

GAS REGULATION (AMENDMENT) BILL 2020

Explanatory Memorandum

1. This Bill is promoted by Mr Harmer, MHK on behalf of the Cabinet Office.
2. *Clauses 1* deals with the Short Title of the resulting Act.
3. *Clause 2* deals with issues of interpretation of the Bill.
4. *Clause 3* repeals and replaces section 6 of the *Gas Regulation Act 1995*. The most significant substantive change to the law that this will occasion is that the Communications Commission will be able to make regulations that set the parameters within which a public gas supplier may fix tariffs for the supply of gas by it to customers. The Commission will also be able to establish categories of customers and set bespoke parameters for each established category. A public gas supplier will retain the right to apply any tariffs fixed to its entire business or only to a part of it. Alternatively, the parameters within which the tariffs may be fixed may be set out in any agreement reached between the Cabinet Office and a public gas supplier. The proposal to empower the Commission to legislate parameters is therefore a backstop in the event of failure of the Cabinet Office and a public gas supplier to reach agreement.
5. The resulting Act is not expected to have any financial or human resource implications.
6. In the opinion of the member moving the Bill, its provisions are compatible with the Convention rights within the meaning of the *Human Rights Act 2001*.



Ellan Vannin

GAS REGULATION (AMENDMENT) BILL 2020

1 A **BILL** to amend the Gas Regulation Act 1995 to reallocate the power to set
 2 parameters within which a public gas supplier may fix tariffs, and for
 3 connected purposes.

BE IT ENACTED by the Queen’s Most Excellent Majesty, by and with the advice and consent of the Council and Keys in Tynwald assembled, and by the authority of the same, as follows:—

4 1 Short title

5 The short title of this Act is the Gas Regulation (Amendment) Act 2020.

6 2 Interpretation

- 7 (1) In this Act, “**the principal Act**” means the *Gas Regulation Act 1995*.
 8 (2) References hereafter in this Act to a numbered section are, in each case,
 9 to the section so numbered in the principal Act.

10 3 Amendment of section 6

11 For section 6, substitute the following —

12 “6 Fixing of tariffs

13 (1) The Communications Commission (“the Commission”) may by
 14 regulations set the parameters within which a public gas supplier
 15 may fix the tariffs in accordance with which the supplier may
 16 charge for supplying gas, and such regulations may —

- 17 (a) create different categories of customers, on such reasonable
 18 basis as the Commission considers appropriate, for the
 19 purpose of facilitating the charging of different tariffs as
 20 between such categories; and
 21 (b) specify different parameters in respect of each such category
 22 or group of such categories.

23 Tynwald procedure – approval required.

24 (2) A public gas supplier —

- 1 (a) must, when fixing tariffs, confine itself to those parameters;
2 (b) may apply the tariffs (or any of them) to all, or any one or
3 more parts, of its business.

4 (3) Despite subsection (1), the tariffs fixed in accordance with
5 subsections (1) and (2) may, instead of being subject to parameters
6 set by the Commission, be subject to any legally binding
7 parameters agreed between the public gas supplier and the
8 Cabinet Office.

9 (4) Tariffs fixed by the public gas supplier —

10 (a) may relate to the supply of gas in different areas, cases and
11 circumstances;

12 (b) must be so framed as to show —

13 (i) the methods and principles by which the charges are to
14 be made; and

15 (ii) the prices which are to be charged;

16 (c) must be published in such manner as, in the opinion of the
17 supplier, will secure adequate publicity for them.

18 (5) A tariff fixed by a public gas supplier may include a standing
19 charge in addition to the charge for the actual gas supplied, and
20 may also include a rent or other charge in respect of any gas meter
21 or other gas fittings provided by the supplier on the premises of
22 the consumer.

23 (6) Invoices issued for the supply of gas by a public gas supplier
24 must contain such information as the Commission may specify in
25 regulations under subsection (1).

26 (7) Despite anything in section 4 or 5 or the preceding provisions of
27 this section, a public gas supplier may enter into a special
28 agreement with any consumer for the supply of gas to him on
29 such terms as may be specified in the agreement if either —

30 (a) the tariffs in force are not appropriate, owing to special
31 circumstances; or

32 (b) the agreement provides for a minimum supply of gas to any
33 premises in excess of 2,500 therms, or such other number of
34 therms as may be prescribed, in any period of 12 months,

35 and the public gas supplier must notify the Commission that it
36 proposes to enter into such a special agreement and, upon any
37 such agreement's becoming legally binding, furnish the
38 Commission with a copy of it.

39 (8) In this Act, "tariff customer" means a person who is supplied with
40 gas by a public gas supplier by any means."

IN THE COUNCIL

GAS REGULATION (AMENDMENT) BILL 2020

A **BILL** to amend the Gas Regulation Act 1995 to reallocate the power to set parameters within which a public gas supplier may fix tariffs, and for connected purposes.

Leave to introduce given by the Council on 26 November 2020.

MR HARMER

8 DECEMBER 2020