

## POLICY NOTE

### THE CLIMATE CHANGE (LIMIT ON USE OF CARBON UNITS) (SCOTLAND) ORDER 2016

S.S.I. 2016/330

The above instrument will, if approved, be made by the Scottish Ministers in exercise of the powers conferred by section 21(1) and (4) of the Climate Change (Scotland) Act 2009 (“the Act”) and all other powers enabling them to do so. The instrument is subject to the affirmative procedure.

#### Policy Objectives

1. The purpose of the Order is to set a limit of zero (“the zero limit”) on the net amount of carbon units that may be credited to ‘net Scottish emissions accounts’ during the period 2018-2022.
2. Section 13(1) of the Act defines ‘net Scottish emissions account’ as the aggregate amount of net Scottish emissions (emissions of greenhouse gases minus removals such as carbon sequestration by woodland), reduced or increased by the amount of carbon units credited to or debited from it. The kinds of carbon units which may be credited and debited are described in the Carbon Accounting Scheme (Scotland) Regulations 2010<sup>1</sup>.
3. The limit on the use of carbon units during the period 2018-2022 will not apply to carbon units credited to or debited from the net Scottish emissions account as a result of the operation of the EU Emission Trading Scheme (‘EU ETS’).
4. The zero limit set by the Order will ensure that the Scottish Ministers do not credit to the net Scottish emissions accounts (during the period 2018-2022) any carbon units purchased by them. In consequence, the annual emission reduction targets for each year in the period 2018-2022 will need to be achieved entirely through domestic effort (including the operation of the EU ETS).
5. As required by the Act, the Scottish Ministers requested advice from the Committee on Climate Change (“CCC”)<sup>2</sup>, who are designated under the Act as the relevant body for providing independent, expert advice to the Scottish Ministers, as to the levels at which to set the limit.
6. On the 6 July 2016, the CCC’s advised that the Scottish Ministers are unlikely to need to purchase any carbon units to achieve the existing annual emission reduction targets for the period 2018-2020 (i.e. a zero limit may be set on use of carbon units for this period); whereas, to achieve the existing annual targets for the period 2021-2022, two options are available, namely additional abatement or the purchase of carbon units by the Scottish Ministers<sup>3</sup>. The Scottish Government proposes to adopt the option of additional abatement. The setting of a zero limit on the use of carbon units during the whole period 2018-2022 accords with the recommendations of the CCC, on the basis that the annual targets for 2021-

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<sup>1</sup> S.S.I. 2010/216, as amended by S.I. 2011/1043, S.S.I. 2015/189 and S.S.I. 2016/46.

<sup>2</sup> Established by the Climate Change Act 2008.

<sup>3</sup> <http://www.gov.scot/Topics/Environment/climatechange/legislation/CCC-updated-advice>

2022 will be achieved through proposals and policies to meet these targets without the purchase of any carbon units by the Scottish Ministers.

### **Consultation**

7. The Scottish Ministers requested advice from the CCC as to the levels at which to set the limit. The limit set by the Order accords with the advice of the CCC.

### **Impact Assessments**

8. A Strategic Environmental Assessment (SEA) has not been prepared because the setting of the zero limit would have no detrimental effect on the environment.

9. An Equality Impact Assessment (EQIA) has not been prepared because the zero limit would not affect different sections of the population in different ways.

10. A Child Rights and Wellbeing Impact Assessment (CRWIA) is not required for the present instrument as it is considered that the setting of a zero limit will not, in itself, have any effect on children and young people.

11. A Privacy Impact Assessment (PIA) is not required for the present instrument, as it has no relevance to personal information or intrusive technologies.

### **Financial Effects**

12. No business and regulatory impact assessment has been produced for the Order as no impact on the private and voluntary sectors is foreseen. In particular, the zero limit set by the Order will not impose any new regulatory burdens on any of these sectors.

Directorate for Energy and Climate Change  
Scottish Government  
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