sup>F2</sup>section 3 above]; and
- (b) conditions requiring the rendering to the [<sup>F3</sup>Authority] of a payment on the grant of the licence, or payments during the currency of the licence, or both, of such amount or amounts as may be determined by or under the licence.

(2) Without prejudice to the generality of paragraph (a) of subsection (1) above, conditions included in [<sup>F4</sup>a transmission licence or distribution licence] by virtue of that paragraph—

- (a) may require the licence holder to enter into agreements with other persons for the use of any electric lines and electrical plant of his (wherever situated and whether or not used for the purpose of carrying on the activities authorised by the licence) for such purposes as may be specified in the conditions; and
- (b) may include provision for determining the terms on which such agreements are to be entered into.

[<sup>F5</sup>(2A) Without prejudice to the generality of paragraph (a) of subsection (1), conditions included in a transmission licence by virtue of that paragraph may—

- (a) require the licence holder not to carry on an activity which he would otherwise be authorised by the licence to carry on, or
- (b) restrict where he may carry on an activity which he is authorised by the licence to carry on.]

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- (3) [<sup>F6</sup>Without prejudice to the generality of paragraph (a) of subsection (1), conditions included in a licence by virtue of that paragraph] may require the licence holder—
- (a) to comply with any direction given by the [<sup>F7</sup>Authority or Secretary of State] as to such matters as are specified in the licence or are of a description so specified;
  - (b) except in so far as the [<sup>F7</sup>Authority or Secretary of State] consents to his doing or not doing them, not to do or to do such things as are specified in the licence or are of a description so specified;
  - (c) to refer for determination by the [<sup>F7</sup>Authority or Secretary of State] such questions arising under the licence [<sup>F8</sup>, or under any document referred to in the licence,] as are specified in the licence or are of a description so specified; and
  - (d) to refer for approval by the [<sup>F7</sup>Authority or Secretary of State] such things falling to be done under the licence, and such contracts or agreements made before the grant of the licence, as are specified in the licence or are of a description so specified.
- [<sup>F9</sup>(3A) Conditions included in a transmission licence [<sup>F10</sup>, a distribution licence or an electricity system operator licence] by virtue of subsection (1)(a) may require the holder, in such circumstances as are specified in the licence—
- (a) so to increase [<sup>F11</sup>the charges payable to the holder in connection with the transmission or distribution of electricity, or in connection with the exercise of any other functions under or by virtue of the licence,] as to raise such amounts as may be determined by or under the conditions; and
  - (b) to pay the amounts so raised to such [<sup>F12</sup>holders of licences under section 6 or under Part 1 of the Gas Act 1986] as may be so determined.]

[<sup>F13</sup>(3B) Without prejudice to the generality of paragraph (a) of subsection (1), conditions which are described in subsection (3C) may be included in a smart meter communication licence by virtue of that paragraph, in respect of circumstances where a person holds such a licence (the “licence holder”), and another person has applied or is considering whether to apply for a smart meter communication licence (“the applicant”).

(3C) The conditions in this subsection are conditions which require the licence holder to comply with a direction given by the Secretary of State or the Authority requiring the licence holder to provide to the applicant—

    - (a) information in relation to the activities authorised by the licence; or
    - (b) such other assistance as may be reasonably required by the applicant, including access to any facilities or equipment being used in connection with the activities authorised by the licence, in order that the applicant can—
      - (i) determine whether to apply for a licence; or
      - (ii) take part in a competition for a licence.

(3D) Subject to subsection (3F) and without prejudice to the generality of paragraph (a) of subsection (1), conditions which are described in subsection (3E) may be included in a smart meter communication licence by virtue of that paragraph, in respect of circumstances where such a licence held by a person (the “first licensee”) will cease to have effect, and another such licence is to be granted or has been granted to a different person (the “second licensee”).

(3E) The conditions in this subsection are conditions which require compliance with a direction given by the Secretary of State or the Authority requiring—

