
STATUTORY INSTRUMENTS

2013 No. 1119

The CRC Energy Efficiency Scheme Order 2013

PART 4

Allowances and trading of CRC emissions

Validity of allowances

35.—(1) Subject to paragraph (2), an allowance is valid for the purposes of compliance with article 36—

- (a) for the year in respect of which it was issued; and
- (b) for any subsequent year,

but an allowance issued in a phase is not valid in respect of CRC emissions made in a subsequent phase.

(2) Where—

- (a) a participant is required to acquire and surrender additional allowances under article 74(4) (b) or 77(2)(a) in respect of an annual reporting year; and
- (b) the participant holds an allowance which is valid for the following year (“year 2”),

the participant may not surrender the allowance which is valid for year 2 in order to comply with those articles.

(3) A participant must acquire the additional allowances from a special allocation or from a third party.

(4) An allowance is not valid for any purpose other than a purpose for which it is valid under paragraphs (1) and (2).

(5) In paragraph (3), “special allocation” means the issue of allowances conducted by the Environment Agency under regulation 10 of the 2012 Regulations.

Allowances and CRC emissions

36.—(1) Subject to paragraph (2), for each year of a phase, the participant must surrender a quantity of allowances from its compliance account to the cancellation account which is at least equal to the participant’s CRC emissions for that year.

(2) Paragraph (1) does not apply in respect of a year where the participant’s CRC emissions for that year are less than one tCO₂.

(3) A surrender of allowances must be made by the participant—

- (a) by the last working day of October after the end of the applicable year; and
- (b) using the Registry.

Cancellation of allowances and surplus surrendered allowances

37.—(1) The administrator must in respect of a participant cancel such quantity of allowances in the cancellation account which is equal to the participant’s CRC emissions for the relevant year of the phase—

- (a) except where sub-paragraph (b) or (c) applies, as stated in the annual report;
- (b) further to a determination under article 31(3); or
- (c) as provided under article 74(4)(a) or (5), 77(2)(a) or (3) or 78(2)(a).

(2) Where a participant surrenders to the cancellation account more allowances (“surplus allowances”) than required under article 36(1), the surplus allowances—

- (a) must remain in the cancellation account;
- (b) subject to article 35—
 - (i) are to be treated as surrendered in respect of the subsequent year (“year 2”) in which the participant is required to comply with article 35 where that year is in the same phase; and
 - (ii) must be cancelled by the administrator in accordance with paragraph (1) before any other allowances which are surrendered.

(3) Where the surplus allowances exceed the quantity required to be surrendered in year 2, subject to article 35, paragraph (2)(b) applies to the years after year 2 until no surplus allowances remain.

(4) Where—

- (a) a participant surrenders to the cancellation account surplus allowances; and
- (b) the account holder makes a request to the Secretary of State for the repayment of the balance,

the Secretary of State may repay the balance to the account holder.

(5) Any repayment made by the Secretary of State under paragraph (4) may be subject to a deduction of any banking charges incurred during that transaction.

Allowances and trading

38.—(1) The administrator must maintain a record in respect of an allowance which shows—

- (a) the year in which the allowance issued;
- (b) the allocation in which the allowance was issued;
- (c) the date of issue of the allowance;
- (d) to whom the allowance was issued;
- (e) the account in which the allowances are held from time to time;
- (f) transfers of the allowances;
- (g) when the allowance is cancelled.

(2) Trading in allowances is permitted by participants and third parties.