

# Local Electricity Bill

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TO

Enable electricity generators to become local suppliers and set local costs of electricity; to give certain duties to the Office of Gas and Electricity Markets; and for connected purposes.

## **1 Purpose of this Act**

The purpose of this Act is to encourage and enable the local supply of electricity.

## **2 Local Supply of Electricity**

- (1) Subject to this Act an electricity generator may be a local supplier and may set local prices.
- (2) A local supplier must have a local supply licence.
- (3) A local supplier must pay any costs and adhere to any regulations set by the Office of Gas and Electricity Markets.

## **3 Duty of the Office of Gas and Electricity Markets (OFGEM)**

- (1) It shall be the duty of OFGEM to issue local supply licences to an electricity generator if, in the opinion of OFGEM, that generator understands, is capable of complying with and will comply with the conditions of that licence.
- (2) In accordance with the purpose of this Act OFGEM shall ensure that
  - (a) the cost of a local supply licence and any related costs are proportionate to the size or projected size of a generator's business; and
  - (b) the regulations that a generator must adhere to are as simple and straightforward as possible.
- (3) OFGEM must, after consultation, specify the radius to which a local supply licence shall apply, and may specify different radii to different local supply licences.
- (4) Before making any decision pursuant to subsection (3) OFGEM must consult
  - (a) Local authorities;
  - (b) Existing local generators;
  - (c) Organisations representing existing or proposed local generators; and
  - (d) Such other person who, in its opinion, have an interest in this matter.

## 4 Interpretation

In this Act —

‘local supplier’ is a person who supplies electricity only to customers within a specified radius of the generation of that electricity.

‘local supply licence’ is a licence granted to a local supplier to supply electricity in accordance with this Act.

‘business’ includes individuals and not for profit organisations.

## 5 Citation, Commencement and Extent

- (1) This Act may be cited as the Local Energy Act.
- (2) This Act shall take effect on the day it receives Royal Assent.
- (3) This Act shall apply to England, subject to the agreement of the Welsh Assembly Government, to Wales and, subject to the agreement of the Scottish Government, to Scotland.

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