House of Commons
Tuesday 22 January 2013
PUBLIC BILL COMMITTEE

New Amendments handed in are marked thus ★
★ Amendments which will comply with the required notice period at their next appearance

ENERGY BILL

NOTE
The Amendments have been arranged in accordance with the Order of the Committee [15 January].

Tom Greatrex
Luciana Berger

Clause 1, page 2, line 7, at end insert—

‘( ) The Secretary of State will report annually alongside the Annual Energy Statement to Parliament on the impact of exercising the functions by virtue of subsection (1) on the matters by virtue of subsection (2).’.

Tom Greatrex
Luciana Berger

Clause 2, page 2, line 29, at end insert—

‘( ) Regulations must include a statement by the Secretary of State setting out his opinion as to how the Regulations will—

(a) contribute to the reduction in emissions of greenhouse gases for each low carbon form of generation to which the Regulations apply;

(b) impact on consumer bills for each low carbon form of generation to which the Regulations apply;

(c) contribute to energy security for each low carbon form of generation to which the Regulations apply.’.
Mr Mike Weir

Clause 2, page 2, line 39, at end insert—
‘(e) make provision for Renewable Obligation Certificates (ROCs) to continue to be available to new and existing developments until such time as the Secretary of State and relevant devolved administrations are agreed that the Contracts for Difference, established by Chapter 2 of this Act, are established and operating to a level acceptable to both government and developers.’.

Tom Greatrex
Luciana Berger

Clause 2, page 2, line 42, after ‘section’, insert ‘3’.

Tom Greatrex
Luciana Berger

Clause 3, page 3, line 7, leave out ‘an’ and insert ‘a single’.

Tom Greatrex
Luciana Berger

Clause 3, page 3, line 15, leave out ‘More than one’ and insert ‘Only one’.

Tom Greatrex
Luciana Berger

Clause 3, page 3, line 20, leave out ‘28’ and insert ‘90’.

Tom Greatrex
Luciana Berger

Clause 3, page 3, line 23, at end insert—
‘() Regulations must include provision about the period of time during which no designation has effect under this section.’.

Tom Greatrex
Luciana Berger

Schedule 1, page 96, line 5, leave out ‘one or more schemes’ and insert ‘a scheme’.
Schedule 1, page 97, line 19, at end insert—

‘( ) Provision made in this regard must be laid before Parliament before the agreement of any compensation.’.

Schedule 1, page 97, line 19, at end insert—

‘( ) The Secretary of State must set out the reasons why he believes the person subject to a scheme in this regard has been adversely affected.’.

Schedule 1, page 97, line 19, at end insert—

‘( ) Provision made in this regard must identify the source of compensation paid by the Secretary of State.’.

Clause 5, page 4, line 13, at end insert—

‘(3A) Regulations which make provision by virtue of subsection (1) for the payment of sums by electricity suppliers must impose on the CFD counterparty a duty in relation to the collection of such sums.’.

Clause 5, page 4, line 39, at end insert—

‘( ) Regulations must include provision for—

(a) the Secretary of State to report annually to Parliament on the impact on consumer bills of provisions under this section; and

(b) the issuing of notices exempting energy intensive industries from the provisions under this section.’.

Clause 6, page 4, line 42, leave out ‘a’ and insert ‘the’.
Clause 6, page 5, line 4, at end insert—
   ‘( ) Regulations must—
      (a) place a duty on the Secretary of State and the Authority to promote new generation capacity from community energy schemes; and
      (b) define community energy schemes.’.

Clause 6, page 5, line 4, at end insert—
   ‘( ) Section 41(4)(a) Energy Act 2008 (“specified maximum capacity”) is amended as follows—
      “Specified maximum capacity” means the capacity specified by the Secretary of State by order, which must not exceed 10 megawatts.’.

Clause 6, page 5, line 24, at end insert—
   ‘( ) Regulations must make provision for the setting of a strike price for a contract for difference.’.

