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STATUTORY INSTRUMENTS

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**2001 No. 598**

**The Financial Services Act 1986 (Electricity  
Industry Exemption) Order 2001**

**Interpretation**

**2.** In this Order—

“Ancillary Services” means services which generators and suppliers of electricity and those making transfers of electricity across an Interconnector are required (as a condition of their connection to the transmission system in England and Wales) or have agreed to make available to NGC for the purpose of securing stability of operation on the electricity transmission system and distribution systems in England and Wales or any system linked to it or them by an Interconnector;

“Balancing and Settlement Arrangements” means:

- (a) arrangements pursuant to which BSC Parties may make, and NGC may accept, offers or bids to increase or decrease the quantities of electricity to be delivered to or taken off the electricity transmission system and distribution systems in England and Wales at any time or during any period so as to assist NGC in operating and balancing its electricity transmission system, and arrangements for the settlement of financial obligations arising from the acceptance of such offers and bids; and
- (b) arrangements—
  - (i) for the determination and allocation to BSC Parties of the quantities of electricity that have been delivered to and taken off the electricity transmission system and distribution systems in England and Wales; and
  - (ii) which set, and provide for the determination and financial settlement of BSC Parties' obligations arising by reference to the quantities referred to in subparagraph (i), including the difference between such quantities (after taking account of accepted bids and offers in the Balancing Mechanism) and the quantities of electricity contracted for sale and purchase between BSC Parties;

“Balancing Mechanism” means the arrangements pursuant to which BSC Parties may make, and NGC may accept, offers or bids to increase or decrease the quantities of electricity to be delivered to or taken off the electricity transmission system and distribution systems in England and Wales at any time or during any period so as to assist NGC in operating and balancing its electricity transmission system, and arrangements for the settlement of financial obligations arising from the acceptance of such offers and bids, being part of the Balancing and Settlement Arrangements;

“Balancing Services” means—

- (a) offers and bids made in the Balancing Mechanism;
- (b) Ancillary Services; and

(c) other services available to NGC which serve to assist it in operating its electricity transmission system in accordance with the Electricity Act 1989<sup>(1)</sup> and the Transmission Licence;

“BSC Agents” means the persons for the time being engaged by or on behalf of ELEXON Limited (a company registered in England under number 3782949) for the purpose of providing services to all BSC Parties, NGC, ELEXON Limited and ELEXON Clear Limited (a company registered in England under number 4027298) in connection with the operation of the Balancing and Settlement Arrangements;

“BSC Parties” means those persons (other than NGC, ELEXON Limited and ELEXON Clear Limited) who have signed or acceded to (in accordance with the terms of the BSC Framework Agreement), and not withdrawn from, the BSC Framework Agreement;

“BSC Framework Agreement” means the agreement of that title in the form approved by the Secretary of State for Trade and Industry for the purposes of conditions (inserted by the Secretary of State for Trade and Industry under powers granted by section 15A of the Electricity Act 1989<sup>(2)</sup>) of (among other things) the Transmission Licence, and which is dated 14 August 2000;

“Interconnector” means the electric lines and electrical plant used for the transfer of electricity to or from the electricity transmission system and distribution systems in England and Wales into or out of England and Wales;

“NGC” means The National Grid Company plc (a company registered in England under number 2366977);

“the Pooling and Settlement Agreement” means the agreement of that title dated 30 March 1990 (as it has effect on the making of this Order) to which a person generating or supplying electricity may be required to become party by the licence granted to him under section 6 of the Electricity Act 1989;

“Schedule 1” means Schedule 1 to the Financial Services Act 1986<sup>(3)</sup>;

“the Transmission Licence” means the licence to transmit electricity in England and Wales and granted to NGC under section 6(1)(b) of the Electricity Act 1989; and

“Volume Notification Agents” means the persons for the time being appointed and authorised under and in accordance with the Balancing and Settlement Arrangements on behalf of BSC Parties to notify to the BSC Agent designated for that purpose pursuant to the Balancing and Settlement Arrangements quantities of electricity contracted for the sale and purchase between those BSC Parties to be taken into account for the purposes of the Balancing and Settlement Arrangements.

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(1) 1989 c. 29.

(2) Section 15A was inserted by the Utilities Act 2000, s.68(1) (2000 c. 27).

(3) Schedule 1 has been amended in ways not relevant to this Order.