

**2015 No. 775**

**CLIMATE CHANGE**

**The Carbon Accounting (2013–2017 Budgetary Period)  
Regulations 2015**

<i>Made</i> - - - -	<i>18th March 2015</i>
<i>Laid before Parliament</i>	<i>23rd March 2015</i>
<i>Coming into force</i> - -	<i>24th March 2015</i>

The Secretary of State, before making these Regulations, has consulted with the Scottish Ministers, the Welsh Ministers and the Department of the Environment in Northern Ireland, in accordance with section 28(4)(b) of the Climate Change Act 2008 (“the Act”)(a).

The Secretary of State, in exercise of the powers conferred by sections 26(2) and 27(3) and (4) of the Act, makes the following Regulations:

**Citation and commencement**

1. These Regulations may be cited as the Carbon Accounting (2013–2017 Budgetary Period) Regulations 2015 and come into force on 24th March 2015.

**Interpretation**

2.—(1) In these Regulations—

“the 2009 Regulations” means the Carbon Accounting Regulations 2009(b);

“aerodrome” has the same meaning as in article 4 of the Climate Change Act 2008 (2020 Target, Credit Limit and Definitions) Order 2009(c);

“the annual allocation” means the quantity of allowances calculated as a result of carrying out the calculation set out in Schedule 1;

“credit account” has the same meaning as in regulation 4(1) of the 2009 Regulations;

“the domestic aviation cap” means the figure produced as a result of carrying out the calculation set out in Schedule 2;

“domestic aviation emissions” means the emissions of carbon dioxide arising from any aircraft during taking off, flying and landing but only when the aerodrome from which the aircraft takes off and the aerodrome at which the aircraft next lands are both located in the United Kingdom;

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(a) 2008 c. 27; to which there are amendments not relevant to this S.I. See the definitions of “national authority” and “the relevant Northern Ireland department” in sections 95 and 96 of the Act.

(b) S.I. 2009/1257; amended by S.I. 2009/3146.

(c) S.I. 2009/1258.

“the Emissions Trading Directive” means Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC(a);

“the EU ETS” means the European Union Emissions Trading Scheme established under the Emissions Trading Directive as implemented by the Greenhouse Gas Emissions Trading Scheme Regulations 2012(b);

“the Registries Regulation” means Commission Regulation (EU) No 389/2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No 920/2010 and No 1193/2011(c); and

“the UK registry” means the registry established for the United Kingdom in accordance with the Registries Regulation.

(2) In these Regulations a unit is “cancelled” if a person authorised by the Secretary of State transfers it into the account known as the “Voluntary Cancellation Account” in the UK registry.

(3) In these Regulations “installation” and “operator” have the meanings given by regulation 3(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012, and “surrender” means surrender in accordance with regulation 41 of those Regulations.

### **Crediting and debiting of carbon units as a result of the operation of the EU ETS during the 2013–2017 budgetary period**

3.—(1) It is the duty of the Secretary of State to calculate whether an amount of carbon units is to be credited to or debited from the net UK carbon account as a result of the operation of the EU ETS during the 2013–2017 budgetary period.

(2) Calculations under this regulation are to be performed annually, and must be performed—

(a) in respect of 2013, by 31st March 2015; and

(b) in respect of any other year of the 2013–2017 budgetary period (“Year X”), by 15th March in Year X+2.

(3) In order to determine whether carbon units are to be credited or debited in respect of 2013, the Secretary of State must calculate whether the total amount of carbon units surrendered by operators of installations in the United Kingdom in respect of 2013 is greater or less than the annual allocation.

(4) In order to determine whether carbon units are to be credited or debited in respect of Year X, the Secretary of State must calculate whether the total amount of carbon units surrendered by operators of installations in the United Kingdom in respect of Year X is greater or less than the annual allocation.

(5) If the amount of carbon units surrendered is greater than the annual allocation, an amount of carbon units equal to the difference is to be credited to the net UK carbon account in respect of the appropriate year.

(6) If the amount of carbon units surrendered is less than the annual allocation, an amount of carbon units equal to the difference is to be debited from the net UK carbon account in respect of the appropriate year.

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(a) O.J. No. L 275, 25.10.2003, p.32. This Directive has been amended numerous times, most recently by Regulation (EU) No 421/2014, O.J. No. L 129, 30.4.2014, p.1.

(b) S.I. 2012/3038; to which amendments made by S.I. 2013/1037, S.I. 2013/3135, and S.I. 2014/3125 are relevant to this S.I.

(c) O.J. No. L 122, 3.5.2013, p.1.

### **Crediting and debiting of carbon units to take into account domestic aviation emissions during the 2013–2017 budgetary period**

4.—(1) It is the duty of the Secretary of State to calculate whether an amount of carbon units is to be credited to or debited from the net UK carbon account to take into account domestic aviation emissions during the 2013–2017 budgetary period.

(2) Calculations under this regulation are to be performed annually, and must be performed—

- (a) in respect of 2013, by 31st March 2015; and
- (b) in respect of any other year of the 2013–2017 budgetary period (“Year X”), by 15th March in Year X+2.

(3) In order to determine whether carbon units are to be credited or debited in respect of 2013, the Secretary of State must calculate whether domestic aviation emissions in 2013 are greater or less than the domestic aviation cap for 2013.

(4) In order to determine whether carbon units are to be credited or debited in respect of Year X, the Secretary of State must calculate whether domestic aviation emissions in Year X are greater or less than the domestic aviation cap for Year X.

(5) If domestic aviation emissions are greater than the domestic aviation cap, an amount of carbon units equal to the difference is to be credited to the net UK carbon account in respect of the appropriate year.

(6) If domestic aviation emissions are less than the domestic aviation cap, an amount of carbon units equal to the difference is to be debited from the net UK carbon account in respect of the appropriate year.