Clause 6, page 5, line 24, at end insert—
   ‘( ) Provision included in the CFD Regulations must in particular include—
      (a) provision for setting the strike price by or under the CFD Regulations (“administrative setting”);
      (b) provision setting the strike price by determination on a competitive basis (“competitive setting”);
      (c) provision for a combination of administrative and competitive setting, including providing for the lower of two strike prices set by administrative setting and competitive setting; and
      (d) a report to Parliament by the Secretary of State within three days of any provision by virtue of paragraphs (a) to (c) being made.’.

Clause 6, page 5, line 24, at end insert—
   ‘( ) Regulations must make provision for the setting of a market reference price for a contract for difference.’.
Clause 6, page 5, line 24, at end insert—
‘( ) The market reference price for a CFD is the price of electricity per megawatt hour that may be specified in, or determined under, the CFD as the market reference price for electricity generated in the period to which the CFD applies.’.

Clause 6, page 5, line 24, at end insert—
‘( ) The provision included in the CFD regulations must in particular include provision for—
(a) setting the market reference price by or under the CFD Regulations; and
(b) the Secretary of State to report to Parliament on any provision made by virtue of paragraph (a) within three sitting days of any provision being made.’.

Clause 7, page 5, line 27, after ‘suppliers’, insert—
‘(2) It is the duty of the Secretary of State to ensure that a CFD counterparty is able to meet its financial obligations under CFDs.’.

Clause 7, page 5, line 27, at end insert ‘In determining the sums to be paid there must be taken into account the stage of development of the technology and the need to encourage the development of new renewable technologies’.

Clause 7, page 5, line 27, at end insert—
‘(1A) Provision made in this regard must include provision about a panel of independent experts to advise on the amounts to be paid.
(1B) Provision made in this regard must include a consumer representative.
(1C) The members of the panel of independent experts shall be appointed by the Secretary of State and shall comprise Chairman, a Consumer representative, a representative of the Authority and such other members as the Secretary of State may decide.
(1D) In appointing persons to be members of the panel of independent experts, the Secretary of State must secure, so far as practicable, that the Expert Panel—
(a) is independent; and
(b) is comprised of technical, academic, economic, legal and such other experts necessary to give the informed advice required.
(1E) The Chair of the panel of independent experts shall be appointed for a fixed period, specified in their terms of his appointment, but shall be eligible for reappointment at the end of that period.’
Energy Bill, continued

(1F) Provision made in this regard must be laid before Parliament.’.

Tom Greatrex
Luciana Berger

Clause 7, page 5, line 33, at end insert—
‘(3) Regulations by virtue of subsection (1) shall make provision for—
(a) the recovery by electricity suppliers of any amounts paid to a CFD Counterparty by virtue of section 5;
(b) the return by electricity suppliers of any surplus paid to them by a CFD Counterparty by virtue of this section;
(c) provision made by virtue of paragraph (a) in this section shall include provision on any recovery from customers; and
(d) provision made by virtue of paragraph (b) in this section shall include provision that any surplus be returned to customers.’.

Tom Greatrex
Luciana Berger

Clause 8, page 6, line 4, leave out ‘or not to be paid, into the Consolidated Fund’ and insert ‘to consumers’.

Tom Greatrex
Luciana Berger

Clause 9, page 6, line 28, at end insert—
‘(h) for the information provided by virtue of paragraphs (a) to (c) to be laid before Parliament.’.

Tom Greatrex
Luciana Berger

Clause 10, page 7, line 4, at end insert—
‘( ) Provision made in this regard must include provision requiring any new functions conferred on the Authority to be laid before both Houses of Parliament.’.
Tom Greatrex
Luciana Berger

Clause 11, page 7, line 21, at end insert—
‘( ) The Secretary of State must report to Parliament following any provision made by virtue of subsection (1).’.

52

Tom Greatrex
Luciana Berger

Clause 13, page 8, leave out lines 5 and 6.

