

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made further to chapters 2 and 9 of Part 2 of the Energy Act 2013 (c. 32) (“the Act”). Parts 2 and 3 of these Regulations apply to contracts for difference (see section 6(2) of the Act, and where such a contract is referred to as a CFD). Part 4 applies in respect of certain functions of the national system operator acting as the delivery body under Part 2 of the Act.

Regulation 2 includes definitions used in these Regulations.

Part 2

Regulation 3 provides that the Secretary of State may require information from the delivery body (defined in regulation 2) in relation to strike prices. Regulation 4 provides that a notice must be given to the delivery body by the Secretary of State setting out the information required and that a progress report must be given to the Secretary of State in respect of the provision of the information required. By regulation 5, the requirement to provide the information required or a progress report, is treated as a relevant requirement as provided in section 25 of the Electricity Act 1989 (c. 29).

By regulation 6, where the delivery body is required to provide information to the Secretary of State and to comply the delivery body needs to obtain information from a CFD counterparty (see section 6(3) of the Act), the delivery body may require information from a CFD counterparty. The requirement on a CFD counterparty to provide the information is treated as a relevant requirement as provided in section 25 of the Electricity Act 1989.

Regulation 7 allows the delivery body also to require information to be provided to it by an eligible generator who is a party to a CFD if the delivery body has not been able to provide that information to the delivery body. The requirement on such a generator is treated as a relevant requirement as provided in section 25 of the Electricity Act 1989.

Regulation 8 contains provisions requiring the delivery body, where it is not the national system operator, to keep confidential the information which it obtains from a generator under regulation 7. That requirement is treated as a relevant requirement as provided in section 25 of the Electricity Act 1989.

Part 3

Regulation 9 provides that an eligible generator may apply to the Secretary of State for a statement (“a supply chain statement”) that to establish or alter a generating station identified in the application is likely to make a material contribution to the development of supply chains, i.e. the chains of suppliers of goods or services in relation to the construction, alteration, maintenance or operation of generating stations.

Regulation 10 provides for the contents of applications and whether the applicant intends to make an application for a CFD in the first allocation round established further to the Contracts for Difference (Allocation) Regulations 2014 (“the Allocation Regulations”).

By regulation 11, except where regulation 12 applies, the Secretary of State must by notice give a supply chain statement in response to an application or refuse the application. Where a statement is given, the notice must include the period for which the statement has validity.

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: *The Electricity Market Reform (General) Regulations 2014 No. 2013*

By regulation 12, the Secretary of State may determine that supply chain statements will not be provided in relation to applications for CFDs under the first allocation round established further to the Allocation Regulations. Such a determination must be published.

Regulation 13 contains provisions requiring the Secretary of State to keep confidential information which is obtained further to an application made under regulation 9. By regulation 14, the Schedule is given effect, except in respect of Part 4.

Part 4

Regulation 15 provides for restrictions on liability for damages by the national system operator and persons connected with it.

Schedule

The Schedule provides that documents must be in writing and dated and provides for the methods by which a person may give a document to another person.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department of Energy and Climate Change at 3 Whitehall Place, London, SW1A 2AW and is published with the Explanatory Memorandum alongside this instrument on www.legislation.gov.uk.