



Gas Act 1972

1972 CHAPTER 60

PART I

NEW STRUCTURE FOR BRITISH GAS INDUSTRY

The British Gas Corporation

1 The British Gas Corporation

(1) As from such day as the Secretary of State may by order appoint for the purposes of this Act, being a day not later than 1st July 1973, the body established under the Gas Act 1948 by the name of the Gas Council shall continue in existence as a body corporate having perpetual succession and a common seal, but—

- (a) shall be known as the British Gas Corporation, and
- (b) shall consist of members appointed by the Secretary of State under and in accordance with the provisions of this Act;

and on that day, the Area Boards established under the said Act of 1948 shall be dissolved, and all property, rights, liabilities and obligations vested in any of them immediately before that day shall vest in the British Gas Corporation by virtue of this Act and without further assurance.

(2) The Secretary of State shall appoint as members of the Corporation—

- (a) a chairman, and
- (b) not less than ten nor more than twenty other persons, of whom he may designate one or more as deputy chairman or deputy chairmen ;

and in making appointments to the Corporation, the Secretary of State shall have regard to the desirability of having members who are familiar with the special requirements and circumstances of particular regions and areas.

(3) The Corporation shall pay to the members thereof such remuneration and such allowances as may be determined by the Secretary of State with the consent of the Minister for the Civil Service, and, if the Secretary of State with the consent of that Minister so determines in the case of any person who is or has been a member of

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the Corporation, shall pay or make arrangements for the payment of a pension to or in respect of that person in accordance with the determination; and if a person ceases to be a member of the Corporation and it appears to the Secretary of State that there are special circumstances which make it right that that person should receive compensation, the Secretary of State may require the Corporation to pay to that person a sum of such amount as the Secretary of State may with the consent of the Minister for the Civil Service determine.

- (4) The Secretary of State may make regulations with respect to—
- (a) the appointment of, and the tenure and vacation of office by, members of the Corporation,
 - (b) the quorum, proceedings, meetings and determinations of the Corporation,
 - (c) the execution of instruments and the mode of entering into contracts by and on behalf of the Corporation, and the proof of documents purporting to be executed, issued or signed by the Corporation or a member or officer thereof, and
 - (d) any other matters supplementary or incidental to those above mentioned for which provision appears to the Secretary of State to be necessary or expedient.

Subject to any such regulations, the Corporation shall have power to regulate their own procedure.

- (5) The validity of any proceedings of the Corporation shall not be affected by any vacancy among the members or by any defect in the appointment of a member.
- (6) The provisions of Schedule 1 to this Act shall have effect for the purpose of supplementing the preceding provisions of this section.

2 Principal duties and powers of Corporation

- (1) It shall be the duty of the Corporation to develop and maintain an efficient, co-ordinated and economical system of gas supply for Great Britain, and to satisfy, so far as it is economical to do so, all reasonable demands for gas in Great Britain.
- (2) Subject to subsection (3) below, the Corporation shall have power to carry on all such activities as it may appear to them to be requisite, advantageous or convenient for them to carry on for or in connection with the discharge of their duty under subsection (1) above, including in particular, but without prejudice to the generality of the preceding provision, power—
- (a) to search and bore for and get natural gas,
 - (b) to bore for and get petroleum found in the form of crude oil in the course of searching, boring for or getting natural gas, to treat any petroleum got by virtue of this paragraph for the purpose of rendering it saleable in the form of crude oil, to supply or sell any such petroleum (whether or not so treated) to any person, and to supply or sell to any person any by products obtained in the process of treating any such petroleum for the purpose of rendering it so saleable,
 - (c) to manufacture gas (and to use for that purpose any petroleum, whether got by virtue of paragraph (b) above or otherwise),
 - (d) to acquire gas from any source,
 - (e) to transmit and distribute gas,

- (f) to manufacture, treat, render saleable, supply or sell any by-products obtained in the process of manufacturing gas, and any products made or derived from gas or from any by-product so obtained,
- (g) to manufacture plant required by the Corporation, and to instal, repair, maintain or remove any such plant, and
- (h) to manufacture gas fittings, to sell, hire or otherwise supply gas fittings, and to instal, repair, maintain or remove gas fittings.

