

## POLICY NOTE

### THE CARBON ACCOUNTING SCHEME (SCOTLAND) AMENDMENT REGULATIONS 2017

#### S.S.I. 2017/XXX

The above instrument is made in exercise of the powers conferred by sections 13(5), 20(1) and 96(2) of the Climate Change (Scotland) Act 2009 (“the Act”) and all other powers enabling the Scottish Ministers to do so. The instrument is subject to the affirmative procedure.

#### Policy Objectives

The main purpose of the Carbon Accounting Scheme (Scotland) Amendment Regulations 2017 (“the Regulations”) is to make provision for the circumstances and manner in which carbon units may be credited to, or debited from, the net Scottish emissions account for 2015.

In particular, the Regulations amend the Carbon Accounting Scheme (Scotland) Regulations 2010 so as to require the Scottish Ministers, by 30 June 2017, to calculate whether an amount of carbon units is to be credited to, or debited from, the net Scottish emissions account for 2015 as a result of the operation of the EU Emissions Trading Scheme (ETS) in Scotland.

This calculation has two components:

- In relation to “aviation activities”<sup>1</sup>, whether the amount of emissions in respect of Scotland from such activities in 2015 is more or less than the “aviation cap” for 2015;
- In relation to “other activities”<sup>2</sup>, whether the amount of carbon units surrendered in respect of such activities in Scotland as a result of the operation of the EU ETS in the “relevant period”<sup>3</sup> for 2015 is more or less than the “fixed installation cap” for 2015.

The new provisions broadly mirror those used for the calculation of the net Scottish emissions account for the years 2014 and 2013. A paper setting out how the “aviation cap” and the “fixed installation cap” for 2015 have been determined has been published by the Scottish Government<sup>4</sup>.

The Regulations also update the definition of an “European Union allowance”, one of the types of carbon unit that can be used under the Act, to reflect the transition from phase II (2008 – 2012) to phase III (2013 – 2020) of the EU ETS. The update ensures that the definition is not restricted to allowances converted from assigned amount units under phase II. This update does not require any adjustment to the net Scottish emissions account figures previously reported.

The Regulations also amend regulation 8B(4), to ensure that the rules for the accounting of carbon units in relation to emissions from aviation activities in 2014 match the method which

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<sup>1</sup> As listed in Annex I of Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Directive 96/61/EC (OJ L 275, 25.10.2003, as last amended by Decision (EU) 2015/1814 (OJ 264, 9.10.2015, p.1).

<sup>2</sup> These are those activities, other than aviation activities, listed in Annex I of Directive 2008/87/EC.

<sup>3</sup> The use of a 16 month relevant period reflects the fact that surrenders in relation to activities occurring during 2015 can occur during the early part of the following calendar year.

<sup>4</sup> <http://www.gov.scot/Topics/Statistics/Browse/Environment/Publications/ETScap2015>

was used to calculate the appropriate net Scottish emissions account for that year. Accordingly, this correction does not require any adjustment to be made to the net Scottish emission account figure previously reported for 2014.

### **Background**

For the purposes of the Act, the net Scottish emissions account means the aggregate amount of “net Scottish emissions” (emissions plus “removals” such as carbon sequestration by woodland), reduced or increased by the amount of “carbon units” credited to it, or debited from it, in accordance with the Carbon Accounting Scheme (Scotland) Regulations 2010.

### **Consultation**

The UK Committee on Climate Change and the UK Government were consulted on the method for crediting or debited carbon units, in respect of Scotland, as a result of the operation of the EU ETS.

### **Financial Effects**

A Business and Regulatory Impact Assessment (BRIA) is not required, as the instrument will not, in itself, impose new regulatory burdens on businesses, charities or the voluntary sector.

Scottish Government  
Energy and Climate Change Directorate  
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