
EXPLANATORY NOTE

(This note is not part of the Order)

This Order prescribes percentages and market share determinations for the purposes of section 11A of the Electricity Act 1989 (“the Electricity Act”) and section 23 of the Gas Act 1986 (“the Gas Act”).

It is possible by use of the procedures laid down in section 11A of the Electricity Act and section 23 of the Gas Act for a standard condition to be modified in all electricity (or all gas) licences, thus removing the need for each licence in which the condition is included to be modified on an individual basis. Modifications to standard conditions are proposed by the Authority but may not be made using the collective modification procedures provided by section 11A of the Electricity Act and section 23 of the Gas Act if the proportion of relevant licence holders (which means in the case of a proposal for a new licence condition all holders of the licence of the type concerned and in the case of modification of existing conditions all licence holders who have the relevant condition appearing in their licence) who give notice of objection to the proposal exceeds either of two levels. The modification cannot proceed collectively if either the proportion (expressed as a percentage) of relevant licence holders giving notice of objection is at or above a prescribed percentage or the proportion (expressed as a percentage) of relevant licence holders giving notice of objection weighted according to their market share is at or above a prescribed percentage.

Section 11A of the Electricity Act and section 23 of the Gas Act provide for the Secretary of State to prescribe by order the percentages referred to above and the manner in which objections are to be weighted according to market share.

A regulatory impact assessment is available and can be obtained from the Energy Markets Unit, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Copies have been placed in the libraries of both Houses of Parliament.