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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision for the allocation of Community tradeable emissions allowances (“allowances”) in accordance with Commission Regulation (EU) No. 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community (the “Auctioning Regulation”). The Auctioning Regulation lays down a process for auctioning allowances under Chapter II (aviation) or Chapter III (stationary installations) of the Directive, which are valid for surrender against emissions occurring on or after 1st January 2013 (“Phase III allowances”).

The Auctioning Regulation requires each Member State to appoint an auctioneer and an auction platform. Regulation 3 provides for the appointment of an auctioneer and regulation 4 provides for the appointment of an auction platform. Both appointments are to be made by the Treasury and may be made subject to conditions and limitations. The functions of an auctioneer and of an auction platform are laid down in the Auctioning Regulation.

Regulation 5 makes provision for sums received by the auctioneer in relation to the auction process to be paid into the Consolidated Fund.

Phase II allowances are allowances which are not subject to auctioning in accordance with the Auctioning Regulation, and which (so far as they have not been surrendered before 14th November 2012) will continue to be auctioned in accordance with the Community Emissions Trading Scheme (Allocation of Allowances for Payment) Regulations 2008 (S.I. 2008/1825).

Regulation 6(1)—

— repeals section 16(3) of the Finance Act 2007, as a requirement to appoint an independent person to oversee allocations is incompatible with the Auctioning Regulation, which provides that a single auction monitor is to monitor the auctioning of Phase III allowances in all Member States; and

— revokes the Community Emissions Trading Scheme (Allocation of Allowances for Payment) Regulations 2008.

Regulation 6(2) provides that the repeal and the revocation do not affect the auctioning of Phase II allowances in accordance with the auction process laid down in those Regulations.

An impact assessment has not been prepared because no impact is foreseen on the business and voluntary sectors.

**Changes to legislation:**

There are currently no known outstanding effects for the The Community Emissions Trading Scheme (Allocation of Allowances for Payment) Regulations 2012.