
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision under the Finance Act 2020 for auctions of allowances to emit 1 tonne of carbon dioxide equivalent created under the Greenhouse Gas Emissions Trading Scheme Order 2020.

Part 1 contains the interpretation provisions. Part 2 provides for the products to be auctioned, and sets out how bids are to be submitted and withdrawn, and how the auction clearing price is to be determined.

Part 3 makes provision for the auction calendar and when that calendar may be adjusted. It sets out what happens to the volume of allowances at cancelled auctions, what volume of allowances is to be auctioned annual, and provides for a cost containment mechanism, enabling the Treasury to the distribution or volume of allowances to be auctioned in any one year if the carbon price exceeds specified limits.

Part 4 provides for access to auctions. Parts 5, 6 and 7 provide for the appointment and functions of the auctioneer and the auction platform, and their appointment requirements.

Part 8 provides for the reporting of transactions. Part 9 provides for the payment and transfer of the auction proceeds. Part 10 provides for the delivery of the auctioned allowances. Part 11 provides for the management of collateral.

Part 12 provides for fees and costs. Part 13 provides for monitoring of auctions, remedial measures and sanctions. Part 14 provides for the publication of auction results and protection of confidential information and Part 15 makes provision for a right of appeal, and the correction of errors.

A regulatory impact assessment of the effect that UK Emissions Trading Scheme and these Regulations will have on the costs of business, the voluntary sector and the public sector is available from the Industrial Energy Directorate, Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London SW1H 0ET and is available alongside the instrument on www.legislation.gov.uk.

Changes to legislation:

There are currently no known outstanding effects for the The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021.