(7) In calculating domestic aviation emissions and the domestic aviation cap, the Secretary of State must use such data about aviation emissions as appear to the Secretary of State to be the best available data.

### **Duty to cancel carbon units in the credit account at the end of the 2013-2017 budgetary period**

5. It is the duty of the Secretary of State, during a period beginning on 1st January 2018 and ending on 15th May 2019, to ensure that each carbon unit in the credit account is cancelled.

### **Amendments to the Carbon Accounting Regulations 2009**

6.—(1) In regulation 2(2) of the 2009 Regulations, for “National Cancellation Account”, substitute “Voluntary Cancellation Account”.

(2) Regulation 9 of the 2009 Regulations is amended as follows—

- (a) at the end of paragraph (1), add “and the Carbon Accounting ((2013–2017 Budgetary Period) Regulations 2015”;
- (b) in paragraph (3), after “regulation 6,” insert “or regulation 3 or 4 of the Carbon Accounting (2013–2017 Budgetary Period) Regulations 2015,”; and
- (c) after paragraph (5) insert—

“(6) In relation to carbon units required to be cancelled in accordance with regulation 5 of the Carbon Accounting (2013–2017 Budgetary Period) Regulations 2015, the register must contain details of—

- (a) the date on which the calculation was performed; and
- (b) the amount of carbon units cancelled.”

18th March 2015

*Amber Rudd*  
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Department of Energy and Climate Change

## SCHEDULE 1

Regulation 2(1)

### The Annual Allocation

1.—(1) For the purpose of this Schedule—

“the 2010 Regulation” means 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<sup>(a)</sup>;

“allowance” has the meaning given in Article 3(a) of the Emissions Trading Directive, but excludes an aviation allowance; and

“aviation allowance” means any allowance allocated in accordance with Article 3(e) or 3(f) of the Emissions Trading Directive or auctioned in accordance with Article 3(d) of that Directive.

(2) The annual allocation (“AA”), for a year of the 2013–2017 budgetary period (“Year Y”), expressed in tonnes of carbon dioxide equivalent, is calculated as follows—

$$AA = A + B + \left(\frac{A}{C} \times D \times 0.05\right)$$

where—

- (a) A is the total quantity of allowances for installations in the United Kingdom for Year Y, as stated in the list published pursuant to regulation 16(6) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012<sup>(b)</sup>;
- (b) B is the total quantity of allowances auctioned by the United Kingdom in respect of installations in the United Kingdom for Year Y, in accordance with the provisions of Article 10(2) of the Emissions Trading Directive and Article 10(2) of the 2010 Regulation;
- (c) C is the total quantity of allowances freely allocated European Union-wide for Year Y, as calculated in accordance with Article 10(a) of the Emissions Trading Directive; and
- (d) D is the total quantity of allowances issued European Union-wide relating to Year Y, as calculated in accordance with Article 9 of the Emissions Trading Directive.

## SCHEDULE 2

Regulation 2(1)

### The Domestic Aviation Cap

1.—(1) For the purpose of this Schedule—

“EEA aviation emissions” means the emissions of carbon dioxide arising from any aircraft during taking off, flying and landing but only when the aerodrome from which the aircraft takes off and the aerodrome at which the aircraft next lands are both located in the same EEA State; and

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(a) O.J. No. L 302, 18.11.2010, p. 1.

(b) A copy of the latest list is available at:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318902/uk\\_national\\_allocation\\_table\\_phase\\_III\\_free\\_allocation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318902/uk_national_allocation_table_phase_III_free_allocation.pdf).

“EEA State” means a state which is an EEA state on the 31st December in the year for which the domestic aviation cap is being calculated (whether or not that state was an EEA state in the years referred to in paragraphs (a) and (c) of sub-paragraph (2)).

(2) The domestic aviation cap (“DAC”) for a year of the 2013–2017 budgetary period, expressed in tonnes of carbon dioxide equivalent, is calculated as follows—

$$\text{DAC} = 0.95 \times E \times \frac{F}{G}$$

where—

- (a) E is the arithmetic mean of the EEA aviation emissions for each of the years 2004, 2005 and 2006;
- (b) F is domestic aviation emissions for 2010; and
- (c) G is EEA aviation emissions for 2010.

### **EXPLANATORY NOTE**

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

These Regulations, which come into force on [24th March 2015], make provision for carbon accounting for the 2013–2017 budgetary period, for the purposes of Part 1 of the Climate Change Act 2008 (“the Act”).

Regulation 3 sets out the circumstances in which carbon units are to be credited to and debited from the net UK carbon account during the 2013–2017 budgetary period as a result of the operation of the European Union Emissions Trading Scheme.

Regulation 4 sets out the circumstances in which carbon units are to be credited to and debited from the net UK carbon account to take into account domestic aviation emissions during the 2013–2017 budgetary period.

Regulation 4 of the Carbon Accounting Regulations 2009 (“the 2009 Regulations”) established the credit account, for the purpose of holding carbon units which are to be credited to the net UK carbon account in accordance with regulation 5 of the 2009 Regulations. Regulation 5 of these Regulations places a duty on the Secretary of State to cancel all the carbon units remaining in the credit account at the end of the 2013–2017 budgetary period.

Regulation 6 amends the 2009 Regulations. Regulation 2(2) of those Regulations is amended to correct an error and regulation 9 of those Regulations is amended so that it refers to these Regulations. Regulation 6 also inserts a new paragraph into regulation 9 of the 2009 Regulations, to place a duty on the Secretary of State to add details to the register regarding the cancellation of carbon units in accordance with regulation 5 of these Regulations.

Schedules 1 and 2 set out the calculations for the annual allocation and the domestic aviation cap respectively.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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