

(1) The UK Electricity Act (1989)

Notebook: OU Artifacts (Draft)

Created: 07/04/2015 22:22

Updated: 18/05/2015 16:51

Author: christian hunt

Taas: british nuclear fuels limited. national grid. national power. nigel lawson. powergen. scottish...

http://www.legislation.gov.uk/ukpga/1989/29/pdfs/ukpga_19890029_en.pdf

Accessed: 7th April 2015

[432 words]

The UK's [1989 Electricity Act](#) created the legal framework for privatising the electricity supply industry, a vision that had been articulated in the 1988 white paper [Privatising Electricity](#). The act allowed the establishment of new electricity companies, required to "develop and maintain an efficient, co-ordinated and economical system of electricity supply [and] transmission", and "to facilitate competition in the supply and generation of electricity."

The UK had seen a wave of privatisations over the previous decade, with energy giant BP privatised in 1979, and privatisation championed by Conservative politician Nigel Lawson - first in his role as Secretary of State for Energy and later as Chancellor. In [a 1982 speech](#), Lawson had laid out his vision for the energy sector: Government's role was "to set a framework which will ensure that the market operates with a minimum of distortion and energy is produced and consumed efficiently." The government argued that competition would lead to greater economic efficiency and lower prices for consumers - the white paper [stating](#) the aim was to "create downward pressures on costs and prices, and ensure that the customer comes first".

Until privatisation, electricity supply in England and Wales was the responsibility of the Central Electricity Generating Board (CEGB), a state-owned regulator that generated power and managed the grid, supplying electricity to a series of area boards that in turn provided power to consumers. The Electricity Act enabled this system to be radically changed, with electricity generation and supply sold off into private ownership.

The white paper suggested splitting the CEGB into two competing generating companies, establishing a limited form of competition while retaining institutions large enough to manage a nuclear power programme. However, the challenge of dealing with the UK's expensive and ageing nuclear power plants forced a rethink that would keep nuclear generation in state hands.

In 1991 the CEGB was split into three generating companies - PowerGen, National Power and the state-owned Nuclear Electric, which took responsibility for the UK's nuclear power plants. The separate National Grid Company was created to take on the running of the electricity grid, and three further companies were created to manage electricity generation in Scotland - Scottish Power and Scottish Hydroelectric, and the state-run Scottish Nuclear. British Nuclear Fuels Limited (BNFL) was established to deal with nuclear fuel and decommissioning. Local area boards were sold off, becoming local electricity supply companies. In 1980 the state had owned the electricity, gas, coal and nuclear industries, as well as having a major investment in the oil industry. Twenty years later it retained just the nuclear holdings that were too unattractive for private companies to want.

Nuclear Electric and Scottish Nuclear remained state owned until 1996 when their newer generating capacity was privatised as Nuclear Energy, while older Magnox nuclear power plants were transferred to BNFL, which remained state owned until it was abolished in 2010.

[EXTRACT]

PART II

REORGANISATION OF THE INDUSTRY

Transfers to successor companies

65.—(1) On such day as the Secretary of State may by order appoint for the purposes of this subsection and subsection (5) of section 66 below (in this Part referred to, in relation to any transfer effected by either subsection, as “the transfer date”), all property, rights and liabilities to which each Area Board is entitled or subject immediately before that date shall become by virtue of this subsection property, rights and liabilities of a company which, in relation to that Board, is nominated for the purposes of this subsection by the Secretary of State.

(2) Subject to subsection (3) below, the Secretary of State may, after consulting the Area Board concerned, by order nominate for the purposes of subsection (1) above any company formed and registered under the Companies Act 1985.

(3) On the transfer date each company so nominated must be a company limited by shares which is wholly owned by the Crown.

(4) The Secretary of State shall not exercise any power conferred on him by this section or sections 66 to 69 below except with the consent of the Treasury.

(5) In this Part “supply company” means a company nominated for the purposes of subsection (1) above.

...

General duties of license holders

9.—(1) It shall be the duty of a public electricity supplier to develop and maintain an efficient, co-ordinated and economical system of electricity supply.