53

Mr Mike Weir

Clause 13, page 8, line 14, at end insert—
‘(d) the costs of delivering the energy to the grid.’.

12

Mr Mike Weir

Clause 14, page 8, line 21, after ‘consult’, insert ‘and agree with’.

13

Mr Mike Weir

Clause 14, page 8, line 33, at end insert—
‘(1A) In taking forward the requirement to consult under subsections (1)(a), (b) and (c), the Secretary of State shall—
(a) establish a Devolved Administration Consultation group, and
(b) make regulations for the scope, operation and outcomes from that Group.’.

20

Tom Greatrex
Luciana Berger

Clause 14, page 8, line 33, at end insert—
‘(i) the Committee on Climate Change;
(j) the Panel of Technical Experts; and
(k) any person who is a holder of a licence to generate electricity under section 6(1)(d) of EA 1989.’.

54

Mr Mike Weir

Clause 14, page 8, line 34, leave out subsection (2).

14
Clause 14, page 8, line 34, leave out ‘as well as consultation after’.

Mr Mike Weir

Clause 14, page 8, line 35, at end add—

‘(3) Before making regulations under this Chapter or order under section 13, the Secretary of State must—

(a) take into account any representations made by the consultees under subsection (1)(a), (b) and (c),
(b) take into account any representations and discussions in the Devolved Administration Consultation group under subsection (1A), and
(c) publish a statement setting out whether and how the regulations or order under section 13 takes account of any representations made by the consultees under subsection (1)(a), (b) and (c).’.

Tom Greatrex
Luciana Berger

Clause 16, page 9, line 33, leave out ‘as well as consultation after’.

Mr Mike Weir

Clause 16, page 9, line 33, leave out subsection (5).

Mr Mike Weir

Clause 17, page 10, line 4, at end insert—

“providing electricity” shall include previously generated electricity that is stored.’.

Dr Alan Whitehead

Clause 17, page 10, line 10, at end add—

‘(6) The national system operator shall not be designated so as to include any company or person that has interests in the national system that may come into conflict with their responsibilities as a national system operator.’.

Tom Greatrex
Luciana Berger

Clause 17, page 10, line 10, at end insert—

‘( ) The Secretary of State must convene a panel of independent experts to advise on the exercise of functions under this Chapter.'
( ) The panel of independent experts must include a consumer representative.
( ) The minutes of meetings or reports by the panel of independent experts must be
laid before Parliament within two weeks of their publication.’.

Dr Alan Whitehead

☆ Clause 18, page 10, line 17, at end insert ‘or to verifiably reduce demand
permanently’.

Tom Greatrex
Luciana Berger

Clause 18, page 10, line 41, at end insert—
‘( ) Provision falling with subsection (4)(j) includes the termination or variation of a
capacity agreement in circumstances where the operation of a generating plant is
being used to undermine the efficient operation of the capacity market.’.

Dr Alan Whitehead

☆ Clause 18, page 11, line 6, at end insert—
‘(6) Provisions in subsection (4) and (5) may also apply to a holder of an agreement
to verifiably reduce demand permanently.’.

Tom Greatrex
Luciana Berger

Clause 18, page 11, line 9, at end insert—
‘( ) Provision made by virtue of subsection (4)(c) must include provision ensuring
that plant which has already entered into a contract by virtue of section 6 will not
be eligible to act as a capacity provider.’.

Mr Mike Weir

Clause 19, page 11, line 26, at end insert ‘About price differences that may be
made to reflect new technologies’.

Tom Greatrex
Luciana Berger

Clause 19, page 11, line 34, at end insert—
‘( ) The Secretary of State or the Authority will lay any report by virtue of subsection
(4) before both Houses of Parliament.’.
Clause 19, page 11, line 38, at end insert—

‘( ) Before making Regulations under this section the Secretary of State must consult—

(a) the Authority;
(b) the national system operator;
(c) the Committee on Climate Change; and
(d) a consumer representative.’.