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- (a) the transfer of property, rights or liabilities from the first licensee to the second licensee;
  - (b) the creation of rights in relation to property, rights or liabilities in favour of the second licensee;
  - (c) the creation of other rights and liabilities as between the first and second licensee;
  - (d) the first or second licensee to enter into a written agreement with each other, or the first licensee to execute an instrument of another kind in favour of the second licensee;
  - (e) the first or second licensee to pay compensation to the other, or to any third party who is affected by any of the matters referred to in paragraphs (a) to (d).
- (3F) Conditions included in a licence by virtue of subsection (3D) must provide that the licensee does not have a duty to comply with a direction of the kind referred to in subsection (3E) unless, in relation to that direction, the following conditions have been satisfied prior to it being given—
- (a) the Secretary of State or the Authority (as appropriate) has given written notice to the first licensee, the second licensee and any other person who would potentially be affected by the direction, including a copy of the proposed direction and inviting them to submit written representations, giving a minimum period of 21 days in which those representations can be made; and
  - (b) after the end of the period set out in the notice under paragraph (a), the Secretary of State or the Authority (as appropriate) has considered those representations and determined that—
    - (i) it is appropriate in all the circumstances that the proposed direction is given; and
    - (ii) the arrangements of a type referred to in paragraphs (a) to (d) of subsection (3E) in the direction are necessary or expedient for the operational purposes of the second licensee, or are agreed by the first licensee and the second licensee to be necessary or expedient for those purposes.
- (3G) For the purposes of subsection (3F), the operational purposes of the second licensee are the purposes of performing any functions which the second licensee has, or will have—
- (a) under or by virtue of the smart meter communication licence which has been, or is to be, granted; or
  - (b) under or by virtue of any enactment, in the second licensee’s capacity as holder of that licence.]
- (4) Conditions included in a licence by virtue of subsection (1)(a) above may—
- (a) instead of specifying or describing any contracts or agreements to which they apply, refer to contracts or agreements designated (whether before or after the imposition of the conditions) by the Secretary of State or the Director; and
  - (b) instead of containing any provisions which fall to be made, refer to provisions set out in documents so designated and direct that those provisions shall have such effect as may be specified in the conditions.
- [<sup>F14</sup>(5) Conditions included in a licence may contain provision for the conditions—
- (a) to have effect or cease to have effect at such times and in such circumstances as may be determined by or under the conditions; or

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- (b) to be modified in such manner as may be specified in the conditions at such times and in such circumstances as may be so determined.]
- (6) Any provision included by virtue of subsection (5) above in a licence shall have effect in addition to the provision made by this Part with respect to the modification of the conditions of a licence.
- [<sup>F15</sup>(6A) Conditions included in a licence may provide for references in the conditions to any document to operate as references to that document as revised or re-issued from time to time.]
- (7) Any sums received by the [<sup>F16</sup>Authority] in consequence of the provisions of any condition of a licence shall be paid into the Consolidated Fund.

### Textual Amendments

- F1** Word in s. 7(1)(a) substituted (19.9.2012) by [The Electricity and Gas \(Smart Meters Licensable Activity\) Order 2012 \(S.I. 2012/2400\)](#), arts. 1, **8(2)**
- F2** Words in s. 7(1)(a) substituted (20.12.2000) by [2000 c. 27, s. 32\(2\)](#); [S.I. 2000/3343](#), art. 2, **Sch.** (subject to transitional provisions in [arts. 3-15](#)) (as amended by [S.I. 2001/1780](#), **art. 2**)
- F3** Words in s. 7(1) substituted (20.12.2000) by [2000 c. 27, s. 32\(2\)](#); [S.I. 2000/3343](#), art. 2, **Sch.** (subject to transitional provisions in [arts. 3-15](#)) (as amended by [S.I. 2001/1780](#), **art. 2**)
- F4** Words in s. 7(2) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(3\)](#); [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](#))
- F5** S. 7(2A) inserted (1.9.2004) by [Energy Act 2004 \(c. 20\)](#), **ss. 136(3)**, 198(2); [S.I. 2004/2184](#), art. 2(2), **Sch. 2**
- F6** Words in s. 7(3) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(4\)\(a\)](#); [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](#))
- F7** Words in s. 7(3) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(4\)\(b\)](#); [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](#))
- F8** Words in s. 7(3)(c) inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(4\)\(c\)](#); [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](#))
- F9** S. 7(3A) inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(5\)](#); [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](#))
- F10** Words in s. 7(3A) substituted (31.1.2024) by [Energy Act 2023 \(c. 52\)](#), **ss. 177(1)(a)**, 334(1); [S.I. 2024/32](#), **reg. 3(a)(vii)**
- F11** Words in s. 7(3A)(a) substituted (31.1.2024) by [Energy Act 2023 \(c. 52\)](#), **ss. 177(1)(b)**, 334(1); [S.I. 2024/32](#), **reg. 3(a)(vii)**
- F12** Words in s. 7(3A)(b) substituted (31.1.2024) by [Energy Act 2023 \(c. 52\)](#), **ss. 177(1)(c)**, 334(1); [S.I. 2024/32](#), **reg. 3(a)(vii)**
- F13** S. 7(3B)-(3G) inserted (19.9.2012) by [The Electricity and Gas \(Smart Meters Licensable Activity\) Order 2012 \(S.I. 2012/2400\)](#), arts. 1, **8(3)**
- F14** S. 7(5) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(6\)](#); [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](#))
- F15** S. 7(6A) inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by [2000 c. 27, s. 32\(7\)](#); [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](#))