In this subsection " petroleum " means petroleum within the meaning of the Petroleum (Production) Act 1934.

- (3) Notwithstanding subsection (2) above, the Corporation shall not, except with the consent of the Secretary of State and in accordance with any conditions he may attach to his consent—
 - (a) carry out any operations for searching or boring for natural gas, or for getting natural gas, otherwise than within Great Britain, the territorial waters of the United Kingdom adjacent to Great Britain or an area for the time being designated under section 1(7) of the Continental Shelf Act 1964. or
 - (b) export gas, or
 - (c) manufacture gas fittings for export.

3 Duties of Corporation towards employees, and in respect of research

- (1) It shall be the duty of the Corporation, in exercising and performing the functions conferred or imposed on them by this Act or any other enactment, to promote title welfare, health and safety of persons in their employment.
- (2) It shall be the duty of the Corporation, in consultation with any organisation appearing to them to be appropriate, to make provision for advancing the skill of persons employed by them, including the provision by them, and the assistance of the provision by others, of facilities for training and education.
- (3) It shall be the duty of the Corporation to settle from time to time, in consultation with the Secretary of State, a general programme of research into matters affecting gas supply and other matters affecting their functions, and of technological development connected with such matters, and to secure (whether by themselves conducting research into, or technological development connected with, any such matters, or by making arrangements for the conduct of such research or development by others) the carrying out of any programme so settled.

4 Duties of Corporation as respects management of affairs

- (1) The Corporation shall, forthwith after the appointed day and subsequently from time to time when they consider it appropriate or the Secretary of State so requires—
 - (a) undertake a review of the affairs of the Corporation and their subsidiaries for the purpose of determining how the management of the activities of the Corporation and their subsidiaries can most efficiently be organised, and
 - (b) make a report to the Secretary of State upon the Corporation's conclusions arising from the review.
- (2) The Corporation's report on their first review under subsection (1) above shall be made to the Secretary of State before such date as he may after consultation with them determine.

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- (3) The Secretary of State shall lay before each House of Parliament a copy of any report under subsection (1) above, and may after doing so, and after considering the report and consulting the Corporation about it, give to the Corporation such directions as he considers appropriate for securing that the management of the activities of the Corporation and their subsidiaries is organised in the most efficient manner; and it shall be the duty of the Corporation to give effect to any such directions.
- (4) The Corporation shall exercise their control over any subsidiary of theirs so as to secure that the subsidiary does not, either alone or in association with any other person, engage in any activity which the Corporation are not empowered to carry on, but not so as to prevent any subsidiary from carrying on with the consent of the Secretary of State, and in accordance with any conditions attached thereto, any activity which the Corporation would have power to carry on if the consent had been given to them.
- (5) It shall be the duty of the Corporation, in appointing persons to manage on their behalf the carrying on of any of their activities in particular regions of Great Britain, to secure that any such region shall consist of, or lie exclusively within, England or Scotland or Wales (including Monmouthshire).

5 Programmes for measures involving substantial capital outlay

In carrying out any measures involving substantial outlay on capital account, the Corporation shall act in accordance with a general programme settled from time to time by them and approved by the Secretary of State; and the Corporation shall exercise their control over any wholly owned subsidiary of theirs so as to secure that the subsidiary also acts in accordance with a programme so settled and approved in carrying out any such measures.

6 Miscellaneous powers and duties of Corporation

- (1) Subject to subsections (2) and (3) below, the Corporation shall have power to do any thing, and to enter into any transaction (whether or not involving the expenditure of money, the borrowing of money, the lending of money, the acquisition of any property or rights or the disposal of any property or rights), which in their opinion is calculated to facilitate the exercise or performance of their functions under any enactment other than this subsection (including any enactment passed or made after the passing of this Act), or is incidental or conducive to the exercise or performance of any such function.
- (2) So much of subsection (1) above as relates to the borrowing of money by the Corporation shall have effect subject to the provisions of Part II of this Act.
- (3) Notwithstanding the generality of the said subsection (1), the Corporation shall not, except with the consent of the Secretary of State or in accordance with a general authority given by him, guarantee the repayment of, or the payment of interest on, any loan other than one raised by a wholly owned subsidiary of theirs; and it shall be the duty of the Corporation to exercise their control over any such subsidiary so as to secure that that subsidiary does not, except with such consent or in accordance with such an authority, guarantee the repayment of, or the payment of interest on, any such loan.
- (4) Without prejudice to the generality of the said subsection (1), the Corporation shall have power to subscribe for or acquire any securities of a body corporate, to procure