Tom Greatrex
Luciana Berger

Clause 20, page 12, line 20, at end insert—

‘( ) Provision made by virtue of this section must provide for—

(a) the identity of a settlement body;
(b) the powers of a settlement body;
(c) the terms of reference of a settlement body; and
(d) the funding arrangements of a settlement body.

( ) The settlement body must report annually to Parliament.’.

Tom Greatrex
Luciana Berger

Clause 22, page 12, line 36, leave out ‘relating to restrictions on the use of generating plant.’.

Tom Greatrex
Luciana Berger

Clause 22, page 12, line 38, at end insert—

‘( ) Before imposing a requirement by virtue of subsection (1), the Secretary of State must consult—

(a) the Authority;
(b) the national system operator;
(c) the person by virtue of subsection (2) on whom requirements are imposed; and
(d) such other persons as the Secretary of State considers it appropriate to consult.

( ) Consultation may be satisfied only by consultation before the passing of this Act.’.
Tom Greatrex
Luciana Berger

Clause 24, page 13, line 29, at end insert—

‘(e) about the identity of the public body or any other person;
(f) the powers of the public body or any other person;
(g) the terms of reference of the public body or any other person; and
(h) about how the public body or any other person is funded.’.

Tom Greatrex
Luciana Berger

Clause 25, page 14, line 10, leave out ‘as well as by consultation after’.

Mr John Hayes

Clauses 29 to 32 of the Bill be transferred to end of line 4 on page 20.

Mr John Hayes

Clause 29, page 16, line 36, leave out ‘or Chapter 3 (capacity market)’ and insert ‘,
Chapter 3 (capacity market) or Chapter 5 (investment contracts)”.

Mr John Hayes

Clause 30, page 18, line 6, leave out ‘or Chapter 3 (capacity market)’ and insert ‘,
Chapter 3 (capacity market) or Chapter 5 (investment contracts)”.

Mr John Hayes

Schedule 2 to the Bill be transferred to end of line 33 on page 109.
Mr John Hayes

Clause 32, page 19, line 23, leave out ‘or 3’ and insert ‘, 3 or 5’.

Mr John Hayes

Schedule 3, page 103, line 3, leave out ‘, an investment contract counterparty or a CFD counterparty’.

Mr John Hayes

Schedule 3, page 103, line 4, at end insert—

‘(1A) Regulations must make provision for electricity suppliers to pay an investment contract counterparty or a CFD counterparty for the purpose of enabling payments to be made under investment contracts.’.

Mr John Hayes

Schedule 3, page 103, line 14, at end insert—

‘(3A) Regulations which make provision by virtue of sub-paragraph (1) or (2) for the payment of sums by electricity suppliers must impose on the person to whom such sums are to be paid a duty in relation to the collection of such sums.’.

Tom Greatrex

Luciana Berger

Schedule 3, page 103, line 41, at end insert—

‘(1) Regulations shall make provision for—

(a) the recovery by electricity suppliers of any amounts paid to an investment contract Counterparty or a CFD Counterparty by virtue of paragraph 7;

(b) the return by electricity suppliers of any surplus paid to them by an investment contract Counterparty or a CFD Counterparty by virtue of paragraph 8;

(c) provision made by virtue of paragraph (a) in this section shall include provision about recovery from customers; and

(d) provision made by virtue of paragraph (b) in this section shall include provision that any surplus be returned to customers.’.

Mr John Hayes

Schedule 3, page 107, line 22, leave out sub-paragraph (2).
Tom Greatrex
Luciana Berger

Clause 37, page 23, line 33, at end insert—
‘(p) provision made by virtue of subsection (2)(j) must be in place for 36 months after regulations by virtue of section 2 are enacted.’.