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**F16** Words in s. 7(7) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 32(8); 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)

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

**C1** S. 7 applied (1.10.2001) by S.I. 2001/3266, art. 3(3)

**C2** S. 7 applied (with modifications) (1.12.2004) by Energy Act 2004 (c. 20), ss. 148(3), 198(2); S.I. 2004/2575, art. 2(2), Sch. 2

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**Changes and effects yet to be applied to :**

- s. 7 modified by [2023 c. 52 s. 208\(3\)](#)
- s. 7(2) words inserted by [2023 c. 52 Sch. 17 para. 4\(a\)](#)
- s. 7(2A) words inserted by [2023 c. 52 Sch. 17 para. 4\(b\)](#)
- s. 7(3B) words inserted by [2023 c. 52 s. 186\(11\)\(a\)](#)
- s. 7(3B) words substituted by [2023 c. 52 s. 186\(11\)\(b\)](#)
- s. 7(3C) words substituted by [2023 c. 52 s. 186\(12\)\(a\)](#)
- s. 7(3C)(b)(ii) words inserted by [2023 c. 52 s. 186\(12\)\(b\)](#)
- s. 7(3D) words inserted by [2023 c. 52 s. 186\(13\)](#)
- s. 7(3E) words substituted by [2023 c. 52 s. 186\(14\)](#)
- s. 7(3F)(a) words substituted by [2023 c. 52 s. 186\(15\)\(a\)](#)
- s. 7(3F)(b) words substituted by [2023 c. 52 s. 186\(15\)\(b\)](#)
- s. 7(3G)(a) words inserted by [2023 c. 52 s. 186\(16\)](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(1)(f) and word inserted by [2023 c. 52 s. 186\(3\)\(b\)](#)
- s. 4(1)(ca) inserted by [2023 c. 52 s. 166\(2\)](#)
- s. 4(1)(da) inserted by [2023 c. 52 s. 205\(2\)\(b\)](#)
- s. 4(3H)(3I) inserted by [2023 c. 52 s. 186\(4\)](#)
- s. 4(3CA) inserted by [2023 c. 52 s. 205\(3\)](#)
- s. 4(3EA) inserted by [2023 c. 52 s. 205\(5\)](#)
- s. 6(1)(g) and word inserted by [2023 c. 52 s. 186\(7\)\(b\)](#)
- s. 6(1)(ea) inserted by [2023 c. 52 s. 205\(8\)\(b\)](#)
- s. 6(2C) inserted by [2023 c. 52 s. 186\(8\)](#)
- s. 6(2AA) inserted by [2023 c. 52 s. 205\(9\)](#)
- s. 6(6E) inserted by [2023 c. 52 s. 205\(10\)](#)
- s. 7(3GA) inserted by [2023 c. 52 s. 186\(17\)](#)
- s. 7A(11B) inserted by [2023 c. 52 s. 186\(18\)](#)
- s. 8A(1C) inserted by [2023 c. 52 s. 206\(6\)](#)
- s. 10NA inserted by [2023 c. 52 s. 207\(2\)](#)
- s. 11E(2)(d) and word inserted by [2013 c. 32 s. 138\(5\)\(b\)\(iii\)](#)
- s. 11AA inserted by [2018 c. 14 s. 13\(3\)](#)
- s. 15(2)(aa) inserted by S.I. 2019/93, Sch. 1 para. 3(2)(b) (as substituted) by [S.I. 2019/1245 reg. 19](#) (This amendment not applied to [legislation.gov.uk](#). The affecting statutory instrument has no legal effect. It was made under a procedure which meant that it ceased to have effect 28 days after signing unless it was debated and approved in Parliament within that time. It was not debated and approved within 28 days, so it has expired with no effect.)
- s. 25(8A) inserted by [2023 c. 52 Sch. 14 para. 7\(3\)](#)
- s. 44A inserted by [1992 c. 43 s. 23](#)
- s. 44A(6)(b)(i) words substituted by [2013 c. 22 Sch. 9 para. 52](#)
- s. 44B(1)(a)(iiia) inserted by [2023 c. 52 Sch. 17 para. 8](#)
- s. 56C(6)(d) and word inserted by [2013 c. 32 s. 138\(5\)\(d\)\(ii\)](#)
- Sch. 5A para. 2(1A) inserted by [2018 c. 14 s. 13\(4\)](#)
- Sch. 6A para. 9ZA and cross-heading inserted by [2023 c. 52 Sch. 14 para. 8](#)