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their admission to membership of any such body, and to promote or participate in the promotion of any such body.

- (5) The provisions of Schedule 2 to this Act shall have effect with respect to the acquisition of land by the Corporation (and without prejudice to the generality of the said subsection (1) so far as they concern its acquisition by agreement).
- (6) The Corporation may with the consent of the Secretary of State promote Bills in Parliament, and may without any such consent oppose any Bill in Parliament.

Any reference in this subsection to a Bill in Parliament includes a reference to an order under the Private Legislation Procedure (Scotland) Act 1936.

- (7) The Corporation may, with the consent of the Secretary of State, enter into and carry out agreements with the Minister of the Crown for the time being discharging the functions expressed by the Overseas Aid Act 1966 to be conferred on the Minister of Overseas Development whereunder the Corporation act, at the expense of that Minister, as the instrument by means whereof technical assistance is furnished by him in exercise of the power conferred by section 1(1) of that Act; and the Corporation may, with the consent of both the Secretary of State and the said Minister of the Crown, enter into and carry out agreements whereunder the Corporation, for any purpose specified in the said section 1(1), furnish technical assistance in a country or territory outside the United Kingdom against reimbursement to them of the cost of furnishing that assistance.
- (8) For the avoidance of doubt it is hereby declared that the preceding provisions of this Act, so far as they confer powers on the Corporation, relate only to the capacity of the Corporation as a statutory corporation, and nothing in those provisions shall be construed as authorising the disregard by the Corporation of any enactment or rule of law.

7 General powers of Secretary of State to give directions to Corporation and obtain information

- (1) The Secretary of State may, after consultation with the Corporation, give to the Corporation directions of a general character as to the exercise and performance by the Corporation of their functions (including the exercise of rights conferred by the holding of interests in companies) in relation to matters which appear to him to affect the national interest, and the Corporation shall give effect to any such directions.
- (2) Without prejudice to the generality of subsection (1) above, the Secretary of State may, after consultation with the Corporation, direct the Corporation—
- (a) to discontinue any activity either wholly or to a specified extent, not to extend any activity or not to extend it beyond specified limits, to dispose of any part of their undertaking or of any assets held by them, or to call in any loan made by them, or
 - (b) to exercise their control over any wholly owned subsidiary of theirs so as to cause the subsidiary to discontinue any activity either wholly or to a specified extent, not to extend any activity or not to extend it beyond specified limits, to dispose of any part of its undertaking or of any assets held by it, or to call in any loan made by it,

and the Corporation shall give effect to any such direction :

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Provided that the Secretary of State shall not give any direction under this subsection unless he is satisfied that he will not thereby impede or prevent the proper discharge of the Corporation's duties.

- (3) A direction under subsection (2) above shall be given by statutory instrument, of which a draft shall be laid before Parliament.
- (4) The Corporation shall furnish the Secretary of State with such returns, accounts and other information as he may from time to time require with respect to their property and activities, or the property and activities of any of their subsidiaries, and shall afford to the Secretary of State facilities for the verification of information so furnished.

8 Reports by Corporation to Secretary of State

- (1) The Corporation shall make to the Secretary of State, as soon as possible after the end of each financial year and, if the Secretary of State so directs, in such form as is specified in the direction, a report on the exercise and performance by them of their functions during that year and on their policy and programmes.
- (2) Subject to subsection (3) below, the report of the Corporation for any year shall set out any direction given to them during that year under section 4(3), 7(1), 10(4), 15, 16 or 23 of this Act, or under subsection (1) of this section.
- (3) Subsection (2) above shall not apply to any direction in the case of which the Corporation are notified by the Secretary of State of his opinion that it is against the interests of national security for the direction to be included in a report.
- (4) The Secretary of State shall lay a copy of every report made to him under this section before each House of Parliament.