(2) It shall be the duty of the holder of a licence authorising him to transmit electricity—

(a) to develop and maintain an efficient, co-ordinated and economical system of electricity transmission; and

(b) subject to subsection (3) below, to facilitate competition in the supply and generation of electricity.

(3) Subsection (2)(b) above shall apply in Scotland in relation to a person who is also the holder of a licence authorising him to supply or generate electricity as if the duty to facilitate competition in the supply or, as the case may be, the generation of electricity were a duty to make his transmission system available to his competitors on terms which neither prevent nor restrict such competition.

(4) For the purposes of subsection (3) above a person’s competitors are any other persons authorised (whether by a licence or exemption) to supply or, as the case may be, generate electricity.

[/EXTRACT]

PART II
REORGANISATION OF THE INDUSTRY
Transfers to successor companies

Transfer of
property etc. of
Area Boards.

65.—(1) On such day as the Secretary of State may by order appoint for the purposes of this subsection and subsection (5) of section 66 below (in this Part referred to, in relation to any transfer effected by either subsection, as "the transfer date"), all property, rights and liabilities to which each Area Board is entitled or subject immediately before that date shall become by virtue of this subsection property, rights and liabilities of a company which, in relation to that Board, is nominated for the purposes of this subsection by the Secretary of State.

1985 c. 6.

(2) Subject to subsection (3) below, the Secretary of State may, after consulting the Area Board concerned, by order nominate for the purposes of subsection (1) above any company formed and registered under the Companies Act 1985.

(3) On the transfer date each company so nominated must be a company limited by shares which is wholly owned by the Crown.

(4) The Secretary of State shall not exercise any power conferred on him by this section or sections 66 to 69 below except with the consent of the Treasury.

(5) In this Part "supply company" means a company nominated for the purposes of subsection (1) above.

General duties
of licence
holders.

9.—(1) It shall be the duty of a public electricity supplier to develop and maintain an efficient, co-ordinated and economical system of electricity supply.

(2) It shall be the duty of the holder of a licence authorising him to transmit electricity—

- (a) to develop and maintain an efficient, co-ordinated and economical system of electricity transmission; and
- (b) subject to subsection (3) below, to facilitate competition in the supply and generation of electricity.

(3) Subsection (2)(b) above shall apply in Scotland in relation to a person who is also the holder of a licence authorising him to supply or generate electricity as if the duty to facilitate competition in the supply or, as the case may be, the generation of electricity were a duty to make his transmission system available to his competitors on terms which neither prevent nor restrict such competition.

(4) For the purposes of subsection (3) above a person's competitors are any other persons authorised (whether by a licence or exemption) to supply or, as the case may be, generate electricity.

[/EXTRACT]



Electricity Act 1989

CHAPTER 29

Published by The Stationery Office Limited

and available from:

The Stationery Office
120, Kingsway, London WC2B 6PL
PO Box 28, Norwich NR3 1XZ
General enquiries 0870 330 3321
Order through the Parliamentary Helpline Local 0845 7 028474
Fax 0200 8870 880
Email book.orders@stationeryoffice.gov.uk
Website <http://www.stationeryoffice.gov.uk>

The Stationery Office Bookshops
120 Kingsway, London WC2B 6PL
020 7542 8939 Fax 020 7542 9394
69-89 Mark Street, Bournemouth BH4 0AG
01202 306 899 Fax 01202 306 899
50 Abbe Street, Bristol BS1 3BQ
0117 3256900 Fax 0117 3256910
9-21 Princess Street, Manchester M60 8AS
0161 828 7000 Fax 0161 828 7004
18 Ainslie Street, Belfast BT1 1JZ
028 9020 8445 Fax 028 9020 8449
The Stationery Office Bookshop
18-19 High Street, Cardiff CF1 1SL
0303 2008 0844 Fax 0303 2008 0417
71 Leaman Road, Edinburgh EH4 5AZ
01876 508 0000 Fax 01876 508 0000

The Parliamentary Bookshop
12 Bridge Street, Parliament Square
London SW1A 2JX
Telephone orders 020 7219 3880
Sales and enquiries 020 7219 3890
Fax orders 020 7219 3880

Approved Agents

(See Yellow Pages)
and through good bookshops



First Published 1989
Reprinted 2000