

Executive Note

The Fossil Fuel Levy (Scotland) Amendment Regulations 2005 SSI/2005/641

1. The above instrument was made in exercise of the powers conferred by sections 33 and 60 of the **Electricity Act 1989**. The instrument is subject to a negative resolution procedure.

Policy Objectives

2. The purpose of the instrument is to amend the Fossil Fuel Levy (Scotland) Regulations 1996 to allow for a nominated person to administer fossil fuel levy payments. Currently, payments from the Scottish fossil fuel levy fund can only be made to and distributed by the two Scottish supply successor companies (SSCs) – Scottish Power and Scottish and Southern Energy.

3. The instrument will also make additional amendments to bring the Regulations in line with changes that have been made to the equivalent England and Wales Regulations.

4. It will amend a disparity which has arisen between the Scottish and English regulations in terms of the deduction of Climate Change Levy (CCL) payments from the total amount subject to levy charges.

5. The legislation will replace a complex formula for calculating the fossil fuel levy with a more simple and transparent formula.

6. The legislation also changes the payment cycle to a monthly basis.

Consultation

7. The following bodies have been consulted during the preparation of the instrument/on a draft of the instrument.

Association of Electricity Producers
E.on UK
Ofgem
EDF Energy
Environmental Services Association
Scottish and Southern Energy
Scottish Power
Renewable Power Association
Scottish Renewables Forum
Non-Fossil Fuel Purchasing Agency
Herbert Smith

Financial Effects

8. The instrument has minimal financial effects on the Scottish Executive, local government or on business. A regulatory impact assessment is attached.

Scottish Executive Enterprise Transport and Lifelong Learning Department
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