The consumers' bodies

9 The National Gas Consumers' Council and the Regional Gas Consumers' Councils

- (1) As from the appointed day there shall be—
 - (a) a council to be known as the National Gas Consumers' Council, and
 - (b) other councils to be known as Regional Gas Consumers' Councils.
- (2) The National Gas Consumers' Council (hereafter referred to as "the National Council") shall consist of a chairman appointed by the Secretary of State, and not more than thirty other members made up of—
 - (a) the chairmen for the time being of the Regional Gas Consumers' Councils or, if one of those chairmen is appointed chairman of the National Council, the remainder of them, and
 - (b) such other persons as the Secretary of State may from time to time appoint after consultation with such bodies as he thinks fit.
- (3) The Regional Gas Consumers' Councils (hereafter referred to as "the Regional Councils") shall exist for particular areas of Great Britain, and those areas—
 - (a) subject to any variations which the Secretary of State may think fit to direct, shall in the first instance be the areas immediately before the appointed day of the Area Boards, and

- (b) may be varied from time to time thereafter by directions given by the Secretary of State after consultation with the National Council and every Regional Council to be affected by the variation.

The Secretary of State shall so exercise his powers under this subsection as to secure that there is no part of Great Britain which is not within the area of a Regional Council and that the area of every Regional Council consists of, or lies exclusively within, England or Scotland or Wales (including Monmouthshire).

- (4) Subject to subsection (5) below, a Regional Council shall consist of a chairman appointed by the Secretary of State, and not less than twenty nor more than thirty other members so appointed of whom—
 - (a) not less than two-fifths and not more than three-fifths shall be appointed from a panel of persons nominated from amongst members of local authorities in the area of the Council by such associations as appear to the Secretary of State to represent those authorities, and
 - (b) the remainder shall be appointed, after consultation with such bodies as the Secretary of State thinks fit, to represent commerce, industry, labour and the general interests of consumers of gas and other persons or organisations interested in the development of gas in that area.
- (5) Where a Regional Council is to exist as from the appointed day for the area of one of the Area Boards, the members immediately before that day of the Gas Consultative Council established for that area under section 9 of the Gas Act 1948 shall, unless the Secretary of State otherwise directs, become on that day the members of the Regional Council, and the chairman of the former chairman of the latter, and shall, subject to regulations made by virtue of section 12 below, hold office until the expiry of their original terms of appointment.

10 Functions of National and Regional Councils

- (1) The National Council shall be charged with the duties—
 - (a) of considering any matter affecting the interests of consumers of gas generally or any class or description of consumers of gas (and, in particular, any matter relating to the supply of gas, including the variation of tariffs, or to the supply of gas fittings or the provision of other services and facilities), being a matter which is the subject of a report or representation made to them by a Regional Council under subsection (5) or (6) below, or which appears to them to be a matter to which consideration ought to be given apart from any such report or representation,
 - (b) where action appears to them to be requisite as to any such matter, of notifying their conclusions to the Corporation,
 - (c) of considering, and reporting to the Corporation on, any such matter which may be referred to them by the Corporation, and
 - (d) of considering, and reporting to the Secretary of State on, any such matter which may be referred to them by the Secretary of State.
- (2) The National Council shall be informed by the Corporation of the Corporation's general plans and arrangements for exercising and performing their functions in relation to the supply of gas, and in particular of any proposal on the part of the Corporation to vary a tariff, shall consider any plans, arrangements or proposal of which they are informed, and may make representations to the Corporation with respect thereto.

