Changes to legislation: Electricity Act 1989, Cross Heading: Consumer protection: standards of performance is up to date with all changes known to be in force on or before 26 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)



Electricity Act 1989

1989 CHAPTER 29

PART I

ELECTRICITY SUPPLY

Consumer protection: standards of performance

39 Electricity supply: performance in individual cases.

- [F1(1) The Authority may, with the consent of the Secretary of State, make regulations prescribing such standards of performance in connection with the activities of electricity suppliers, so far as affecting customers or potential customers of theirs, as in the Authority's opinion ought to be achieved in individual cases.]
 - (2) Regulations under this section may—
 - (a) prescribe circumstances in which [F2electricity suppliers] are to inform persons of their rights under this section [F3 or their rights under section 39A];
 - (b) prescribe such standards of Performance in relation to any duty arising under paragraph (a) above as, in the Director's opinion, ought to be achieved in all cases; and
 - (c) prescribe circumstances in which [F2electricity suppliers] are to be exempted from any requirements of the regulations or this section,

[^{F4}and, if the Authority is of the opinion that the differences are such that no electricity supplier would be unduly disadvantaged in competing with other electricity suppliers, may make different provision for different electricity suppliers.]

- (3) If [F5 an electricity supplier] fails to meet a prescribed standard, he shall make to any person who is affected by the failure and is of a prescribed description such compensation as may be determined by or under the regulations.
- (4) The making of compensation under this section in respect of any failure by [F5 an electricity supplier] to meet a prescribed standard shall not prejudice any other remedy which may be available in respect of the act or omission which constituted that failure.

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$^{F6}(5)$.																
^{F6} (5A).																
^{F6} (6).																

(7) In this section "prescribed" means prescribed by regulations under this section.

Textual Amendments

- F1 S. 39(1) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 para. 32(a); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F2 Words in s. 39(2)(a)(c) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 para. 32(c); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F3 Words in s. 39(2)(a) inserted (1.10.2001) by 2000 c. 27, s. 54(1)(a); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F4 Words in s. 39(2) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 para. 32(b); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- Words in s. 39(3)(4) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, **Sch.** 6 para. 32(d); S.I. 2001/1781, art. 2, **Sch.** (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F6** S. 39(5)(5A)(6) repealed (1.10.2001) by 2000 c. 27, ss. 54(1)(b), 108, **Sch. 8**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)

[F739A Standards of performance in individual cases: electricity distributors.

- (1) The Authority may with the consent of the Secretary of State make regulations prescribing such standards of performance in connection with the activities of electricity distributors, so far as affecting customers or potential customers of electricity suppliers, as in the Authority's opinion ought to be achieved in individual cases.
- (2) If an electricity distributor fails to meet a prescribed standard, he shall make to any person who is affected by the failure and is of a prescribed description such compensation as may be determined by or under the regulations.
- (3) The regulations may—
 - (a) prescribe circumstances in which electricity distributors are to inform customers or potential customers of electricity suppliers of their rights under this section;
 - (b) prescribe such standards of performance in relation to any duty arising under paragraph (a) as, in the Authority's opinion, ought to be achieved in all cases;
 - (c) make provision as to the manner in which compensation under this section is to be made;
 - (d) prescribe circumstances in which electricity distributors are to be exempted from any requirements of the regulations or this section; and
 - (e) if the Authority is of the opinion that the differences are such that no electricity distributor would be unduly disadvantaged in competing with other electricity

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distributors, make different provision with respect to different electricity distributors.

- (4) Provision made under subsection (3)(c) may—
 - (a) require or permit compensation to be made on behalf of electricity distributors by electricity suppliers to customers or potential customers; and
 - (b) require electricity suppliers to provide services to electricity distributors in connection with the making of compensation under this section.
- (5) The making of compensation under this section in respect of any failure to meet a prescribed standard shall not prejudice any other remedy which may be available in respect of the act or omission which constituted that failure.
- (6) In this section "prescribed" means prescribed by regulations under this section.]

