

ENERGY ACT 2013

EXPLANATORY NOTES

OVERVIEW AND STRUCTURE OF THE ACT

55. The Act is in seven parts:
- **Part 1: Decarbonisation.** Establishes a framework for a decarbonisation target range for the electricity generation sector in the United Kingdom. This Part gives the Secretary of State a power to set a decarbonisation target range, imposes a duty on the Secretary of State in respect of any decarbonisation target range which is set and includes certain reporting requirements.
 - **Part 2: Electricity Market Reform.** Reforms the electricity market with the aim of ensuring that electricity demands continue to be met over the coming decades. This Part includes provisions on contracts for difference and investment contracts, the capacity market, liquidity and market access, institutional arrangements in relation to the delivery of these schemes, a transition to a certificate purchase scheme for generation supported by the renewables obligation, and an emissions performance standard for new fossil-fuel plants.
 - **Part 3: Nuclear Regulation.** Establishes the Office for Nuclear Regulation with powers and responsibilities to regulate the safety and security of nuclear installations (including nuclear power plants), as well as to deal with the transport of radioactive materials, nuclear security and safeguards more generally.
 - **Part 4: Government Pipe-line and Storage System (GPSS).** Measures to enable the sale of the GPSS including providing for the rights of the Secretary of State in relation to the GPSS, registration of those rights, compensation in respect of the creation of new rights or their exercise, and for transferral of ownership, as well as powers to dissolve the Oil and Pipelines Agency by order.
 - **Part 5: Strategy and Policy Statement.** Measures applicable to the Authority and the Secretary of State to create regulatory certainty by seeking to ensure that Government and the regulator are aligned at a strategic level.
 - **Part 6: Consumer Protection and Miscellaneous:**
 - **Domestic tariffs:** Measures to provide the Secretary of State with powers to amend licence conditions of gas and electricity suppliers to ensure domestic consumers are on the cheapest tariff with their supplier that meets their preferences.
 - **Third-party intermediaries:** Extending the scope of activities which can be made subject to a licensing regime governed by the Authority to cover third-party intermediaries in the energy sector such as switching sites.
 - **Consumer redress:** A measure introducing a new enforcement power for the Authority to require energy companies which breach licence conditions or other relevant regulatory requirements to provide redress to consumers who suffer loss, damage or inconvenience as a result of the breach.

*These notes refer to the Energy Act 2013 (c.32)
which received Royal Assent on 18 December 2013*

- **Fuel Poverty:** A measure to replace the current provisions of section 2 of the Warm Homes and Energy Conservation Act 2000, insofar as they apply to England, with the requirement to set a new objective for addressing fuel poverty.
- **Feed-in tariffs:** A measure to allow the Secretary of State to increase the maximum capacity of installations eligible for the Feed-in Tariff scheme.
- **Offshore transmission:** A measure to provide an exception to the prohibition of participating in the transmission of electricity without a licence for a person who participates in offshore transmission during a commissioning period in certain circumstances.
- **Fees for energy resilience services:** A measure to enable the Secretary of State to charge fees for providing energy resilience services for the purposes of, or in connection with, preventing or minimising disruption to the energy sector.
- **Nuclear decommissioning:** A measure to enable the Secretary of State to recover the costs incurred in considering various agreements and programmes relating to the decommissioning of nuclear installations and the disposal of hazardous waste.
- **Smoke and carbon monoxide alarms:** A measure that enables the Secretary of State to make regulations which require landlords of residential buildings to install smoke and carbon monoxide alarms in their properties and which make provision about the enforcement of any such duty.
- **Part 7: Final.** This Part includes provision authorising spending in relation to electricity market reform.