
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the Treasury to impose charges by providing for the allocation and issue of allowances in return for payment in the trading scheme established by the CRC Energy Efficiency Scheme Order 2010 ([S.I. 2010/768](#)). The regulations set out provision as to who will conduct allocations, the timing of requests to be allocated allowances, the payment for and issue of allowances, the consequences of late or non-payment and the consequences of a transfer of excess allowances.

Regulation 3 sets out that the Environment Agency must conduct allocations of allowances in return for payment to the Secretary of State and that main allocations must be conducted in the periods set out in regulation 5. Special allocations (which are allocations made to an account holder who has received an enforcement notice or a notice of a civil penalty requiring them to acquire allowances) may be made at any time.

Regulation 4 sets out the provision as to the information that an account holder requesting allowances is required to submit to the Environment Agency using the Registry. Provision is made for account holders to make multiple requests and that requests can only be made during a primary allocation period.

Regulation 5 provides for the periods during which allocations will take place. It provides for both primary allocation periods (during which account holders may request allowances and the Environment Agency may conduct allocations) and secondary allocation periods (during which the Environment Agency must conduct allocations requested during the primary allocation period but not yet allocated).

Regulation 6 provides that only account holders of a compliance account in the CRC Energy Efficiency Scheme may make requests for allowances during an allocation and that for a request to be valid payment must be made in accordance with regulation 7. If only a partial payment is made, the Environment Agency may allocate allowances up to the value of which payment has been received. If payment is made after the time set out in regulation 7, the payment is returned to the participant and no allowances issued.

Regulation 7 provides that the price of each allowance at an allocation is £12. Payment for allowances must be made no later than the last day of a primary allocation period. Payment for allowances at a special allocation must be made no later than the date specified in the enforcement notice, or within 5 working days of the effective date of a civil penalty notice or the determination of an appeal against an enforcement or civil penalty notice.

Regulation 8 provides for the Environment Agency to charge fees determined by reference to the costs of allocating the allowances.

Regulation 9 sets out how payments must be made.

Regulation 10 provides that once payment for allowances has been received on time the Environment Agency must issue allowances to the account holder. If payment is received on time but allowances are not issued during the primary allocation period, they are to be issued during the following secondary allocation period.

Regulation 11 sets out provision in the event that excess allowances are issued. If an issue of excess allowances comes to the notice of the Environment Agency the Environment Agency must cancel the excess allowances and notify the account holder that the allowances have been cancelled. If the

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:
The CRC Energy Efficiency Scheme (Allocation of Allowances for Payment) Regulations 2013 No. 3103

account holder has dealt in the excess allowances, or in an interest in them, the Environment Agency may require the account holder to pay the price they would have paid in the allocation.

Regulation 12 provides that any money other than fees received by the Environment Agency under or by virtue of the Regulations is to be paid to Secretary of State and that the Secretary of State is to pay any money received into the Consolidated Fund.

Regulation 13 sets out provisions for the service of notice by and on the Environment Agency.

These Regulations are covered by the full impact assessment produced in relation to the CRC Energy Efficiency Scheme Order 2010, which contains an assessment of the effect that both these Regulations and that Order, taken together, will have on the costs of business and the voluntary sector. That assessment is available from www.decc.gov.uk and is also annexed to the Explanatory Memorandum to the CRC Energy Efficiency Scheme Order 2010 which is available alongside the instrument on www.legislation.gov.uk.