

# **PRIVATISATION AND DEREGULATION—A UK PERSPECTIVE**

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## **ABSTRACT**

The UK Electricity Supply Industry has undergone radical change as part of an initiative by the UK Government to introduce more competition into the electricity market with the minimum of regulation. This has resulted in the setting up of separate businesses, operating in the private sector, encompassing generation, transmission and supply.

The privatisation of the Electricity Supply Industry in the UK is allowing market forces to determine the future of the industry. There have been major changes in the ownership of the RECs. The performance of the industry has shown dramatic improvements.

The increasing use of gas for power generation, with its low cost and ready availability has resulted in low costs of generation. This has emphasised the importance to all generators of reducing the unit cost of electricity, and set a demanding target for investment in new generation capacity.

In 1996, British Energy plc, a UK company generating electricity excessively from nuclear power was privatised. British Energy, while maintaining the highest standards of safety, of paramount importance to a nuclear generator, has experience of operating in a deregulated electricity market.

Further deregulation of the electricity supply market in the UK will be undertaken in 1998.

The privatisation and deregulation of the UK electricity supply industry offers valuable experience to those contemplating this path.