

Local Electricity (No. 2) Bill

[AS INTRODUCED]

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Require the Secretary of State to establish an export guarantee scheme for small generators of low carbon electricity; to set a tariff, based on market rates, for the sale of electricity under the export guarantee scheme; to make provision to enable small generators of low carbon electricity to sell electricity directly to local people; to place certain duties on the Gas and Electricity Markets Authority; and for connected purposes.

BE IT ENACTED by the King’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Community Electricity Export Guarantee Scheme

- (1) Within six months of the coming into force of this Act, the Secretary of State must by regulations require licensed energy suppliers with more than 150,000 customers (“eligible licensed suppliers”) to purchase electricity exports from sites that generate low carbon electricity with a capacity below 5MW, including those operated by community groups. 5
- (2) Licensed energy suppliers with fewer than 150,000 customers may purchase electricity exports from the sites defined in subsection (1), provided that they do so on the terms set out by the regulations.
- (3) Regulations under subsection (1) must provide that eligible licensed suppliers must— 10
 - (a) pay a minimum export price set annually by the Gas and Electricity Markets Authority (“GEMA”),
 - (b) offer a minimum contract period of five years, and
 - (c) allow the exporting site to end the contract after no more than one year. 15
- (4) Within six months of the passing of this Act, GEMA must— 20
 - (a) set an annual minimum export price that has regard to current wholesale energy prices and inflation in energy prices and the wider economy,
 - (b) introduce a registration system for exporting sites to which regulations under subsection (1) apply,
 - (c) define specifications for smart export meters to be used by such sites,

- (d) define requirements for an exporting site of less than 5MW to be registered as a Community Energy site and maintain a register of such sites.
- (5) To access the export purchase agreements defined in this section exporters must – 5
- (a) register their site with GEMA,
 - (b) install a smart export meter that meets specifications defined by GEMA, and
 - (c) notify GEMA if their ownership structure meets the definition of a Community Energy site. 10
- (6) All licensed suppliers providing such purchase agreements must report annually to GEMA –
- (a) the number and capacity of Community Energy sites that have been offered contracts to purchase electricity and the number of these that agreed those contracts, 15
 - (b) the total amount of electricity purchased under these agreements, and
 - (c) the price paid for that electricity.
- (7) GEMA shall make and publish a report annually on the operation of the export purchase agreements, setting out –
- (a) the number of Community Energy sites contracted with licensed energy suppliers under this section and the total amount of electricity purchased, 20
 - (b) the licensed suppliers contracting with Community Energy sites and the amount of electricity each has purchased,
 - (c) an assessment of how the mechanism is performing and the contribution it is making to delivering secure and low carbon electricity supplies, and 25
 - (d) recommendations on how the mechanism could be improved.

2 Community Electricity Supplier Services Scheme

- (1) Within six months of the coming into force of this Act, the Secretary of State must by regulations require licensed energy suppliers with more than 150,000 customers (“eligible licensed suppliers”) to offer a Community Electricity Service agreement to any registered Community Energy site under section 1 of this Act for the purposes of allowing that site to sell electricity to local consumers. 30 35
- (2) The Community Electricity Service agreement will require licensed suppliers to make a community energy tariff available to consumers local to the exporting site that has regard to the export price paid or that would be paid to that site under section 1 of this Act.
- (3) The eligible licensed supplier may limit the total number of consumers the community energy tariff is available to such that the total annual energy sold under the tariff is broadly equivalent to the total annual energy generated by the site. 40

- (4) The eligible licensed supplier will be the registrant for the meters of any local consumer purchasing energy under the community tariff.
- (5) The eligible licensed supplier may charge a reasonable fee for the provision of services under this section provided that it has regard to distribution, licensing and regulatory costs and any guidance provided by GEMA. 5
- (6) (6) The eligible licensed supplier shall return any money raised through the sale of energy under a tariff set up under this section to the Community Energy site, save for the fee allowed under subsection (5).
- (7) Eligible licensed suppliers must report annually to GEMA on— 10
- (a) the number and capacity of community energy groups offered Community Electricity Service agreements and the number who have contracted to use them,
 - (b) the total amount of electricity purchased under these agreements, and
 - (c) the tariffs for each agreement.
- (8) GEMA must— 15
- (a) produce guidance on the level of community energy tariffs and on the reasonable charges that eligible suppliers may charge for Community Electricity Service Agreements,
 - (b) make and publish a report annually on the operation of the export purchase agreements, setting out— 20
 - (i) the number of community projects contracted with licensed energy suppliers under this section and the total amount of electricity purchased,
 - (ii) (the licensed suppliers contracting with community groups and the amount of electricity each has purchased, 25
 - (iii) (an assessment of how the mechanism is performing and the contribution it is making to delivering secure and low carbon electricity supplies, and
 - (iv) recommendations for how Community Electricity Service agreements could be improved. 30

3 Regulations

A statutory instrument containing regulations under this Act is subject to annulment in pursuance of a resolution of either House of Parliament.

4 Interpretation

In this Act, “low carbon electricity” means electricity the generation of which will, in the opinion of the Secretary of State, contribute to a reduction in emissions of greenhouse gases. 35

5 Extent, commencement and short title

- (1) This Act extends to England and Wales and Scotland.
- (2) This Act comes into force— 40

- (a) in England, on the day on which it is passed, and
 - (b) in Wales and Scotland, on such day or days on which the condition specified in subsection (3) is met.
- (3) The condition referred to in subsection (2) is—
 - (a) in relation to Scotland, that the Scottish Parliament has passed a motion of the form “That the Parliament agrees to the Local Electricity Act 2023”, 5
 - (b) in relation to Wales, that Senedd Cymru has passed a motion of the form “That Senedd Cymru agrees to the Local Electricity Act 2023”.
- (4) This Act may be cited as the Local Electricity Act 2023. 10

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Ordered, by The House of Commons, to be
Printed, 29th March 2023.

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