

# ENERGY ACT 2011

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 2: Security of Energy Supplies**

##### *Chapter 1: Electricity Supply*

##### *Section 79: Annual Report by Gas and Electricity Markets Authority on security of electricity supply*

201. This section imposes a requirement for GEMA to report annually to the Secretary of State with its assessment of how much capacity GB will need in the future. The total capacity need is that which can meet peak demand while still maintaining an appropriate margin of spare supply to cope with unexpected events.
202. *Subsection (1)* requires GEMA to prepare a report in accordance with subsection (2) before 1 September 2012, and before that date in any subsequent calendar year; and to send that report to the Secretary of State.
203. *Subsection (2)* requires GEMA to forecast peak demand for the supply of electricity, and to provide a range of assessments of the capacity margin needed for that supply.
204. *Subsection (3)* states the report must cover the position for each of the four years following publication of the report, but also enables the Secretary of State to specify different reporting periods by order.
205. *Subsection (5)* sets out variables the assessment must take into account, including the generation of electricity, operation of interconnectors, storage of electricity, and extent to which available capacity may be lower than maximum capacity. *Subsection (6)* allows the assessment to be made based on information provided by someone with existing expertise, including the holder of a transmission licence or any other person.
206. *Subsection (7)* permits the Secretary of State to give GEMA directions regarding the form of the report and the manner in which it must be expressed or sent.
207. *Subsection (8)* contains definitions for the purposes of this section.