

ENERGY ACT 2011

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2: Security of Energy Supplies

Chapter 2: Gas Supply

Section 81: Power of the Gas and Electricity Markets Authority to direct a modification of the Uniform Network Code

210. This section gives a power to the Gas and Electricity Markets Authority (GEMA) to direct a modification of the Uniform Network Code. The Uniform Network Code (UNC, or ‘the Code’) is a legal document which forms the basis of the arrangements between companies that transport gas, and those whose gas they transport.
211. *Subsection (1)* inserts a new section - 36C - into the Gas Act 1986, which allows GEMA to direct a modification to the UNC, which must be in relation to the arrangements in the UNC in respect of a gas emergency and must be a modification which the Authority considers to be a market based modification. The subsections within the new section 36C set out a number of conditions concerning the circumstances and way in which GEMA may modify the UNC, including: that the Authority may only direct a modification if it considers that it will decrease the likelihood of a gas supply emergency occurring and/or decrease the duration or severity of a gas supply; and only after consultation with appropriate persons.
212. *Subsection (2)* states that the said requirement for consultation in the new section – 36C – may be satisfied by consultation undertaken before the commencement of the Act.
213. *Subsections (4) to (6)* ensure that in the event that a change were made to the UNC, those parties directly affected by the change would be able to appeal to the Competition Commission under amendments to rules set out in the Energy Act 2004 (sections 173 – 175 and Schedule 22 of that Act). *Subsection (4)* enables the Secretary of State to exclude the right of appeal in certain cases.