Textual Amendments

F7 Ss. 39A, 39B inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 54(2); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

[F839B Standards of performance in individual cases: disputes.

- (1) Any dispute arising under section 39 or 39A or regulations made under either of those sections—
 - (a) may be referred to the Authority by either party or, with the agreement of either party, by the Council; and
 - (b) on such a reference, shall be determined by order made by the Authority or, if it thinks fit, by such person (other than the Council) as may be prescribed.
- (2) A person making an order under subsection (1) shall include in the order his reasons for reaching his decision with respect to the dispute.
- (3) The practice and procedure to be followed in connection with any such determination shall be such as may be prescribed.
- (4) An order under subsection (1) shall be final and shall be enforceable—
 - (a) in England and Wales, as if it were a judgment of a county court; and
 - (b) in Scotland, as if it were an extract registered decree arbitral bearing a warrant for execution issued by the sheriff.
- (5) In this section "prescribed" means prescribed by regulations made by the Authority with the consent of the Secretary of State.]

Textual Amendments

F8 Ss. 39A, 39B inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 54(2); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

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40 Electricity supply: overall performance.

- (1) The Director may, F9. . . from time to time—
 - (a) determine such standards of overall performance in connection with the provision of electricity supply services as, in his opinion, ought to be achieved by [F10 electricity] suppliers; and
 - (b) arrange for the publication, in such form and in such manner as he considers appropriate, of the standards so determined.

$^{\text{FII}}(1\text{A})$.																			
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- (2) Different standards may be determined under this section for different [F12 electricity suppliers] [F13 if the Authority is of the opinion that the differences are such that no electricity supplier would be unduly disadvantaged in competing with other electricity suppliers].
- [F14(3) It shall be the duty of every [F15electricity supplier]] to conduct his business in such a way as can reasonably be expected to lead to his achieving the standards set under this section.

Textual Amendments

- F9 Words in s. 40(1) repealed (1.7.1992) by Competition and Service (Utilities) Act 1992 (c. 43), ss. 20(2), 56(7), Sch. 2; Commencement Order No. 1 made on 29.5.1992, art. 3, Sch. Pt. I.
- F10 Words in s. 40(1)(a) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 Pt. II para. 33(a); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- **F11** S. 40(1A) repealed (1.10.2001) by 2000 c. 27, s. 108, **Sch. 8**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- F12 Words in s. 40(2) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 Pt. II para. 33(c); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F13 Words in s. 40(2) inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 Pt. II para. 33(b); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F14 S. 40(3) added (1.7.1992) by Competition and Service (Utilities) Act 1992 (c. 43), s. 24; Commencement Order No. 1 made on 29.5.1992, art. 3, Sch. Pt. I
- F15 Words in s. 40(3) substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 108, Sch. 6 Pt. II para. 33(d); S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

[F1640A Overall standards of performance: electricity distributors.

- (1) The Authority may from time to time—
 - (a) determine such standards of overall performance in connection with the activities of electricity distributors as, in its opinion, ought to be achieved by them; and
 - (b) arrange for the publication, in such form and in such manner as it considers appropriate, of the standards so determined.
- (2) Different standards may be determined for different electricity distributors if the Authority is of the opinion that the differences are such that no electricity distributor would be unduly disadvantaged in competing with other electricity distributors.

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(3) It shall be the duty of every electricity distributor to conduct his business in such a way as can reasonably be expected to lead to his achieving the standards set under this section.

Textual Amendments

F16 S. 40A inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 55; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

[F17 Procedures for prescribing or determining standards of performance.]

