
STATUTORY INSTRUMENTS

2012 No. 1976

**The Climate Change Agreements
(Administration) Regulations 2012**

Terms to be included in an underlying agreement relating to the buy-out fee

12.—(1) An underlying agreement must contain the terms set out in paragraph (2).

(2) The terms referred to in paragraph (1) are—

(a) if the administrator finds that the target unit has failed to meet its targets—

(i) at any time in the period beginning with 1st May in the year following the end of a target period and ending immediately before the first day of the next certification period; or

(ii) at any other time,

the obligation to make progress towards meeting targets may instead be satisfied by the payment to the administrator of a fee in accordance with sub-paragraph (b);

(b) if sub-paragraph (a) applies, the administrator must serve a notice on the operator containing the following information—

(i) that the target unit has failed to meet its target;

(ii) the fee to be paid, calculated in accordance with sub-paragraph (c) or (d);

(iii) the date by which the fee must be paid, determined in accordance with sub-paragraph (e) or (f);

(iv) to whom the fee must be paid;

(v) how the fee is to be paid; and

(vi) that failure to pay the fee in accordance with the notice will result in the issue of a variation certificate in accordance with paragraph 45 of Schedule 6;

(c) if sub-paragraph (a)(i) applies, the amount of the fee is—

$$£12 \times (W - S)$$

where W in units of tCO₂ represents the amount by which the emissions for the target period exceed the target and S in units of tCO₂ represents any surplus;

(d) if sub-paragraph (a)(ii) applies, the amount of the fee is—

$$£12 \times W$$

where W in units of tCO₂ represents the amount by which the emissions for the target period exceed the target;

(e) if sub-paragraph (a)(i) applies, the fee must be paid on or before 1st July in the year in which the target unit is found to have failed to meet its targets;

(f) if sub-paragraph (a)(ii) applies, the fee must be paid within 30 working days beginning with the date of the notice; and

(g) payment of the fee is deemed to have been made when the person to whom the fee must be paid as specified in the notice receives full cleared funds.