Tom Greatrex
Luciana Berger

Clause 37, page 27, line 20, at end insert—
‘(c) regulations by virtue of this section must set out the circumstances in which the Secretary of State may revoke the designation by virtue of subsection (4).’.

Mr John Hayes

Clause 43, page 45, line 6, at end insert ‘, or under paragraph 6 of Schedule 3,’.

Mr John Hayes

Clause 43, page 45, line 13, leave out ‘or 3’ and insert ‘, 3 or 5’.

Mr John Hayes

Clause 43, page 45, line 22, leave out ‘under section 2 or 17’ and insert ‘of a kind mentioned in subsection (1)’.

Mr John Hayes

Clause 43, page 45, line 23, after ‘25’, insert ‘or paragraph 19 of Schedule 3’.

Mr Mike Weir


Mr Mike Weir

Clause 113, page 85, line 18, after ‘Parliament’, insert ‘and the agreement of the Scottish and Welsh Ministers’.
Energy Bill, continued

Clause 121, page 92, line 32, at end insert ‘and any successor authority’.

NEW CLAUSES

Payment of winter fuel allowance to pensioners off the gas grid

Mr Mike Weir

To move the following Clause:—

‘Regulations shall be made to allow the payment of Winter Fuel Allowance payable under the Social Fund Winter Fuel Payment Regulations 2000 (SI 2000/729) to eligible persons whose main residences are not connected to the mains gas grid and whose principle source of fuel is home fuel oil, liquid petroleum gas or propane gas, no later than 30 September in each calendar year.’.

Strategic reserve

Dr Alan Whitehead

★ To move the following Clause:—

‘(1) The Secretary of State may by regulation introduce a system of strategic reserve of supply if he determines that the expense of maintaining a capacity market is detrimental to the continuing interests of either—

(a) security of supply, or

(b) energy customers.

(2) The Secretary of State may by regulation designate a nominated person to hold and manage the strategic reserve on his behalf (“the Strategic Reserve Operator”).

(3) A person is eligible to be designated if the person is—

(a) a company formal and registered under the Companies Act 2006, or

(b) a public authority, including any person whose functions are of a public nature.

(4) The Strategic Reserve Operator must contract with the System Operator for the circumstances under which the Strategic Reserve Operator supplies power to the System Operator.

(5) The Secretary of State must approve the drawing up of any contract between the System Operator and the Strategic Reserve Operator and may from time to time vary the terms of the contract should circumstances require.

(6) The Secretary of State must lay before Parliament a reasoned case for any change of content under subsection (5).
Energy Bill, continued

(7) Strategic Reserve regulations may make provision for payments to be made by electricity suppliers or capacity providers to a settlement body (see section 18(4)(g)) for the purposes of enabling the body—
   (a) to meet such descriptions of its costs that the Secretary of State considers appropriate;
   (b) to hold sums in reserve;
   (c) to make payments to the Strategic Reserve Operator for the purpose of securing and operating strategic reserve capacity.’.

Electricity efficiency incentives

Dr Alan Whitehead

★ To move the following Clause:—

‘(1) The Secretary of State must within one year of the passing of this Act make regulations establishing a scheme or schemes to make payments for the purpose of rewarding the installation of electricity saving measures.

(2) Prior to the making of regulations under this section, the Secretary of State must publish a report setting out the total potential for electricity demand reduction and the extent to which this potential will be achieved by Government policies including—
   (a) the scheme or schemes; and
   (b) other relevant programmes, regulation or expenditure.

(3) Regulations under this section must—
   (a) specify the parties from and to whom payments may be made;
   (b) make provision about the calculation of such payments;
   (c) make provision about—
      (i) the level;
      (ii) the type;
      (iii) the frequency; or
      (iv) the duration;
   of such payments, which may differ according to the measures installed or the parties from or to whom payments are made;
   (d) make provision about the monitoring, verification and calculation of electricity savings.

