EXPLANATORY MEMORANDUM TO

THE ELECTRICITY (INDIVIDUAL GENERATION EXEMPTIONS) ORDER 2011

2011 No. 1150

1. This explanatory memorandum has been prepared by the Department for Energy and Climate Change and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This Order exempts a number of companies from the requirement in section 5 of the Electricity Act 1989 to hold an electricity generation licence. The companies which will benefit from exemptions under this order will be Riverside Resource Recovery Limited in respect of the Riverside Resource Recovery Limited Energy-From-Waste Facility (located in Belvedere, London Borough of Bexley); Teeside Windfarm Limited in respect of Teeside Offshore Windfarm (located approximately 1.5km offshore from Coatham Sands, Redcar) ; and Devon Wind Power Limited in respect of Fullabrook Wind Farm (located at Fullabrook Down, Devon).

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 Section 5 of the Electricity Act 1989 ("the Act") (as amended by section 29 of the Utilities Act 2000) allows the Secretary of State to grant both individual and class exemptions from the prohibition on generating electricity for the purpose of giving a supply to any premises or enabling a supply to be so given without a licence (set out in section 4 of the Act).

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 A number of applications for individual exemptions from generation licensing requirements have been received and approved by the Secretary of State. In considering such applications, it is a policy objective of the Secretary of State's 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 The conditions of granting the exemption are that Riverside Resource Recovery Limited; Teeside Windfarm Limited; and Devon Wind Power Limited do not hold generating licences; that Riverside Resource Recovery Limited Energy-From-Waste Facility, Teeside Offshore Windfarm and Fullabrook Wind Farm are connected to the total system in Great Britain (they are connected to the National Grid whether directly or indirectly); and, except in circumstances outside the reasonable control of the companies, do not export more than 100 megawatts of electrical power to the total system in Great Britain.

8. Consultation outcome

8.1 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. A notice was published on 4 March 2011. There were no representations in respect of the notice within the 28 day period required by the Electricity Act 1989.

9. Guidance

9.1 Guidance covering both the class exemption and individual exemptions from the requirement to hold a licence to generate electricity is published on the DECC website at :

http://decc.gov.uk/en/content/cms/what_we_do/uk_supply/markets/electricity/licence_exemp/licence_exemp.aspx

10. Impact

10.1 The impact on business, charities or voluntary bodies is minimal.

10.2 The impact on the public sector is minimal.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 It is not proposed that this Order is to be formally reviewed as there is no impact other than for the generator concerned. The output of the generator will be monitored as part of its normal operation. It will therefore be clear if the generator exceeds the limits imposed by the Order.

13. Contact

Chris Chown at the Department for Energy and Climate Change Tel: 0300 068 6085 or email: chris.chown@decc.gsi.gov.uk can answer any queries regarding the instrument.

`