

# CLIMATE CHANGE ACT 2008

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 1: Carbon Target and Budgeting**

#### **Determination whether objectives met**

#### *Section 16: Annual statement of UK emissions*

80. This section places a duty on the Secretary of State to lay a statement before Parliament on UK emissions in respect of every year from 2008 onwards. Finalised figures for UK emissions, including a full inventory report, are currently produced, and submitted to the EU by the Government on 15th March each year, 14½ months after the end of calendar year in question. *Subsection (10)* therefore provides that the report under this section must be laid no later than the 31st March in the second year after the year to which it relates (the report for 2008 must be laid by 31st March 2010).
81. *Subsections (2) and (3)* specify that the statement must set out UK emissions, UK removals and net UK emissions. These terms are defined in section 29; they include emissions of all greenhouse gases (whether or not they are “targeted greenhouse gases” included in the 2050 and other targets), and the statement must show the total figures for emissions of each gas and also aggregate figures. The statement must also explain how the figures were measured or calculated, and must say whether they represent an increase or decrease when compared with the figures for the previous year. See, also, section 82, which repeals a similar reporting requirement under section 2(b) of the [Climate Change and Sustainable Energy Act 2006 \(c.19\)](#).
82. *Subsection (4)* provides that where there has been a change in the international method of calculating emissions levels that requires the adjustment of emissions levels in earlier years in the budgetary period, then the report should set out the adjusted figures.
83. *Subsection (5)* requires the Secretary of State to report the levels of emissions from international aviation and international shipping in the statement, calculated in the same way as is required under international carbon reporting practice, unless those emissions are already included in the figures required by subsection (2). Emissions from international aviation and international shipping will be included in the figures reported under subsection (2) if regulations are made under section 30 which have that effect; the commentary on section 30 gives more detail on the circumstances in which that can happen.
84. *Subsection (6)* specifies that the report must set out the cumulative total of carbon units (as defined in section 26(1)) credited to or debited from the net UK carbon account for the year, and give details of the number and type of those carbon units. *Subsection (7)* provides that the report must also state the net UK carbon account for the year.
85. *Subsection (8)* specifies that the statement must set out the amount of net UK emissions of carbon dioxide for the year 1990, and the amount of net UK emissions for each of the other targeted greenhouse gases in their base years. The report must also state the

baseline amount for greenhouse gases which are not “targeted”; the baseline amount may be equal to emissions of the gas in 1990 or another year, or average net UK emissions for a number of years (*subsection (9)*).

86. *Subsection (10)* gives the date by which the statement must be laid before Parliament and *subsection (11)* requires the Secretary of State to send a copy of the statement to each of the devolved administrations.

### ***Section 17: Powers to carry amounts from one budgetary period to another***

87. This section provides a power for the Secretary of State to “bank” and “borrow” emissions between budgetary periods.
88. *Subsection (1)* allows the Secretary of State to “borrow” part of the next budget. In the language of the Act, 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.
89. *Subsection (2)* limits the amount that can be borrowed under *subsection (1)* to no more than 1% of the next budget.
90. *Subsection (3)* allows the Secretary of State to carry forward any part of the carbon budget that exceeds the net UK carbon 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.
91. *Subsection (4)* requires the Secretary of State to obtain the advice of the Committee on Climate Change, and take this advice into account, before exercising powers under this section (that is, before banking or borrowing). The Secretary of State is also obliged to consult the devolved administrations before banking or borrowing.
92. *Subsection (5)* places a back-stop on when the banking and borrowing powers can be used. A decision to bank or borrow must be taken no later than 31st May in the second year after the earlier budget period ends (so, for the 2008–2012 budget, no later than 31st May 2014). This is also the date on which a assessment is made of whether the budget has been met (see section 18).

### ***Section 18: Final statement for budgetary period***

93. This section places a duty on the Secretary of State to report the final figures for the net UK carbon account during a budgetary period; these figures are used to determine whether a budget has been met.
94. *Subsections (2) to (6)* place a duty on the Secretary of State to report:
- under *subsection (2)*, the final amounts of UK emissions, UK removals and net UK emissions for each targeted greenhouse gas (each of the gases included in the target – see section 24). The final amounts may differ slightly from the sum of the emissions figures in the annual reports for the budgetary period because this statement will take account of any changes in the international methodology used to work out the 1990 baseline and emissions for each year;
  - under *subsection (3)*, the final amount of carbon units that have been credited to or debited from the UK carbon account in that budgetary period, and details of the number and type of those units;
  - under *subsection (4)*, the final amount of the net UK carbon account for the budgetary period;
  - under *subsection (5)*, whether the Secretary of State has decided to borrow from the next budget (using the power in section 17(1)) and, if so, the amount borrowed;

*These notes refer to the Climate Change Act 2008 (c.27)  
which received Royal Assent on 26th November 2008*

- under *subsection (6)*, the amount of the budget for the period, which will be the level of the budget as originally set, subject to any banking or borrowing under section 17 and any alteration of the budget under section 21.
95. *Subsection (7)* provides that the determination of whether the budget has been met should be made by reference to the figures in the statement.
96. *Subsection (8)* provides that if the budget has not been met, then the statement must include an explanation of the reasons why not.
97. *Subsection (9)* sets a back-stop, requiring the Secretary of State to lay the statement before Parliament no later than the 31st May in the second year after the end of a budgetary period (so, for the 2008–2012 budget, no later than 31st May 2014). *Subsection (10)* requires the Secretary of State to send a copy of the statement to the devolved administrations.

***Section 19: Duty to report on proposals and policies for compensating for budget excess***

98. This section places a duty on the Secretary of State to lay a report before Parliament setting out proposals and policies to compensate in future periods for excess emissions, if a report under section 18 shows that the net UK carbon account has exceeded the carbon budget for a period.
99. *Subsection (2)* places the Secretary of State under a duty to consult the Scottish Ministers, the Welsh Ministers and the relevant Northern Ireland department in relation to any part of the report covering their proposals and policies. *Subsection (3)* requires the Secretary of State to send a copy of the report to each of the devolved administrations.

***Section 20: Final statement for 2050***

100. This section places a duty on the Secretary of State to report to Parliament the final figures for the net UK carbon account in 2050.
101. *Subsections (2) to (4)* place a duty on the Secretary of State to report:
- under *subsection (2)*, the final amounts of UK emissions, UK removals and net UK emissions for 2050 for each targeted greenhouse gas;
  - under *subsection (3)*, the amount of carbon units that have been credited to and debited from the net UK carbon account, and details of the number and type of those units;
  - under *subsection (4)*, the amount of the net UK carbon account for 2050.
102. *Subsection (5)* provides that the question of whether the 2050 target has been met is to be answered by referring to the figures in the statement.
103. *Subsection (6)* provides that if the budget has not been met, the statement must explain the reasons why not.
104. *Subsection (7)* sets a back-stop, requiring the Secretary of State to lay the statement before Parliament no later than 31st May 2052. *Subsection (8)* requires the Secretary of State to send a copy of the statement to the devolved administrations.