(4) For the purposes of this section, electricity saving measures are defined as measures which achieve permanent and verifiable saving of electricity, which is their primary primary purpose.’.
Energy Bill, continued

ORDER OF THE HOUSE [19 DECEMBER 2012]

That the following provisions shall apply to the Energy Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 12 February 2013.
3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.
5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.
6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.

ORDER OF THE COMMITTEE [15 JANUARY]

That—

(1) the Committee shall (in addition to its first meeting at 8.55 am on Tuesday 15 January) meet—
(a) at 2.00 pm on Tuesday 15 January;
(b) at 11.30 am and 2.00 pm on Thursday 17 January;
(c) at 8.55 am and 2.00 pm on Tuesday 22 January;
(d) at 11.30 am and 2.00 pm on Thursday 24 January;
(e) at 8.55 am and 2.00 pm on Tuesday 29 January;
(f) at 11.30 am and 2.00 pm on Thursday 31 January;
(g) at 8.55 am and 2.00 pm on Tuesday 5 February;
(h) at 11.30 am and 2.00 pm on Thursday 7 February;
(i) at 8.55 am and 2.00 pm on Tuesday 12 February;

(2) the Committee shall hear oral evidence in accordance with the following Table:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Witness</th>
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</thead>
<tbody>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 9.55 am</td>
<td>Department of Energy and Climate Change; Ministry of Defence</td>
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### Energy Bill, continued

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Witness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 11.00 am</td>
<td>National Grid; Scottish Power; Centrica; E.ON UK</td>
</tr>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 11.25 am</td>
<td>The Office of Gas and Electricity Markets</td>
</tr>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 2.45 pm</td>
<td>Confederation of British Industry; representative from the Low Carbon Finance Group</td>
</tr>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 3.30 pm</td>
<td>Renewable Energy Systems; DONG Energy; Ecotricity</td>
</tr>
<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 4.15 pm</td>
<td>Cornwall Energy Associates Ltd; Professor Catherine Mitchell, University of Exeter; Professor Dieter Helm CBE, University of Oxford</td>
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<tr>
<td>Tuesday 15 January</td>
<td>Until no later than 5.00 pm</td>
<td>Vestas Wind Systems; SSE</td>
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<tr>
<td>Thursday 17 January</td>
<td>Until no later than 12.00 pm</td>
<td>Committee on Climate Change</td>
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<td>Until no later than 12.45 pm</td>
<td>Greenpeace; Friends of the Earth</td>
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<tr>
<td>Thursday 17 January</td>
<td>Until no later than 3.00 pm</td>
<td>Safety Directors’ Forum; EDF Energy; Carbon Capture and Storage Association</td>
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<tr>
<td>Thursday 17 January</td>
<td>Until no later than 4.00 pm</td>
<td>Consumer Focus; Institute for Public Policy Research; Which?</td>
</tr>
<tr>
<td>Thursday 17 January</td>
<td>Until no later than 4.45 pm</td>
<td>National Energy Action; GMB</td>
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<td>Thursday 17 January</td>
<td>Until no later than 5.30 pm</td>
<td>Combined Heat and Power Association; Siemens; E3G</td>
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<td>Thursday 17 January</td>
<td>Until no later than 6.00 pm</td>
<td>RenewableUK</td>
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</table>

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 3; Schedule 1; Clauses 4 to 31; Schedule 2; Clauses 32 and 33; Schedule 3; Clauses 34 to 38; Schedule 4; Clauses 39 and 40; Schedule 5; Clauses 41 to 54; Schedule 6; Clauses 55 to 57; Schedule 7; Clauses 58 to 62; Schedule 8; Clauses 63 to 79; Schedule 9; Clauses 80 to 85;
Energy Bill, continued

Schedule 10; Clauses 86 to 93; Schedule 11; Clause 94; Schedule 12; Clauses 95 to 107; Schedule 13; Clauses 108 to 117; Schedule 14; Clauses 118 to 126; new Clauses; new Schedules; remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 12 February.