

INFRASTRUCTURE ACT 2015

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 6 – Energy

Reimbursement of persons who have met expenses of making connections

Section 52: Reimbursement of persons who have met expenses of making electrical connections

319. *Subsections (1), (2) and (3)* amend section 19 of the 1989 Act by removing subsections (2) and (3) and replacing them with new Schedule 5B.
320. *Subsections (4) and (5)* make consequential amendments to sections 16 and 16A of the 1989 Act.
321. *Subsection (6)* amends section 23 of the 1989 Act by inserting a new subsection to enable GEMA to determine disputes relating to the exercise of the reimbursement powers set out in Schedule 5B. It also makes consequential amendments to the remainder of section 23.

Schedule 5B

Power to make regulations

322. *Paragraph 1* confers a power on the Secretary of State to make regulations enabling electricity distributors to exercise the reimbursement powers where conditions A to D as set out are met. Condition A is met where an electricity connection (the “first connection”) is made between premises and a distribution system or between two distribution systems. Condition B is met if a payment has been made towards the cost of the first connection by the person who required the connection or caused it to be made. Conditions C and D are met where a second connection is made using electric line or plant provided for the first connection within a period prescribed in the regulations.
323. *Paragraph 1(6)* defines “first connection expenses” as those reasonably incurred by a person in providing electric line or plant to make the connection (including the capitalised value of maintaining it).
324. *Paragraph 1(7)* makes clear that it does not matter whether the first connection or second connection is made by an electricity distributor or a person of another description, thereby bringing ICPs within the scope of the power.

The reimbursement powers

325. *Paragraph 2(1)* defines the reimbursement powers as the power to require a reimbursement payment from a person who requires or otherwise causes a second connection to be made and the power to apply such a payment to reimburse anyone who was required to contribute to the cost of the first connection.
326. *Paragraph 2(2)* sets out that a reimbursement payment is a payment towards the cost of a first connection of an amount which is reasonable in all the circumstances.

Other provisions about the regulations under this Schedule

- 327. *Paragraph 3(1)* imposes a duty on the Secretary of State to consult GEMA before making regulations under this Schedule.
- 328. *Paragraph 3(2)* allows regulations requiring relevant electricity distributors to exercise a reimbursement power and thus collect and allocate reimbursement payments.
- 329. *Paragraph 3(3)* allows a relevant electricity distributor to estimate the cost of a first connection in situations where the electricity distributor did not make that connection. This situation arises where an ICP makes the first connection to a distribution network on behalf of its customer.
- 330. *Paragraph 3(4)* ensures that an ICP (or other person who has made a connection in respect of which a reimbursement payment is due) may not be required to share its cost information with a relevant electricity distributor.
- 331. *Paragraph 3(5)* allows a relevant electricity distributor to estimate the costs of the ICP (or other person who has made a connection in respect of which a reimbursement payment is due) by reference to its own costing methodology and changes in prices.

Interpretation

- 332. *Paragraph 4(1) and (2)* defines the terms “first connection”, “first connection expenses”, “payment in respect of first connection expenses”, “reimbursement payment” and “reimbursement powers” by reference to the paragraphs of the Schedule where they appear. It also defines “relevant electricity distributor” as the distributor who operates the distribution system into which a new connection is made.