

ENVIRONMENT (WALES) ACT 2016

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 2 - Climate change

Section 40 - Carrying amounts from one budgetary period to another

168. This section provides a power for the Welsh Ministers to “bank” and “borrow” emissions between budgetary periods.
169. Under subsections (1) and (3), the Welsh Ministers may “borrow” up to 1% of the next budget. An amount from the next budget is “carried back” to the budget preceding it. Where this power is used, the next budget (which will already have been set by order) is reduced by the amount that has been borrowed.
170. Under subsection (4) the Welsh Ministers may carry forward any part of the carbon budget that exceeds the net Welsh emissions account for that period (i.e. to “bank” a budget surplus, but not necessarily all of it). The banked amount is added to the next budget (subsection (5)).
171. The Welsh Ministers must consult with the ‘advisory body’ before exercising powers under this section (that is, before banking or borrowing).