
STATUTORY INSTRUMENTS

1996 No. 1309

ELECTRICITY

The Fossil Fuel Levy (Amendment) Regulations 1996

<i>Made</i>	- - - -	<i>16th May 1996</i>
<i>Laid before Parliament</i>		<i>16th May 1996</i>
<i>Coming into force</i>	- -	<i>6th June 1996</i>

The Secretary of State, in exercise of the powers conferred by sections 33 and 60 of the Electricity Act 1989(1), and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

1. These Regulations may be cited as the Fossil Fuel Levy (Amendment) Regulations 1996 and shall come into force on 6th June 1996.

2. The Fossil Fuel Levy Regulations 1990(2) (“the Principal Regulations”) are amended in accordance with regulations 3 and 4 below.

3. In regulation 30(3) of the Principal Regulations, for the words “and banks which are members of the Committee of London and Scottish Bankers” there shall be substituted the words “, an institution authorised under the Banking Act 1987(3), a building society incorporated (or deemed to be incorporated) under the Building Societies Act 1986(4) and a European deposit-taker within the meaning of regulation 82(3) of the Banking Coordination (Second Council Directive) Regulations 1992(5)”.

4. For Schedule 2 to the Principal Regulations there shall be substituted the following schedule—

“SCHEDULE 2

Regulation 5(1)

Method of calculating amount of any payment in respect of levy

1. In this Schedule:

the superscript " is used to denote the estimate made by the Director of the amount in question for the period in question to calculate the levy rate for that period or for part of it;

(1) 1989 c. 29.
(2) S.I. 1990/266.
(3) 1987 c. 22.
(4) 1986 c. 53.
(5) S.I. 1992/3218, to which there are amendments not relevant to these Regulations.

the superscript ' is used to denote the estimate made by the Director of the amount in question for the period in question to calculate the levy rate for the period of 12 months immediately following that period or for any part of that period of 12 months; and
the absence of a superscript is used to denote the actual amount in question.

2. In this Schedule the following symbols have the following meanings–

A_y is the aggregate of the total costs calculated in relation to each public electricity supplier in accordance with Part I of Schedule 3 in respect of period y ;

B_y is the aggregate of the total costs calculated in relation to each public electricity supplier in accordance with Part II of Schedule 3 in respect of period y ;

C_y is the amount of the administrative expenses of the Director attributable to the levy incurred in respect of period y ;

E_y is the aggregate amount of all interest payments pursuant to regulation 29(1) in respect of period y less the aggregate amount of all interest payments pursuant to regulation 29(2) in respect of period y ;

F_y is the aggregate amount of all interest payments pursuant to regulation 30 received in period y ;

G_y is the aggregate amount of levy or interest payments due in respect of period y which, in the opinion of the Director, will be either irrecoverable or recoverable only at excessive cost;

X_y is the aggregate amount (exclusive of levy and value added tax) charged (whether or not a bill or invoice has been delivered to a customer) by licensed suppliers for leviable electricity supplied by them in period y ; and

K_y is the correction factor for y calculated in accordance with paragraph 5.

3. Subject to any adjustment which may be required pursuant to the Regulations, the amount of any payment to be made by a licensed supplier in respect of the levy in period y shall be calculated by applying to the aggregate amount (exclusive of value added tax and levy) charged (whether or not any bill or invoice has been delivered to a customer) by the supplier for leviable electricity supplied by him during the qualifying month–

- (a) except where sub-paragraph (b) of this paragraph applies, the percentage figure R_y where R_y is the percentage figure r_y given by the formula–

$$r_y = \frac{K_y + D_y''}{X_y''} \times 100$$

after it has been rounded to the nearest tenth of a per centum (any odd twentieth of a per centum being rounded upwards); or

- (b) in relation to a rate of levy to apply from the commencement of a qualifying month other than the first qualifying month of period y , the percentage figure R_{1y} where R_{1y} is the percentage figure r_{1y} given by the formula–

$$r_{1y} = \frac{(K_y + D_y'' - L)}{(X_y'' - M)} \times 100$$

after it has been rounded to the nearest tenth of a per centum (any odd twentieth of a per centum being rounded upwards) where–

L is the estimate made by the Director of the aggregate amount of levy payments due in respect of the qualifying months in period y preceding the qualifying month from the beginning of which R_{1y} is to apply; and

M is the estimate made by the Director of the aggregate amount (exclusive of levy and value added tax) charged (whether or not a bill or invoice has been delivered to a customer) by licensed suppliers for leviable electricity supplied by them in those qualifying months.

