



# Energy Act 2011

## 2011 CHAPTER 16

### PART 2

#### SECURITY OF ENERGY SUPPLIES

### CHAPTER 1

#### ELECTRICITY SUPPLY

#### **79 Annual report by Gas and Electricity Markets Authority on security of electricity supply**

Before section 47 of the Electricity Act 1989 (and after the cross-heading immediately preceding that section) insert—

#### **“47ZA Annual report by Authority on security of electricity supply**

- (1) The Authority must, before 1 September 2012, and before that date in every subsequent calendar year—
  - (a) prepare a report on the future demand for, and supply of, electricity in Great Britain, in accordance with subsection (2), and
  - (b) send the report to the Secretary of State.
- (2) A report under subsection (1) must include, as regards each forecast period—
  - (a) a forecast of the peak demand for the supply of electricity to consumers in Great Britain;
  - (b) an assessment of different possible capacity margins for that supply, and of the degree of protection that each would provide against the risk of shortfalls in supply due to unexpected demand or unexpected loss of capacity.
- (3) The forecast periods in relation to a report under subsection (1) are—

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*Status: This is the original version (as it was originally enacted).*

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- (a) each of the four calendar years immediately following the year of the report; or
  - (b) any other periods that the Secretary of State specifies by order.
- (4) A forecast by virtue of subsection (2)(a) must be expressed as a single figure in megawatts rounded to the nearest 100 megawatts, unless the Secretary of State directs otherwise.
- (5) An assessment by virtue of subsection (2)(b) must take into account, in particular—
  - (a) the generation of electricity;
  - (b) the operation of electricity interconnectors;
  - (c) the storage of electricity;
  - (d) the extent to which the available capacity of a generating station is likely to be lower than its maximum possible capacity due to routine maintenance, weather conditions or any other expected limitation on its operation;
  - (e) demand side response.
- (6) A forecast or assessment by virtue of subsection (2) may to any extent be made by, or based on information provided by—
  - (a) the holder of a transmission licence;
  - (b) any other person.
- (7) The Secretary of State may give the Authority directions regarding—
  - (a) the form of a report under subsection (1);
  - (b) the manner in which such a report must be prepared or sent;
  - (c) the manner in which a forecast or assessment by virtue of subsection (2) must be made or expressed (including, in particular, the method of calculation of any of the things mentioned in subsection (2)(a) or (b)).
- (8) In this section—
  - “capacity margin” means the amount by which the peak demand for the supply of electricity is exceeded by the capacity likely to be available to meet that demand;
  - “consumers” includes both existing and future consumers;
  - “demand side response” means the cessation of, or a reduction in, the provision of electricity to a person at times of high demand, by agreement with the person.”

## **80      Annual report by Secretary of State on security of energy supplies**

- (1) Section 172 of the Energy Act 2004 (annual report by Secretary of State on security of energy supplies) is amended as follows.
- (2) After subsection (2) insert—
  - “(2A) In 2012 and in every subsequent calendar year the report must also include, in particular, as regards each of the assessment periods, an assessment by the Secretary of State of what electricity supply capacity is required.
  - (2B) For the purposes of subsection (2A) the electricity supply capacity required is the capacity required for the purpose of meeting the demands of consumers

for the supply of electricity in Great Britain, including spare capacity to allow for unexpected demands or unexpected loss of capacity.

- (2C) The assessment periods, in relation to a report under subsection (1), are—
- (a) each of the four calendar years immediately following the year of the report; or
  - (b) any other periods that the Secretary of State specifies by order.
- (2D) An assessment by virtue of subsection (2A) must take into account, in particular—
- (a) the generation of electricity;
  - (b) the operation of electricity interconnectors;
  - (c) the storage of electricity;
  - (d) the extent to which the available capacity of a generating station is likely to be lower than its maximum possible capacity due to routine maintenance, weather conditions or any other expected limitation on its operation;
  - (e) demand side response.”
- (3) In subsection (3), after “report” insert “, other than the assessment by virtue of subsection (2A),”.
- (4) After subsection (3) insert—
- “(3A) An order under this section is subject to the negative resolution procedure.”
- (5) In subsection (4)—
- (a) after the definition of “consumers” insert—  
““demand side response” means the cessation of, or a reduction in, the provision of electricity to a person at times of high demand, by agreement with the person;”;
  - (b) after “distribution system,” insert ““electricity interconnector”, “generating station”, “generation”, “supply,””.