



# Energy Act 2010

## 2010 CHAPTER 27

### PART 3

#### REGULATION OF GAS AND ELECTRICITY MARKETS

##### *Adjustment of energy charges*

#### **26 Adjustment of charges to help disadvantaged groups of customers**

- (1) If the Secretary of State considers that some customers of an energy supplier (the “disadvantaged customers”) are treated less favourably than other customers of the energy supplier (the “advantaged customers”) as respects charges for energy, the Secretary of State may by regulations make a scheme for the adjustment of charges for energy with a view to eliminating or reducing the less favourable treatment.
- (2) The following provisions of this section apply for the purposes of making regulations under this section.
- (3) The Secretary of State may take into account as the disadvantaged customers—
  - (a) some or all of the customers of a category set out in subsection (5), or
  - (b) any combination of such customers (whether from one or more of the categories).
- (4) The Secretary of State may take into account as the advantaged customers—
  - (a) some or all of the customers of a category set out in subsection (5), or
  - (b) any combination of such customers (whether from one or more of the categories).
- (5) The categories of customers mentioned in subsection (3) and (4) are—
  - (a) electricity customers;
  - (b) gas customers;
  - (c) electricity and gas customers.
- (6) The Secretary of State may take into account—

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- (a) as respects a relevant electricity customer, the customer's charges for electricity;
  - (b) as respects a relevant gas customer, the customer's charges for gas;
  - (c) as respects a relevant electricity and gas customer, the customer's charges for electricity, or charges for gas, or charges for electricity and gas.
- (7) The Secretary of State may make such assumptions and calculations as he or she considers to be appropriate for the purposes of this section, including assumptions and calculations to enable him or her to take into account—
- (a) different charges for the same kind of energy, or
  - (b) charges for different kinds of energy.
- (8) In this section “relevant”, in relation to a customer, means a customer who is one of the disadvantaged customers or one of the advantaged customers.

## **27 Schemes: supplementary**

- (1) A scheme may include—
- (a) provision for the adjustment of charges by relevant persons (as well as by one or more energy suppliers), and
  - (b) in relation to charges payable to energy suppliers, provision for the adjustment of charges payable by customers who are not the disadvantaged customers (as well as by the disadvantaged customers).
- (2) A scheme must—
- (a) describe the disadvantaged customers,
  - (b) specify the persons whose charges are covered by the scheme, and
  - (c) set out the basis of the adjustment of the charges.
- (3) If a scheme does not relate to the whole of Great Britain, it must specify the area or areas to which it relates.
- (4) A scheme may—
- (a) require energy suppliers or relevant persons to supply information of any specified description, in any specified form, to any other such persons, and
  - (b) provide for the modification of conditions of licences, for the purpose of facilitating the implementation of the scheme.
- (5) In this section “scheme” means a scheme under section 26.

## **28 Regulations adjusting energy charges: supplementary**

- (1) Regulations may contain one or more schemes under section 26 relating to the same energy supplier or to different energy suppliers.
- (2) Before making regulations, the Secretary of State must give notice—
- (a) stating that it is proposed to make regulations and setting out the effect of the proposed regulations,
  - (b) stating the reasons why it is proposed to make the regulations, and
  - (c) specifying the time (not being less than 28 days from the date of publication of the notice) within which representations or objections with respect to the proposed regulations may be made;

and must consider any representations or objections which are duly made and not withdrawn.

- (3) The notice must be given—
  - (a) by serving a copy of it on the persons whose charges are covered by the proposed regulations, and
  - (b) by publishing it in such manner as the Secretary of State considers appropriate for bringing the proposed regulations to the attention of other persons likely to be affected by them.
- (4) Regulations continue in force for such period not exceeding 3 years as is specified in the regulations; but that does not prevent the making of other regulations to come into force at the end of that period.
- (5) The Secretary of State may by order require energy suppliers and relevant persons to supply information of any specified description, in any specified form, to any other such persons for the purpose of enabling the making of regulations.
- (6) The Authority—
  - (a) must monitor the effect of regulations and report its findings to the Secretary of State whenever he or she directs it to do so, and
  - (b) may require energy suppliers and relevant persons to supply to the Authority, in any specified form, such information as it requires for carrying out that duty.
- (7) In this section “regulations” means regulations under section 26.

## **29 Adjustment of energy charges: interpretation**

- (1) This section applies for the purposes of sections 26 to 28 and this section (the “charging adjustment provisions”).
- (2) In the charging adjustment provisions, references to customers do not include customers of a description excluded by an order made by the Secretary of State.
- (3) Expressions used in the charging adjustment provisions and in Part 1 of the Electricity Act 1989 have the same meaning in those provisions, so far as they relate to electricity, as the expressions have in Part 1 of the 1989 Act.
- (4) Expressions used in the charging adjustment provisions and in Part 1 of the Gas Act 1986 have the same meaning in those provisions, so far as they relate to gas, as the expressions have in Part 1 of the 1986 Act.
- (5) In the charging adjustment provisions—
  - “disadvantaged customers” has the meaning given in section 26(1);
  - “electricity customer”, in relation to an energy supplier, means a person who is a customer of the energy supplier only as respects electricity;
  - “electricity and gas customer”, in relation to an energy supplier, means a person who is a customer of the energy supplier as respects electricity and as respects gas;
  - “energy” means—
    - (a) electricity,
    - (b) gas, or
    - (c) electricity and gas;

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“energy supplier” means any of the following—

- (a) a person that is an authorised supplier for the purposes of the Electricity Act 1989;
- (b) a person that is an authorised supplier for the purposes of the Gas Act 1986;
- (c) a person that is both—
  - (i) an authorised supplier for the purposes of the Electricity Act 1989, and
  - (ii) an authorised supplier for the purposes of the Gas Act 1986; or
- (d) two persons—
  - (i) one of which is an authorised supplier for the purposes of the Electricity Act 1989,
  - (ii) the other of which is an authorised supplier for the purposes of the Gas Act 1986, and
  - (iii) one, or each, of which is a group undertaking in relation to the other (“group undertaking” having the meaning given in section 1161 of the Companies Act 2006);

“gas customer”, in relation to an energy supplier, means a person who is a customer of the energy supplier only as respects gas;

“relevant person” means—

- (a) in relation to electricity—
  - (i) an authorised distributor, and
  - (ii) a person authorised by a licence or exemption to participate in the transmission of electricity;
- (b) in relation to gas—
  - (i) an authorised transporter, and
  - (ii) a person authorised by a licence or exemption to arrange with any gas transporter for gas to be introduced into, conveyed by means of, or taken out of a pipe-line system operated by that transporter.