- F1740B
 (1) Before prescribing standards of performance in regulations under section 39 or 39A, or
 - arrange for such research as the Authority considers appropriate with a view to discovering the views of a representative sample of persons likely to be affected and consider the results;
 - publish a notice of its proposals in accordance with subsections (2) and (3) and consider any representations which are duly made in respect of those proposals; and
 - consult the Council and other persons or bodies mentioned in subsection (4).
 - (2) The notice required by subsection (1)(b) is a notice
 - stating that the Authority proposes to prescribe or determine standards of performance and setting out the standards of performance proposed;
 - stating the reasons why it proposes to prescribe or determine those standards of performance; and
 - specifying the time (not being less than 28 days from the date of publication of the notice) within which representations with respect to the proposals may
 - (3) A notice required by subsection (1)(b) shall be published in such manner as the Authority considers appropriate for the purpose of bringing it to the attention of those likely to be affected by the proposals.
 - (4) The persons or bodies to be consulted by the Authority under subsection (1)(c) are
 - electricity suppliers (in the case of standards of performance under section 39 or 40) or electricity distributors and electricity suppliers (in the case of standards of performance under section 39A or 40A); and
 - persons or bodies appearing to the Authority to be representative of persons likely to be affected by the regulations or determination.
 - (5) The Authority shall make arrangements for securing that notices under subsection (1) (b), regulations under section 39 or 39A and determinations under section 40 or 40A are made available to the public by whatever means it considers appropriate.]

Textual Amendments

S. 40A inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 55; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

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F17 S. 40B inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 56; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

41A Promotion of the efficient use by consumers of electricity.]

- (1) The Secretary of State may by order impose—
 - (a) on each electricity distributor (or each electricity distributor of a specified description); and
 - (b) on each electricity supplier (or each electricity supplier of a specified description),

an obligation to achieve, within a specified period and in accordance with the order, the energy efficiency target to be determined by the Authority under the order for that distributor or supplier (and that obligation is referred to in this section as an "energy efficiency obligation").

- (2) In this section "energy efficiency target" means a target for the promotion of improvements in energy efficiency, that is to say, efficiency in the use by consumers of electricity, gas conveyed through pipes or any other source of energy which is specified in the order.
- (3) An order under this section may specify criteria by reference to which the Authority is to determine energy efficiency targets for the electricity distributors or electricity suppliers on whom obligations are imposed by the order.
- (4) The Secretary of State and the Authority shall carry out their respective functions under this section in the manner he or it considers is best calculated to ensure that no electricity distributor is unduly disadvantaged in competing with other electricity distributors and no electricity supplier is unduly disadvantaged in competing with other electricity suppliers.
- (5) The order may make provision generally in relation to the energy efficiency obligations which it imposes, including in particular provision—
 - (a) as to the treatment of persons who become electricity distributors or electricity suppliers after the beginning of the period to which the order relates;
 - (b) as to the action which qualifies for the purpose of meeting the whole or any part of an energy efficiency target;
 - (c) as to the method by which improvements in energy efficiency attributable to any qualifying action are to be assessed;
 - (d) requiring distributors and suppliers to give to the Authority specified information, or information of a specified nature, about their proposals for complying with their energy efficiency obligations;
 - (e) requiring the Authority to determine—
 - (i) whether any proposed action qualifies for the purpose of achieving the whole or any part of a person's energy efficiency target; and
 - (ii) if so, what improvement in energy efficiency is to be attributed for that purpose to the proposed action or to any result of that action specified in the determination; and
 - (f) requiring distributors or suppliers to produce to the Authority evidence of a specified kind demonstrating that they have complied with their energy efficiency obligations.