4. In the formulae in paragraph 3 the value of D''_y is given by the formula—

$$D''_y = A''_y - B''_y + C''_y - E''_y - F''_y + G''_y$$

5. In the formulae in paragraph 3 the correction factor K_y shall be the amount of money, whether positive or negative, given by the following formula—

$$K_y = \left[(D'_{y-1} - D''_{y-1}) - \sum_n \left(\frac{R_{ny-1}}{100} \times (X'_{ny-1} - X''_{ny-1}) \right) + \sum_n \left(\frac{r_{ny-1} - R_{ny-1}}{100} \times X''_{ny-1} \right) \right] \times \left[1 + \frac{I_{y-1}}{100} \right] \\ + \left[(D'_{y-2} - D''_{y-2}) - \sum_n \left(\frac{R_{ny-2}}{100} \times (X'_{ny-2} - X''_{ny-2}) \right) \right] \times \left[1 + \frac{I_{y-2}}{100} \right] \times \left[1 + \frac{I_{y-1}}{100} \right]$$

where—

D''_{y-1} has the value that was given by the Director to D''_y on the last occasion on which he calculated the levy rate to apply in the period $y-1$;

\sum_n signifies the summation over all the qualifying months $n=1$ to 12 inclusive within the period $y-1$ or $y-2$ as the case may be;

R_n is the rate of levy that applied to month n in the period $y-1$ or $y-2$ as the case may be;

r_n is whichever of the percentage figures r_y or r_{1y} was used in calculating the rate of levy that applied to month n in the period $y-1$;

X_n is the aggregate amount (exclusive of levy and value added tax) charged (whether or not a bill or invoice has been delivered to a customer) by licensed suppliers for leviable electricity supplied by them in month n in the period $y-1$ or $y-2$ as the case may be;

X''_{ny-1} has a value equal to such proportion of the value that was given by the Director to X''_y on the last occasion on which he calculated the levy rate to apply in the period $y-1$ as in the opinion of the Director is attributable to month n in that period;

D''_{y-2} has the value that was given by the Director to D''_{y-1} on the last occasion on which he calculated the levy rate to apply in the period $y-1$;

X''_{ny-2} in respect of a month n in period $y-2$, has the value that was given by the Director to X''_{ny-1} in respect of that month on the last occasion on which he calculated the levy rate to apply in the period $y-1$;

I_{y-1} is the arithmetic average of the LIBOR rates on the last day of each of the first six months in period $y-1$; and

I_{y-2} is the arithmetic average of the LIBOR rates on the last day of each of the first six months in period $y-2$.”.

16th May 1996

Tim Eggar
Minister for Industry and Energy,
Department of Trade and Industry

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of these Regulations)

These Regulations amend the Fossil Fuel Levy Regulations 1990 (“the Principal Regulations”) (S.I.1990/266).

They substitute a new Schedule 2 which makes the following change of substance: it specifies a method for calculating the rate of levy (as defined in regulation 2 of the Principal Regulations) where a revised rate is to apply from the beginning of a month other than April in any year (see the new formula in paragraph 3(b) and the revised formula in paragraph 5).

They also provide that money received by the Director General of Electricity Supply pursuant to the Principal Regulations may be invested by him through any one or more of the Bank of England and (in place of the Committee of London and Scottish Bankers) any institution of the classes specified in regulation 3 of these Regulations.

A compliance cost assessment of the effect that this instrument would have on the cost of business is available from the Department of Trade and Industry Library, Lower Ground Floor, 1 Victoria Street, London SW1H 0ET.