



Energy Act 2010

2010 CHAPTER 27

PART 3

REGULATION OF GAS AND ELECTRICITY MARKETS

Exploitation of electricity trading and transmission arrangements

18 Power to make modifications

- (1) The Secretary of State may modify—
 - (a) a condition of a particular licence under section 6(1)(a) of the Electricity Act 1989 (generation licences);
 - (b) the standard conditions incorporated in licences under that provision by virtue of section 8A of that Act;
 - (c) a document maintained in accordance with the conditions of licences under section 6(1) of that Act, or an agreement that gives effect to a document so maintained.
- (2) The Secretary of State may exercise the power in subsection (1) for the purpose only of limiting or eliminating the circumstances in which, or the extent to which, a licence holder may obtain an excessive benefit from electricity generation in a particular period (“the relevant period”).
- (3) The licence holder obtains an excessive benefit from electricity generation in the relevant period if—
 - (a) the licence holder and the transmission system operator enter into arrangements (“the relevant arrangements”) (whether or not under the electricity trading and transmission arrangements), and
 - (b) one or more of the following conditions is met.
- (4) Condition 1 is that—
 - (a) the licence holder fails to notify electricity generation for the relevant period that would be economic to carry out, and

Changes to legislation: There are currently no known outstanding effects for the Energy Act 2010, Section 18. (See end of Document for details)

- (b) under the relevant arrangements, the licence holder may be, or is to be, paid an excessive amount by the transmission system operator in connection with an increase in electricity generation in the relevant period.
- (5) Condition 2 is that, under the relevant arrangements—
 - (a) the licence holder may, or is to, pay the transmission system operator an excessively low amount, or
 - (b) the transmission system operator may, or is to, pay the licence holder an excessively high amount,in connection with a reduction in electricity generation in the relevant period.
- (6) Condition 3 is that, under the relevant arrangements, the transmission system operator may, or is to, pay the licence holder an excessively high amount in connection with the licence holder preparing for the possible cessation of generation of electricity by particular generating plant in the relevant period.
- (7) Condition 4 is that—
 - (a) the relevant arrangements relate to an increase or reduction in electricity generation in the relevant period, and
 - (b) under the arrangements, the licence holder may, or is to, obtain an excessive benefit.
- (8) Modifications made under subsection (1) may include provision relating to one or more of the following—
 - (a) the operation of generating stations by the licence holder (including the amount of electricity generated and offers to generate electricity);
 - (b) amounts payable by, or to, the licence holder or any other person;
 - (c) offers by the licence holder or any other person to pay amounts.
- (9) Before making modifications under subsection (1), the Secretary of State must consult—
 - (a) holders of licences under section 6(1)(a) of the Electricity Act 1989,
 - (b) the Authority, and
 - (c) such other persons as the Secretary of State thinks it is appropriate to consult.
- (10) Subsection (9) may be satisfied by consultation before, as well as by consultation after, this Act comes into force.
- (11) In this section—
 - (a) a reference to a licence holder notifying electricity generation for a period is a reference to the licence holder notifying the transmission system operator before the start of the period, in accordance with the electricity trading and transmission arrangements, of the electricity generation which the licence holder proposes to undertake in that period;
 - (b) a reference to a licence holder's notified electricity generation for a period is to be construed accordingly.
- (12) In this section, a reference to an increase or reduction in electricity generation in the relevant period—
 - (a) is a reference to an increase or reduction in comparison to the notified electricity generation for that period; and

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- (b) includes an increase or reduction in generation of electricity by particular generating plant, whether or not there is an overall increase or reduction in electricity generation in that period.
- (13) In subsection (3)(a), the reference to the licence holder and the transmission system operator entering into arrangements includes a reference to one of them making a bid or offer to the other; and references in this section to the relevant arrangements are to be construed accordingly.
- (14) In this section—
 - “electricity trading and transmission arrangements” means arrangements relating to the trading and transmission of electricity in Great Britain that are in place under Chapter 1 of Part 3 of the Energy Act 2004;
 - “transmission system operator” means the person operating the national transmission system for Great Britain (and for this purpose “transmission system” has the same meaning as in the Electricity Act 1989 — see section 4(4) of that Act).

Commencement Information

II [S. 18](#) in force at 16.7.2012 by [S.I. 2012/1841](#), [art. 2\(a\)](#)

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