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## EXPLANATORY NOTE

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

These Regulations make provision for carbon accounting in respect of 2018 for the purposes of Part 1 of the Climate Change Act 2008 (“the Act”). They form part of the rules for determining the net UK carbon account – defined in section 27(1) of the Act. The amount of the net UK carbon account for different periods determines whether the targets in the Act for emissions reductions have been met. These Regulations are relevant to the third carbon budget set under the Act, covering 2018-2022.

Regulation 3 sets out the circumstances in which carbon units are to be credited to and debited from the net UK carbon account in respect of 2018 as a result of the operation of the European Union Emissions Trading Scheme in that year other than in relation to aviation.

Regulation 4 sets out the circumstances in which carbon units are to be credited to and debited from the net UK carbon account to take into account domestic aviation emissions during 2018. It relies on the calculation of a domestic aviation cap in accordance with the Schedule.

Regulation 5 of these Regulations places a duty on the Secretary of State to cancel all the carbon units (if any) credited to the net UK carbon account in respect of 2018 following their acquisition by the Secretary of State.

Regulation 6 amends the Carbon Accounting Regulations 2009 in two respects. First, it updates the definition of European Union allowance. Second, it amends the duty in regulation 9 of the 2009 Regulations on the Secretary of State to keep a register of carbon units credited to and debited from the net UK carbon account so that it takes account of these Regulations.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.