

*Draft Order laid before Parliament under sections 11(6) and 91(1) of the Climate Change Act 2008, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2021 No.**

**CLIMATE CHANGE**

**The Climate Change Act 2008 (Credit Limit) Order 2021**

*Made* - - - - - \*\*\*  
*Coming into force* - - - - - \*\*\*

A draft of this instrument was laid before and approved by a resolution of each House of Parliament, in accordance with sections 11(6) and 91(1) of the Climate Change Act 2008 (“the Act”)(1).

Before the draft was so laid, the Secretary of State—

- (a) took into account the advice of the Committee on Climate Change under section 34(1) (b) in relation to the 2023-2027 budgetary period in accordance with section 11(7)(a) of the Act; and
- (b) consulted the Scottish Ministers, the Welsh Ministers and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland in accordance with section 11(7)(b) of the Act(2).

Accordingly, the Secretary of State, in exercise of the powers conferred by section 11(4) and (5) of the Act, makes the following Order:

**Citation and coming into force**

1. This Order may be cited as the Climate Change Act 2008 (Credit Limit) Order 2021 and comes into force on the day after the day on which it is made.

**Limit on the net amount of carbon units**

2.—(1) The limit on the net amount of carbon units(3) that may be credited to the net UK carbon account for the 2023-2027 budgetary period is 55,000,000 carbon units.

(2) Carbon units credited to or debited from the net UK carbon account as a result of the operation of the EU ETS in respect of each year of the 2023-2027 budgetary period in accordance with

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(1) 2008 c. 27.

(2) See the definitions of “national authority” and “the relevant Northern Ireland department” in sections 95 and 96.

(3) See the definition of “carbon units” in regulation 3 of the Carbon Accounting Regulations 2009 (S.I. 2009/1257) which is made under section 26(1) of the Climate Change Act 2008.

regulations made under section 27(3) of the Climate Change Act 2008 do not count towards the limit in paragraph (1).

(3) In this article, “EU ETS” means the EU Emissions Trading System established by [Directive 2003/87/EC](#) of the European Parliament and of the Council<sup>(4)</sup> and includes any replacement for that emissions trading system that has effect for any part of the 2023-2027 budgetary period.

	<i>Name</i>
	Minister of State for Business, Energy and Clean Growth
	Department for Business, Energy and Industrial Strategy
Date	

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(4) OJ No L 275, 25.10.2003, p32; as last amended by Commission Delegated [Decision \(EU\) 2020/1071](#) (OJ No L 234, 21.7.2020, p16).

## EXPLANATORY NOTE

*(This note is not part of the Order)*

The UK's progress against its emission reduction targets is assessed by reference to the 'net UK carbon account'. Under section 27 of the Climate Change Act 2008 (c. 27) ("the Act") the net UK carbon account is reduced when carbon units are credited to it. This Order sets a limit on the net amount of carbon units that may be credited to the net UK carbon account for the 2023-2027 budgetary period of 55,000,000 carbon units. Article 2(2) sets out certain carbon units which are excluded from the level of the limit. Those are carbon units credited to and debited from the net UK carbon account as a result of the operation of the EU Emissions Trading System during the 2023-2027 budgetary period in accordance with regulations made under section 27(3) of the Act. Carbon units are defined in regulation 3 of the Carbon Accounting Regulations 2009 (S.I. 2009/1257), made under section 26(1) of the Act.

A full impact assessment of the effect that this instrument will have on the costs of business and the voluntary sector is available from the Department for Business, Energy and Industrial Strategy at 1 Victoria Street, London, SW1H 0ET and published with its Explanatory Memorandum alongside this instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk).