



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 5

ELECTRICITY GENERATOR LEVY

Introduction and charge

279 Charge on exceptional generation receipts

- (1) If a qualifying generating undertaking has exceptional generation receipts for a qualifying period, that undertaking is liable to pay a charge equal to 45% of those exceptional receipts.
- (2) The charge is referred to in [this Part](#) as the “electricity generator levy”.
- (3) A generating undertaking is “qualifying” in a qualifying period if generation attributed to it under [this Part](#) (see [section 282](#), but also [sections 294](#) to [297](#)) for that period exceeds the levy threshold.
- (4) The levy threshold for a qualifying period is—
 - (a) where the period is a year, 50,000 megawatt hours, or
 - (b) where the period is shorter than a year, that number of megawatt hours multiplied by the amount given by dividing the number of days in the period by 365.
- (5) To determine if a generating undertaking has exceptional generation receipts for a qualifying period and (if so) the amount of those receipts, take the following steps—

Step 1 (attribute generation receipts)

Determine the amount of generation receipts to be attributed to the undertaking for the period in accordance with [section 283](#).

Step 2 (determine the maximum amount of receipts that would not be exceptional)

Multiply the amount of electricity generation (expressed in megawatt hours) attributed to the undertaking for the period (see [section 282](#)) by the benchmark amount (see [section 281](#)).

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Step 3 (determine whether undertaking has receipts that exceed that amount)

Subtract the result of Step 2 from the amount determined under Step 1.

If the result of this Step is nil or less, the undertaking does not have any exceptional generation receipts (otherwise, carry on to Step 4).

Step 4 (subtract allowable costs)

Determine the amount of allowable costs (if any) to be attributed to the undertaking for the period (see [section 284](#)) and subtract that amount from the result of Step 3.

If the result of this Step is nil or less, the undertaking does not have any exceptional generation receipts (otherwise, carry on to Step 5).

Step 5 (apply revenue allowance)

Subtract the revenue allowance for the period from the result of Step 4.

Step 6 (result of Step 5 is amount of exceptional generation receipts unless negative)

If the result of Step 5 is nil or less, the undertaking does not have any exceptional generation receipts.

Otherwise, the amount of exceptional generation receipts the undertaking has for the period is the result of Step 5.

- (6) For the purposes of Step 5, the revenue allowance for a generating undertaking for a qualifying period is—
- (a) where the period is a year, £10 million, or
 - (b) where the period is shorter than a year, £10 million multiplied by the amount given by dividing the number of days in the period by 365.
- (7) Other provisions in [this Part](#) may affect the determination of exceptional generation receipts, including—
- (a) [section 293](#), which contains provision attributing amounts from a joint venture to its participants,
 - (b) [sections 294](#) and [295](#), which contain provision that attributes generation to participants in a joint venture in certain circumstances,
 - (c) [sections 296](#) and [297](#), which contain provision that attributes generation to significant minority shareholders in a generating undertaking in certain circumstances, and
 - (d) [section 308](#), which contains anti-avoidance provision.

280 Key concepts (generating undertaking etc)

- (1) In [this Part](#)—

“company” has the meaning it has in the Corporation Tax Acts (see [section 1121](#) of CTA 2010);

“generating undertaking” means—

- (a) a company, other than a company that is a member of a group, that operates a relevant generating station, or
- (b) a group of companies that includes at least one member who operates a relevant generating station;

a generating station is “relevant”—

- (a) if it generates electricity at a relevant place and is not a generating station that mainly generates electricity—

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- (i) as a result of the burning of oil, coal or natural gas, or
 - (ii) as a result of the use of plant driven by water, where the power is mainly a result of the hydrostatic head of the water having been increased by pumping, and
 - (b) to the extent that it is not subject to—
 - (i) a contract for difference within the meaning of Chapter 2 of Part 2 of the Energy Act 2013 (contracts for difference),
 - (ii) an investment contract within the meaning of Schedule 2 to that Act (investment contracts),
 - (iii) a revenue collection contract within the meaning of Part 2 of the Nuclear Energy (Financing) Act 2022 (revenue collection contracts), or
 - (iv) feed-in tariff export payments;
 - “relevant place” means a place in—
 - (a) the United Kingdom,
 - (b) the territorial sea of the United Kingdom, or
 - (c) a Renewable Energy Zone within the meaning of Part 2 of the Energy Act 2004 (see section 84(4) of that Act);
 - a generating station is “subject”—
 - (a) to a contract for difference or an investment contract to the extent that its output may give rise to payments under such an instrument, and
 - (b) to feed-in tariff export payments to the extent its output gives rise to such payments, and
 - (c) to a revenue collection contract if the station is the subject of such a contract.
- (2) References in [this Part](#) to a “qualifying period” in relation to a generating undertaking means—
- (a) the period, if any, between the beginning of 1 January 2023 and the commencement of the first accounting period of the undertaking that commences on or after 1 January 2023,
 - (b) the first accounting period of the undertaking commencing on or after 1 January 2023,
 - (c) every subsequent accounting period of the undertaking that ends on or before 31 March 2028, and
 - (d) the period, if any, between the end of the last accounting period ending on or before 31 March 2028 and the end of 31 March 2028.
- (3) References in [this Part](#) to an “accounting period” are—
- (a) in relation to a company within the charge to corporation tax, to an accounting period for the purposes of that tax, or
 - (b) in relation to a company not within the charge to corporation tax, to a period that would be an accounting period for the purposes of that tax were the company within the charge to that tax and had first come within it on 1 January 2023.

See also [section 288](#), which provides that the accounting period of a generating undertaking that is a group is the accounting period of its lead member.

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281 Benchmark amount

- (1) The benchmark amount for the financial years ending in 2023 and 2024 is £75.
- (2) The benchmark amount for each subsequent financial year is the benchmark amount for the previous financial year—
 - (a) increased or decreased by the same percentage as the consumer prices index for the December before the start of that subsequent financial year has increased or decreased from that index for the previous December, and
 - (b) rounded up to the nearest whole penny.
- (3) Before the commencement of each of the financial years ending in 2025 to 2028, His Majesty’s Revenue and Customs (referred to elsewhere in this Part as “HMRC”) must publish the benchmark amount for that financial year in such manner as they consider appropriate.
- (4) [Subsections \(5\) to \(7\)](#) apply where 2 financial years fall within a qualifying period.
- (5) Generation attributed to a generating undertaking for that period is to be allocated, on a fair and reasonable basis, between those financial years.
- (6) The calculation in Step 2 of [section 279\(5\)](#) is to be applied separately to the generation allocated to each of those financial years by reference to the benchmark amount for that year.
- (7) Accordingly, the result of that Step is to be the sum of those calculations.
- (8) In [this section](#)—
 - “consumer prices index” means the all items consumer prices index published by the Statistics Board;
 - “financial year” means a period of twelve months ending with 31st March.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 131(2)(3) substituted for s. 131(2) by 2024 c. 3 Sch. 12 para. 5(3)
- s. 147A inserted by 2024 c. 3 Sch. 12 para. 8(1)
- s. 148A-148C inserted by 2024 c. 3 Sch. 12 para. 8(3)
- s. 150(6A) inserted by 2024 c. 3 Sch. 12 para. 50(5)(b)
- s. 151(1)(c) and word inserted by 2024 c. 3 Sch. 12 para. 9(2)(d)
- s. 151(1)(aa) inserted by 2024 c. 3 Sch. 12 para. 9(2)(c)
- s. 151(6A) inserted by 2024 c. 3 Sch. 12 para. 9(4)
- s. 151(8) inserted by 2024 c. 3 Sch. 12 para. 9(6)
- s. 159(1)(a)(b) substituted for words by 2024 c. 3 Sch. 12 para. 12(2)
- s. 159(2)(a)(b) substituted for words by 2024 c. 3 Sch. 12 para. 12(3)
- s. 159(3)(a)(b) substituted for words by 2024 c. 3 Sch. 12 para. 12(4)
- s. 159(4) inserted by 2024 c. 3 Sch. 12 para. 12(5)
- s. 165(2)(a)(i)(ii) s. 165(2)(a)(b) become s. 165(2)(a)(i)(ii) by 2024 c. 3 Sch. 12 para. 50(6)(b)
- s. 168(12) inserted by 2024 c. 3 Sch. 12 para. 14(8)
- s. 170(2A) inserted by 2024 c. 3 Sch. 12 para. 14(9)(b)
- s. 176A-176C and cross-heading inserted by 2024 c. 3 Sch. 12 para. 8(6)
- s. 176D-176F and cross-heading inserted by 2024 c. 3 Sch. 12 para. 16(1)
- s. 178(1A)(1B) inserted by 2024 c. 3 Sch. 12 para. 17(4)
- s. 178(5)(6) inserted by 2024 c. 3 Sch. 12 para. 17(6)
- s. 179(1A) inserted by 2024 c. 3 Sch. 12 para. 17(7)(a)
- s. 179(3A)(3B) inserted by 2024 c. 3 Sch. 12 para. 17(7)(b)
- s. 180(8)(b)(ii)(iia) substituted for s. 180(8)(b)(ii) by 2024 c. 3 Sch. 12 para. 19(4)
- s. 183A inserted by 2024 c. 3 Sch. 12 para. 20(5)
- s. 195(7A) inserted by 2024 c. 3 Sch. 12 para. 25(1)
- s. 196(1)(e) and words inserted by 2024 c. 3 Sch. 12 para. 22(1)(b)
- s. 196(1A) inserted by 2024 c. 3 Sch. 12 para. 21(1)(b)
- s. 197(4)(d)(e) inserted by 2024 c. 3 Sch. 12 para. 23(b)
- s. 197(5)(c) and word inserted by 2024 c. 3 Sch. 12 para. 22(2)(e)
- s. 197(6A) inserted by 2024 c. 3 Sch. 12 para. 21(2)
- s. 197(7A) inserted by 2024 c. 3 Sch. 12 para. 24
- s. 197A inserted by 2024 c. 3 Sch. 12 para. 25(2)
- s. 198A inserted by 2024 c. 3 Sch. 12 para. 26
- s. 211(1)-(1C) substituted for s. 211(1) by 2024 c. 3 Sch. 12 para. 27(a)
- s. 213(6A) inserted by 2024 c. 3 Sch. 12 para. 28
- s. 232(3A) inserted by 2024 c. 3 Sch. 12 para. 4(6)
- s. 232A inserted by 2024 c. 3 Sch. 12 para. 2(2)
- s. 236(2A) inserted by 2024 c. 3 Sch. 12 para. 31(3)
- s. 251A inserted by 2024 c. 3 Sch. 12 para. 29(1)
- s. 253(2)(b)(va) inserted by 2024 c. 3 Sch. 12 para. 56(10)(c)(iii)
- s. 255(2A) inserted by 2024 c. 3 Sch. 12 para. 34(1)(a)
- s. 255(4)-(6) inserted by 2024 c. 3 Sch. 12 para. 34(1)(c)
- s. 256A inserted by 2024 c. 3 Sch. 12 para. 35(1)
- s. 262(1A)-(1D) inserted by 2024 c. 3 Sch. 12 para. 36
- s. 267(3A) inserted by 2024 c. 3 Sch. 12 para. 42(1)(a)
- s. 267(3B)-(3D) inserted by 2024 c. 3 Sch. 12 para. 43(1)(b)
- s. 267A inserted by 2024 c. 3 Sch. 12 para. 42(2)
- s. 268A inserted by 2024 c. 3 Sch. 12 para. 2(4)

- s. 272(8)(da) inserted by 2024 c. 3 Sch. 12 para. 44(1)
- s. 272(9)-(11) inserted by 2024 c. 3 Sch. 12 para. 43(3)(b)
- s. 272A inserted by 2024 c. 3 Sch. 12 para. 42(3)
- s. 273(3)(ba) inserted by 2024 c. 3 Sch. 12 para. 44(2)
- s. 273(4)(pa) inserted by 2024 c. 3 Sch. 12 para. 57(3)(c)
- s. 273A273B inserted by 2024 c. 3 Sch. 12 para. 45(1)
- s. 273C inserted by 2024 c. 3 Sch. 12 para. 46
- s. 276(c)(iiia) inserted by 2024 c. 3 Sch. 12 para. 45(2)(b)
- s. 276(aa) inserted by 2024 c. 3 Sch. 12 para. 45(2)(a)
- s. 311A inserted by 2024 c. 3 s. 21(3)
- Sch. 14 para. 37A37B and cross-heading inserted by 2024 c. 3 Sch. 12 para. 2(6)(b)
- Sch. 14 para. 39(1)(aa) inserted by 2024 c. 3 Sch. 12 para. 2(6)(c)(ii)
- Sch. 14 para. 39(2)(aa) inserted by 2024 c. 3 Sch. 12 para. 2(6)(c)(iii)
- Sch. 14 para. 33A inserted by 2024 c. 3 Sch. 12 para. 37(3)
- Sch. 14 para. 6(1A) inserted by 2024 c. 3 Sch. 12 para. 58(1)(a)
- Sch. 14 para. 34(2A) inserted by 2024 c. 3 Sch. 12 para. 58(1)(b)(ii)
- Sch. 14 para. 3(3)-(5) substituted for Sch. 14 para. 3(3) by 2024 c. 3 Sch. 12 para. 2(6)(a)(iii)
- Sch. 15 para. 2(1)(za) inserted by 2024 c. 3 Sch. 12 para. 16(2)
- Sch. 15 para. 2(1)(k) inserted by 2024 c. 3 Sch. 12 para. 40(2)
- Sch. 15 para. 2(1)(l) inserted by 2024 c. 3 Sch. 12 para. 41(4)
- Sch. 15 para. 1(1)(aa) inserted by 2024 c. 3 Sch. 12 para. 58(2)(a)
- Sch. 15 para. 2(1)(ea) inserted by 2024 c. 3 Sch. 12 para. 58(2)(b)(i)
- Sch. 15 para. 2(1)(fa) inserted by 2024 c. 3 Sch. 12 para. 58(2)(b)(ii)
- Sch. 16 para. 10(1) Sch. 16 para. 10 renumbered as Sch. 16 para. 10(1) by 2024 c. 3 Sch. 12 para. 58(3)(a)
- Sch. 16 para. 2(11)(b) inserted by 2024 c. 3 Sch. 12 para. 34(2)(d)(ii)
- Sch. 16 para. 2(3A) inserted by 2024 c. 3 Sch. 12 para. 38(3)
- Sch. 16 para. 2(12)(13) inserted by 2024 c. 3 Sch. 12 para. 38(8)
- Sch. 16 para. 4(3)(d) and word inserted by 2024 c. 3 Sch. 12 para. 39(3)(a)(ii)
- Sch. 16 Pt. 3 inserted by 2024 c. 3 Sch. 12 para. 40(1)
- Sch. 16 para. 10(2)(3) inserted by 2024 c. 3 Sch. 12 para. 58(3)(d)
- Sch. 16 para. 2(1)(b)(ba) substituted for Sch. 16 para. 2(1)(b) by 2024 c. 3 Sch. 12 para. 34(2)(a)
- Sch. 16 para. 3(1)(1A) substituted for Sch. 16 para. 3(1) by 2024 c. 3 Sch. 12 para. 39(2)
- Sch. 16 para. 3(7)-(9) substituted for Sch. 16 para. 3(7)(8) by 2024 c. 3 Sch. 12 para. 29(2)
- Sch. 16 para. 10(1)(a) word substituted by 2024 c. 3 Sch. 12 para. 58(3)(c)
- Sch. 16 para. 10(1) words inserted by 2024 c. 3 Sch. 12 para. 58(3)(b)(ii)
- Sch. 16 para. 10(1) words substituted by 2024 c. 3 Sch. 12 para. 58(3)(b)(i)
- Sch. 16A inserted by 2024 c. 3 Sch. 12 para. 41(1)