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- (3) The Corporation shall consider any conclusions, reports or representations notified or made to them under the preceding provisions of this section, and the National Council may, after consultation with the Corporation, make representations to the Secretary of State on matters arising thereout.
- (4) The Secretary of State may, after consultation with the Corporation, give to the Corporation such directions as he thinks fit with respect to matters arising out of representations made by the National Council under subsection (3) above, and shall send a copy of any such directions to the National Council; and it shall be the duty of the Corporation to comply with the directions.
- (5) A Regional Council shall be charged with the duties—
 - (a) of considering any matter affecting the interests of consumers of gas in their area (and, in particular, any matter relating to the supply of gas, including the variation of tariffs, or to the supply of gas fittings or the provision of other services and facilities), being a matter which is the subject of a representation made to them by one or more consumers in their area or which appears to them to be a matter to which consideration ought to be given apart from any such representation,
 - (b) where action appears to them to be requisite as to any such matter, of notifying their conclusions to the Corporation,
 - (c) of considering, and reporting to the Corporation on, any such matter which may be referred to them by the Corporation, and
 - (d) of considering, and reporting to the National Council on, any such matter which may be referred to them by that Council.
- (6) A Regional Council may make representations to the National Council with respect to any matter considered by them pursuant to subsection (5)(a) above.
- (7) The Corporation shall consider any conclusions or reports notified or made to them under subsection (5)(b) or (5)(c) above.
- (8) References in the preceding provisions of this section to consumers of gas include references to prospective consumers.

11 Local representatives of Regional Councils

- (1) It shall be the duty of every Regional Council to appoint in accordance with a scheme under this section committees or individuals to be local representatives of the Council in such localities as are specified in the scheme; and it shall be the duty of a committee or individual representing the Council in any locality—
 - (a) to consider the particular requirements and circumstances of that locality with respect to the supply of gas and gas fittings and the provision of other services and facilities, and to make representations to the Council thereon, and
 - (b) to be available for receiving on behalf of the Council representations from consumers or prospective consumers of gas in the locality.
- (2) A member of a Regional Council shall be eligible for appointment under such a scheme, either as a member of a committee or as an individual, but membership of a Regional Council shall not be a necessary qualification for appointment.
- (3) A scheme under this section—

- (a) shall be prepared by the Regional Council, and shall come into force on being approved by the National Council and, so far as it fixes the number of local representatives to be appointed, how many of them are to be committees and how many individuals, and the size of any committee, by the Secretary of State;
 - (b) may be varied from time to time by the Regional Council with the approval of the National Council and, if the variation affects the number of local representatives, how many of them are to be committees and how many individuals, or the size of any committee, by the Secretary of State.
- (4) Each of the Regional Councils shall submit a scheme under this section to the National Council within the period of twelve months beginning with the appointed day.
- (5) Any committee or individual acting immediately before the appointed day as the local representative in any locality of a Gas Consultative Council established under section 9 of the Gas Act 1948 shall become on that day the local representative in that locality of the Regional Council in whose area the locality is (or, if the locality is in the areas of two or more Regional Councils, the local representative of each of those Councils in that part of the locality which is in their area) and shall have as such the duties specified in subsection (1) above.
- (6) A person holding office as a member of a committee or a local representative by virtue of subsection (5) above shall, subject to the terms of his appointment by the Gas Consultative Council, do so until the putting into effect of the Regional Council's scheme in the locality or part in question; and if such a person ceases to hold office before the Regional Council's scheme is so put into effect, the Regional Council may from time to time fill the office either by re-appointing him or by appointing some other person in accordance with the scheme of the Gas Consultative Council as in force immediately before the appointed day.

12 Supplementary provisions with respect to Councils etc.

The supplementary provisions contained in Schedule 3 to this Act shall have effect with respect to the National Council and the Regional Councils, the members of those Councils, and the local representatives of the Regional Councils.

13 Reports by Councils to Secretary of State

- (1) The National Council and each of the Regional Councils shall make to the Secretary of State, as soon as possible after the end of each financial year of the Corporation, a report on the exercise and performance by them of their functions during that year:
- Provided that, unless the Secretary of State otherwise directs, the first reports under this section shall not be required until after the end of the financial year following that in which the appointed day falls, and shall relate to the period from that day to the end of that year.
- (2) The Secretary of State shall lay a copy of every report made to him under this section before each House of Parliament.