

# ENERGY ACT 2011

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 2: Security of Energy Supplies**

##### *Chapter 1: Electricity Supply*

##### ***Section 79: Annual Report by Gas and Electricity Markets Authority on security of electricity supply***

201. This section imposes a requirement for GEMA to report annually to the Secretary of State with its assessment of how much capacity GB will need in the future. The total capacity need is that which can meet peak demand while still maintaining an appropriate margin of spare supply to cope with unexpected events.
202. *Subsection (1)* requires GEMA to prepare a report in accordance with subsection (2) before 1 September 2012, and before that date in any subsequent calendar year; and to send that report to the Secretary of State.
203. *Subsection (2)* requires GEMA to forecast peak demand for the supply of electricity, and to provide a range of assessments of the capacity margin needed for that supply.
204. *Subsection (3)* states the report must cover the position for each of the four years following publication of the report, but also enables the Secretary of State to specify different reporting periods by order.
205. *Subsection (5)* sets out variables the assessment must take into account, including the generation of electricity, operation of interconnectors, storage of electricity, and extent to which available capacity may be lower than maximum capacity. *Subsection (6)* allows the assessment to be made based on information provided by someone with existing expertise, including the holder of a transmission licence or any other person.
206. *Subsection (7)* permits the Secretary of State to give GEMA directions regarding the form of the report and the manner in which it must be expressed or sent.
207. *Subsection (8)* contains definitions for the purposes of this section.

##### ***Section 80: Annual report by Secretary of State on security of energy supplies***

208. This section imposes a requirement for the Secretary of State to publish his view on what electricity supply capacity is needed to meet demand, including spare capacity to cope with unexpected events. It amends section 172 of the Energy Act 2004, under which the Secretary of State is already required to report on security of supply including by reference to generating capacity in Great Britain.
209. *Subsection (2)* supplements the existing reporting requirements set out in section 172 of the Energy Act 2004 by requiring the Secretary of State to include in the report his assessment of the capacity needed to meet demand for electricity in Great Britain. As in section 79, the assessment must: be included from 2012 and in each subsequent year;

*These notes refer to the Energy Act 2011 (c.16)  
which received Royal Assent on 18 October 2011*

cover each of the four years following the year of the report and or any other periods the Secretary of State may specify by order; and take account of a number of variables.