EXPLANATORY MEMORANDUM TO
THE ELECTRICITY (EXEMPTION FROM THE REQUIREMENT FOR A GENERATION LICENCE) (ENGLAND AND WALES) ORDER 2005

2005 No. 2242

1. This Explanatory Memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

2. DESCRIPTION

2.1 The Order exempts Barrow Offshore Wind Limited from the requirement to possess an electricity generation licence in respect of a proposed offshore wind-farm off the Lancashire Coast, near Heysham.

3. MATTERS OF SPECIAL INTEREST TO THE JOINT COMMITTEE ON STATUTORY INSTRUMENTS

3.1 None

4. LEGISLATIVE BACKGROUND

4.1 Section 5 of the Electricity Act 1989 ("the Act"), as amended by section 29 of the Utilities Act 2000 empowers the Secretary of State to grant both individual and class exemptions from the requirement to hold a licence.

5. EXTENT

5.1 This instrument applies to England and Wales.

6. EUROPEAN CONVENTION OF HUMAN RIGHTS

6.1 The Minister has made the following statement regarding human rights:

"In my view, the provisions of the Electricity (Exemption from the Requirement for a Generation Licence) (England and Wales) Order 2005 are compatible with the Convention rights".

7. POLICY BACKGROUND

7.1 A number of applications for individual exemptions from generation licensing requirements has been received and approved by the Secretary of State. In considering such applications, the Secretary of State's principal policy objective is to save small-scale generators from costs arising from compliance with the electricity licensing regime, whilst protecting the security of the total system for the generation and transmission of electricity.

7.2 In exercising this policy, the Secretary of State is required formally to give notice to the Gas and Electricity Markets Authority and the Gas and Electricity Consumer Council, as well as bringing the proposal to the notice of other affected

parties. The proposal was published in May 2003. Since then, the transmission operator, National Grid Transco, and the distribution network operator, United Utilities, have reached appropriate bilateral agreements with Barrow Offshore Wind Limited.

8. IMPACT

8.1 This measure is deregulatory, and the impact is positive for the generator concerned. It carries no identifiable costs to the public and, by promoting additional generation capacity, has the scope to reduce costs to electricity purchasers.

8.2 A Regulatory Impact Assessment (RIA) in respect of licensing exemptions was produced at the time of the coming into force of the Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 (SI No. 3270/2001), and a copy is attached to this memorandum.

8.3 There is no impact on the public sector.

9. CONTACT

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DEPARTMENT OF TRADE AND INDUSTRY
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