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- (6) The order may make provision authorising the Authority to require a distributor or supplier to provide it with specified information, or information of a specified nature, relating to—
 - (a) his proposals for complying with his energy efficiency obligation; or
 - (b) the question whether he has complied with that obligation.
- (7) The order may make provision as to circumstances in which—
 - (a) a person's energy efficiency target may be altered during the period to which the order relates;
 - (b) the whole or any part of a person's energy efficiency target may be treated as having been achieved by action taken otherwise than by or on behalf of that person;
 - (c) any action taken before the period to which the order relates may be treated as qualifying action taken during that period;
 - (d) the whole or any part of a person's energy efficiency target may be transferred to another electricity distributor or electricity supplier or to a gas transporter or gas supplier (within the meaning of Part I of the MIGas Act 1986); or
 - (e) a person may carry forward the whole or any part of his energy efficiency target for the period to which the order relates to a subsequent period.
- (8) The order may—
 - (a) provide for exceptions from any requirement of the order;
 - (b) provide that any specified requirement contained in it is to be treated as a relevant requirement for the purposes of this Part;
 - (c) make supplementary, incidental and transitional provision; and
 - (d) subject to subsection (4), make different provision for different cases (including different provision in relation to different distributors or suppliers).
- (9) The order may include provision for treating the promotion of the supply to premises of—
 - (a) electricity generated by a generating station which is operated for the purposes of producing heat, or a cooling effect, in association with electricity;
 - (b) heat produced in association with electricity or steam produced from (or air or water heated by) such heat;
 - (c) any gas or liquid subjected to a cooling effect produced in association with electricity,

as promotion of energy efficiency.

- (10) No person shall be required by virtue of this section to provide any information which he could not be compelled to give in evidence in civil proceedings in the High Court or, in Scotland, the Court of Session.
- (11) Before making an order under this section the Secretary of State shall consult the Authority, the Council, electricity distributors and electricity suppliers and such other persons as he considers appropriate.
- (12) An order under this section shall not be made unless a draft of the instrument containing it has been laid before, and approved by a resolution of, each House of Parliament.

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Textual Amendments F16 S. 40A inserted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 55; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20) Modifications etc. (not altering text) C1 S. 41A(2) modified (15.12.2001) by S.I. 2001/4011, art. 5 Marginal Citations M1 1986 c. 44.

42 Information with respect to levels of performance.

- (1) The Director shall from time to time collect information with respect to—
 - (a) the compensation made by [F18 electricity suppliers] under section 39 above;
 - (b) the levels of overall performance achieved by such suppliers in connection with the provision of electricity supply services; ^{F19}...
 - (c)

[F20(1A) The Authority shall from time to time collect information with respect to—

- (a) the compensation made by electricity distributors under section 39A above;
- (b) the levels of overall performance achieved by electricity distributors.]
- (2) [F21 At such times] as may be specified in a direction given by the Director, each [F22 electricity supplier] shall furnish to the Director the following information, namely—
 - (a) as repects each standard prescribed by regulations under section 39 above, the number of cases in which compensation was made and the aggregate amount or value of that compensation; and
 - (b) as repects each standard determined under section 40 F23..., such information with respect to the level of performance achieved by the supplier as may be so specified.
- [F24(2A) At such times as may be specified in a direction given by the Authority, each electricity distributor shall furnish to the Authority the following information, namely—
 - (a) as respects each standard prescribed by regulations under section 39A, the number of cases in which compensation was made and the aggregate amount or value of that compensation; and
 - (b) as respects each standard determined under section 40A, such information with respect to the level of performance achieved by the distributor as may be so specified.]

(3)																
$^{25}(4)$																
625(5)																

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Textual Amendments

- **F18** Words in s. 42(1)(a) substituted (1.10.2001) by 2000 c. 27, s. 108, **Sch. 6 Pt. II para. 34(a)**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F19** S. 42(1)(c) and the word "and" immediately preceding it repealed (1.10.2001) by 2000 c. 27, ss. 57(2), 108, **Sch. 8**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F20** S. 42(1A) inserted (1.10.2001) by 2000 c. 27, **s. 57(3**); S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F21** Words in s. 42(2) substituted (1.10.2001) by 2000 c. 27, s. 57(4); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- **F22** Words in s. 42(2) substituted (1.10.2001) by 2000 c. 27, s. 108, **Sch. 6 Pt. II para. 34(b)**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F23** Words in s. 42(2)(b) repealed (1.10.2001) by 2000 c. 27, ss. 57(4), 108, **Sch. 8**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F24** S. 42(2A) inserted (1.10.2001) by 2000 c. 27, **s. 57(5)**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)
- **F25** S. 42(4)(5) repealed (1.10.2001) by 2000 c. 27, ss. 20(7), 108, **Sch. 8**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)

Modifications etc. (not altering text)

C2 S. 42: functions transferred to Scottish Ministers (S.) (14.12.2000) by virtue of S.I. 2000/3253, arts. 1(1), 2, Sch. (with art. 6)

[F2642A Information to be given to customers about overall performance.

- (1) The Authority may make regulations requiring such information as may be specified or described in the regulations about—
 - (a) the standards of overall performance determined under section 40 or 40A; and
 - (b) the levels of performance achieved as respects those standards,

to be given by electricity suppliers or electricity distributors to customers or potential customers of electricity suppliers.

- (2) Regulations under this section may include provision—
 - (a) specifying the form and manner in which and the frequency with which information is to be given; and
 - (b) requiring information about the matters mentioned in subsection (1)(a) or (b) and relating to electricity distributors to be given by electricity distributors to electricity suppliers and by electricity suppliers to their customers or potential customers.]

Textual Amendments

F26 S. 42A substituted (16.5.2001 for certain purposes and otherwise 1.10.2001) by 2000 c. 27, s. 58; S.I. 2001/1781, art. 2, Sch. (subject to transitional provisions in arts. 3-10); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

Modifications etc. (not altering text)

C3 S. 42A continued (with modifications) (1.10.2001) by S.I. 2001/3266, arts. 1(2), 9(1)

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[F2742AAPublication of statistical information about standards of performance.

- (1) It shall be the duty of the Council to publish, in such form and manner and with such frequency as it thinks appropriate, such statistical information as it considers appropriate relating to—
 - (a) the levels of performance achieved by electricity suppliers and electricity distributors in respect of—
 - (i) standards of performance prescribed or determined under sections 39, 39A, 40 and 40A; and
 - (ii) energy efficiency obligations imposed by order under section 41A;
 - (b) complaints made by consumers about any matter relating to the activities of such suppliers or distributors and the handling of such complaints.
- (2) In subsection (1)(b) "complaints" includes complaints made directly to electricity suppliers and electricity distributors (or anyone carrying on activities on their behalf) and complaints to the Authority or the Council.

Textual Amendments

F27 S. 42AA inserted (7.11.2000 for specified purposes and otherwise 1.10.2001) by 2000 c. 27, s. 20(6); S.I. 2000/2974, art. 2, Sch. (subject to transitional provisions in arts. 3-12); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)

[F28F2942Procedures for dealing with complaints.]

- (1) Each public electricity supplier shall establish a procedure for dealing with complaints made by his customers or potential customers in connection with the provision of electricity supply services.
- (2) No such procedure shall be established, and no modification of such a procedure shall be made, unless—
 - F30(a)
 - (b) the proposed procedure or modification has been approved by the Director.
- (3) The supplier shall—
 - (a) publicise the procedure in such manner as may be approved by the Director; and
 - (b) send a description of the procedure, free of charge, to any person who asks for one.
- (4) The Director may give a direction to any public electricity supplier requiring the supplier to review his procedure or the manner in which it operates.
- (5) A direction under subsection (4) above—
 - (a) may specify the manner in which the review is to be conducted; and
 - (b) shall require a written report of the review to be made to the Director.
- (6) Where the Director receives a report under subsection (5)(b) above, he may, after consulting the supplier, direct him to make such modifications of—
 - (a) the procedure; or
 - (b) the manner in which the procedure operates,

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as may be specified in the direction.

(7) Subsection (2) above does not apply to any modification made in compliance with a direction under subsection (6) above.]

