

**EXPLANATORY MEMORANDUM TO
THE CRC ENERGY EFFICIENCY SCHEME (ALLOCATION OF ALLOWANCES
FOR PAYMENT) (AMENDMENT) (No. 2) REGULATIONS 2014**

2014 No. 3262

1. This explanatory memorandum has been prepared by HM Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 The Regulations amend the CRC Energy Efficiency Scheme (Allocation of Allowances for Payment) Regulations 2013 (S.I. 2013/3103). They set the price of allowances from 2015. They also provide that payments for allowances may not be made using a credit card.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative context

4.1 The CRC Energy Efficiency Scheme Order 2013 (S.I. 2013/1119) established an emissions trading scheme in the United Kingdom in respect of greenhouse gases under sections 44 and 46(3) of and schedule 2 and paragraph 3 of schedule 3 to the Climate Change Act 2008 (c. 27). It applies to the direct and indirect emissions from supplies of electricity, gas and fuel by public bodies and undertakings.

4.2 The CRC Energy Efficiency Scheme (Allocation of Allowances for Payment) Regulations 2013 (S.I. 2013/3103) provide for the allocation of CRC allowances in return for payment during the second phase of the CRC.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation no statement is required.

7. Policy background

- 7.1 The CRC is a mandatory UK-wide trading scheme designed to incentivise large public and private sector organisations to invest in energy efficiency.
- 7.2 Participants in the scheme are required to surrender a number of emissions allowances at the end of each scheme year equal to their total CO₂ emissions. The Government holds two sales of emissions allowances each year.
- 7.3 The CRC Energy Efficiency Scheme (Allocation of Allowances for Payment) Regulations 2013 set out provisions for the sales of emissions allowances during the second phase of the scheme, which began on 1 April 2014.
- 7.4 These regulations:
 - 7.4.1 set the price of allowances for years following 2015; and
 - 7.4.2 provide that payment for allowances may not be made using a credit card .

8. Consultation outcome

- 8.1 None

9. Guidance

- 9.1 Guidance in general can be found on the DECC and EA websites.

10. Impact

- 10.1 These Regulations are covered by the full impact assessment produced in relation to the CRC Energy Efficiency Scheme Order 2013 (S.I. 2013/1119), which contains an assessment of the effect that the 2013 Regulations and that Order, taken together, will have on the costs of business and the voluntary sector. That assessment is annexed to the Explanatory Memorandum to the CRC Energy Efficiency Scheme Order 2013 which is available alongside the instrument on www.legislation.gov.uk or from the Department for Energy and Climate Change, 3 Whitehall Place, London, SW1A 2AW.

11. Regulating small business

- 11.1 This legislation does not apply to small business.

12. Monitoring & review

12.1 The operation of these Regulations will be monitored and reviewed as part of the operation of the CRC as a whole.

13. Contact

13.1 Khalid Aly at HM Treasury (Tel: 0207 270 5966 or email: khalid.aly@hmtreasury.gsi.gov.uk) can answer any queries regarding the instrument.