
DRAFT STATUTORY INSTRUMENTS

2010 No.

The CRC Energy Efficiency Scheme Order 2010

PART 6

Allowances and CRC emissions

Validity of allowances

52.—(1) Subject to paragraph (2), an allowance is valid for the purposes of compliance with article 53—

- (a) for the year in respect of which it was issued; and
- (b) for any subsequent year,

but an allowance issued in the first phase is not valid in respect of CRC emissions made in a subsequent phase.

(2) Where—

- (a) a participant is required to acquire and surrender additional allowances under article 97(4) (b) or 100(2)(a) in respect of an annual reporting year; and
- (b) the participant holds an allowance which is valid for the following year (“year 2”),

the participant may surrender the allowance which is valid for year 2 in order to comply with those articles.

(3) An allowance is not valid for any purpose other than a purpose for which it is valid under paragraphs (1) and (2).

Allowances and CRC emissions

53.—(1) Subject to paragraph (2) and article 37, for—

- (a) the second and third years of the first phase; and
- (b) the third and subsequent years of a subsequent phase,

the participant must surrender a quantity of allowances from its compliance account to the cancellation account which is at least equal to the participant’s CRC emissions for that year.

(2) Paragraph (1) does not apply in respect of a year where the participant’s CRC emissions for that year are less than one tCO₂.

(3) A surrender of allowances must be made by the participant—

- (a) by the last working day of July after the end of the applicable year; and
- (b) using the Registry.

Cancellation of allowances and surplus surrendered allowances

54.—(1) The administrator must in respect of a participant cancel such quantity of allowances in the cancellation account which is equal to the participant's CRC emissions for the relevant year of the phase—

- (a) except where sub-paragraph (b) or (c) applies, as stated in the annual report;
- (b) further to a determination under article 47(3); or
- (c) as provided under article 97(4)(a), 97(5), 100(2)(a), 100(3) or 101(2)(a).

(2) Where a participant surrenders to the cancellation account more allowances ("surplus allowances") than required under paragraph (1), the surplus allowances—

- (a) must remain in the cancellation account;
- (b) subject to article 52,—
 - (i) are surrendered in respect of the subsequent year ("year 2") in which the participant is required to comply with article 53; and
 - (ii) must be cancelled before any other allowances which are surrendered.

(3) Where the surplus allowances exceed the quantity required to be surrendered in year 2, subject to article 52, paragraph (2)(b) applies to the years after year 2 until no surplus allowances remain.

Allowances and trading

55.—(1) Subject to paragraphs (2) and (3), the administrator must maintain a record in respect of an allowance which shows—

- (a) the year in which it was issued;
- (b) the allocation in which it was issued;
- (c) the date of issue;
- (d) to whom it was issued;
- (e) the account in which it is held from time to time;
- (f) transfers of it;
- (g) when it is cancelled.

(2) Trading in allowances is permitted by participants and third parties to enable participants to comply with article 53(1).

(3) This article does not apply to Community tradeable emissions allowances.

Community tradeable emissions allowances

56.—(1) Subject to paragraph (2), the Environment Agency has the power to acquire Community tradeable emissions allowances as may be required to comply with requirements imposed on it under regulations made under section 21 of the Finance Act 2008(1).

(2) No acquisition must be made under paragraph (1) by taking part in an allocation conducted pursuant to section 16 of the Finance Act 2007(2).

(1) 2008 c. 9.

(2) 2007 c. 11. Section 16 has been amended by section 164(1), (2) and (3) of the Finance Act 2008 (c. 9).