Textual Amendments

- F27 S. 42AA inserted (7.11.2000 for specified purposes and otherwise 1.10.2001) by 2000 c. 27, s. 20(6); S.I. 2000/2974, art. 2, Sch. (subject to transitional provisions in arts. 3-12); S.I. 2001/3266, art. 2, Sch. (subject to transitional provisions in arts. 3-20)
- F28 S. 42B ceased to have effect (7.11.2000) by virtue of 2000 c. 27, s. 108, Sch. 6 Pt. II para. 35; S.I. 2000/2974, art. 2, Sch. (subject to transitional provisions in arts. 3-12)
- F29 S. 42B inserted (1.7.1992) by Competition and Service (Utilities) Act 1992 (c. 43), s. 22; Commencement Order No. 1 made on 29.5.1992, art. 3, Sch. Pt. I
- **F30** S. 42B(2)(a) repealed (7.11.2000) by 2000 c. 27, s. 108, **Sch. 8**; S.I. 2000/2974, art. 2, **Sch.** (subject to transitional provisions in arts. 3-12)

[F3142C] Remuneration and service standards.

- (1) This section applies to any company which is authorised by a licence to carry on activities subject to price regulation.
- (2) As soon as reasonably practicable after the end of each financial year of the company it must make a statement to the Authority—
 - (a) disclosing whether or not remuneration has been paid or become due during that financial year to the directors of the company as a result of arrangements falling within subsection (3); and
 - (b) where such remuneration has been paid or become due, describing the arrangements and the remuneration.
- (3) Arrangements fall within this subsection if they are arrangements for linking the remuneration of the directors of the company to levels of performance as respects service standards in connection with activities subject to price regulation.
- (4) A description under subsection (2)(b) must include in particular—
 - (a) a statement of when the arrangements were made;
 - (b) a description of the service standards in question;
 - (c) an explanation of the means by which the levels of performance as respects those service standards are assessed; and
 - (d) an explanation of how the remuneration was calculated.
- (5) The statement required by subsection (2) must also state—
 - (a) whether or not there are in force in respect of the financial year during which the statement is made arrangements falling within subsection (3); or
 - (b) if not, whether the company intends that such arrangements will be in force at some time during that financial year,

and if there are, or it is intended that there will be, such arrangements in force the statement must describe those arrangements.

- (6) A description under subsection (5) must—
 - (a) include in particular the matters listed in subsection (4)(a), (b) and (c); and

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- (b) where the arrangements described are different from any arrangements described under subsection (2)(b), state the likely effect of those differences on the remuneration of each director of the company.
- (7) The statement required by subsection (2) must be made to the Authority in such manner as may be required by the Authority.
- (8) The statement required by subsection (2)—
 - (a) must be published by the company making the statement in such manner as it reasonably considers will secure adequate publicity for it; and
 - (b) may be published by the Authority in such manner as it may consider appropriate.
- (9) The duty of a company under this section applies in respect of any person who has at any time been a director of the company.
- (10) In this section—

"activities subject to price regulation", in relation to any company, are activities for which—

- (a) a maximum price which may be charged by the company, or a method for calculating such a maximum price; or
- (b) a maximum revenue which may be received by the company, or a method for calculating such a maximum revenue,

is determined by or under the licence granted under this Part;

"company" means a company within the meaning of the M2Companies Act 1985 which is limited by shares;

"remuneration" in relation to a director of a company—

- (a) means any form of payment, consideration or other benefit (including pension benefit), paid or due to or in respect of the director; and
- (b) includes remuneration in respect of any of his services while a director of the company;

"service standards" in relation to any company, means standards relating to the quality of service received by customers or potential customers of the company, including any such standards which are—

- (a) set by or under any conditions included in a licence granted under this Part:
- (b) prescribed by the Authority in regulations made under section 39 or 39A;
- (c) determined by the Authority under section 40 or 40A; or
- (d) set or agreed to by the company.]

Textual Amendments

F31 S. 42C inserted (1.10.2001) by 2000 c. 27, **s. 61**; S.I. 2001/3266, art. 2, **Sch.** (subject to transitional provisions in arts. 3-20)

Marginal Citations

M2 1985 c. 6.

Status:

Point in time view as at 01/10/2001.

Changes to legislation:

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