
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision about carbon accounting and carbon units for the purposes of calculating the net Welsh emissions account under Part 2 of the Environment (Wales) Act 2016.

The purpose of Part 2 of the Environment (Wales) Act 2016 is to require the Welsh Ministers to meet targets for reducing emissions of greenhouse gases from Wales. Section 29 requires that the Welsh Ministers ensure that the net Welsh emissions account for the year 2050 is at least 80% lower than the 1990 baseline. Section 33 provides that the net Welsh emissions account for a period is the amount of net Welsh emissions of greenhouse gases minus any carbon units credited to the account and plus any carbon units debited from the account during the period.

Regulation 3 defines which carbon units may be included in the net Welsh emissions account.

Regulation 4 enables the Welsh Ministers to open “the Welsh credit account” and provides that any carbon unit that is to be credited to the net Welsh emissions account must be held in that account. Once a carbon unit has been placed in the Welsh credit account thereafter it can only be taken out again for the purpose of cancellation, unless the registry administrator is satisfied that certain conditions are met.

Regulation 5 sets out how carbon units may be credited to the net Welsh emissions account. They must be held in the Welsh credit account and the Welsh Ministers must declare them to be credited in accordance with regulation 5. This will require transfer to the “Voluntary Cancellation Account”.

Regulation 6 requires the Welsh Ministers to maintain a register containing details of the carbon units credited to and debited from the net Welsh emissions account and the details of carbon units cancelled in accordance with regulation 4.

In accordance with section 49 of the Act, the Welsh Ministers have obtained and taken into account the advice of the advisory body before laying draft regulations.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result a regulatory impact assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Welsh Government, Cathays Park, Cardiff, CF10 3NQ.