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## SCHEDULES

### SCHEDULE 2

#### TRADING SCHEMES

#### PART 2

##### SCHEMES ENCOURAGING ACTIVITIES

###### *Introductory*

- 12 This Part of this Schedule deals with trading schemes that operate by encouraging activities that consist of, or that cause or contribute, directly or indirectly to—
- (a) reductions in greenhouse gas emissions, or
  - (b) the removal of greenhouse gas from the atmosphere.

###### *Trading periods*

- 13 The regulations must specify the period or periods by reference to which the scheme is to operate (a “trading period”).

###### *Activities*

- 14
- (1) The regulations must identify the activities to which the trading scheme applies.
  - (2) The regulations may identify the activities by reference to any, or any combination of, criteria and in particular—
    - (a) may identify the activities by reference to the locations or locations at which they are carried on, or
    - (b) may be expressed to apply to all activities of a particular kind carried on in the United Kingdom or a part of the United Kingdom.
  - (3) The regulations must specify the units of measurement of the activities for the purposes of the scheme.
  - (4) The regulations may specify units of measurement by reference to—
    - (a) the activities themselves,
    - (b) anything consumed or used for the purposes of the activities,
    - (c) anything produced by the activities, or
    - (d) any other consequence of the activities.
  - (5) The regulations may, in particular, make provision—
    - (a) for activities to be measured by reference to the amount (in tonnes of carbon dioxide equivalent) of the reduction of greenhouse gas emissions, or removals of greenhouse gas from the atmosphere, for which those activities are to be regarded as responsible; and

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(b) as to the method by which that amount is to be measured or calculated.

(6) The regulations may make different provision in relation to different descriptions of activity to which the scheme applies.

#### *Participants*

- 15 (1) The regulations must identify the persons to whom the trading scheme applies (the “participants”).
- (2) The regulations—
- (a) may identify the participants by reference to any, or any combination of, criteria, or
  - (b) provide for their identification by a specified person or body.
- (3) The regulations may provide for more than one person to be treated as a single participant.
- (4) The regulations may provide for persons to cease to be participants in circumstances specified in the regulations.

#### *Targets and obligations*

- 16 The regulations must, for each trading period—
- (a) set a target for the total amount of the activities, and
  - (b) impose, or provide for the imposition of, an obligation on each participant in relation to the carrying on of a specified amount of the activities in the period.

#### *Certificates*

- 17 (1) The regulations must provide for the issue of certificates evidencing the carrying on of the activities in a trading period.
- (2) The regulations may provide for certificates to evidence the carrying on of the activities—
- (a) by the participant in question,
  - (b) by another participant in the trading scheme, or
  - (c) by a third party authorised in accordance with the regulations to obtain certificates for the purposes of the scheme.
- (3) The regulations must require each participant to have enough certificates at the end of each trading period to comply with the participant's obligations under the trading scheme.
- (4) The regulations must contain provision for ensuring that certificates used by a participant for that purpose cannot be used by the participant for any other purpose.
- (5) The regulations—
- (a) may provide for the expiry of certificates after such period as may be specified in or determined in accordance with the regulations;
  - (b) may enable certificates to be cancelled by a person by whom they are held instead of being used for the purposes of a trading scheme.

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### *Payments*

- 18 (1) The regulations may provide that a participant who does not have enough certificates at the end of a trading period to comply with the participant's obligations under the trading scheme must pay an amount specified in or determined in accordance with the regulations within the period so specified.
- (2) The regulations may require the payment to be made to—
- (a) the administrator, or
  - (b) such other person as the regulations may specify.
- (3) The provision that may be made about the amount of the payment includes, in particular, provision—
- (a) for the amount to be determined by the administrator or a national authority;
  - (b) in a case where the payment is not made within the period specified in the regulations, for the amount to increase at the rate so specified until payment;
  - (c) for the amount of the payment, or of any amount by reference to which it is to be calculated, to be adjusted from time to time by reference to inflation or some other factor.
- (4) Provision within sub-paragraph (3)(c) may refer, in particular, to an index or data specified in the regulations (including as modified from time to time after the regulations come into force).
- (5) If the regulations provide for payments to be made to a person other than a national authority, they must provide for that person to pay the sums received to the national authority or authorities specified in or determined in accordance with the regulations.

### *Trading*

- 19 (1) The regulations must provide for the participants in a trading scheme to trade in certificates.
- (2) The regulations may also provide for trading in certificates by third parties authorised in accordance with the regulations.
- (3) The regulations must specify the circumstances in which trading is permitted.
- (4) The regulations may require trading to be notified to the administrator of the trading scheme.

### *Units under other schemes*

- 20 (1) The regulations may make provision for recognising any of the following as equivalent to certificates under the trading scheme—
- (a) allowances, credits or certificates under another trading scheme for which provision is made by regulations under this Part of this Act;
  - (b) units under any other trading scheme (at United Kingdom, European or international level) relating to greenhouse gas emissions.
- (2) The regulations may provide—
- (a) for determining the value for the purposes of the scheme of any such allowances, credits, certificates or units, and

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- (b) for the use for the purposes of the scheme of any such allowances, credits, certificates or units to be subject to such conditions and limitations as may be specified in or determined in accordance with the regulations.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 86(1)(a) words renumbered as s. 86(1)(a) by [2016 c. 22 s. 211\(2\)\(a\)](#)
- s. 86(1)(b) and word inserted by [2016 c. 22 s. 211\(2\)\(b\)](#)
- s. 86(7A)(7B) inserted by [2016 c. 22 s. 211\(5\)](#)