

Draft Regulations laid before the National Assembly for Wales under section 48(3) of the Environment (Wales) Act 2016, for approval by resolution of the National Assembly for Wales.

DRAFT WELSH STATUTORY
INSTRUMENTS

2018 No. (W.)

CLIMATE CHANGE, WALES

**The Carbon Accounting (Wales)
Regulations 2018**

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision about carbon accounting and carbon units for the purposes of calculating the net Welsh emissions account under Part 2 of the Environment (Wales) Act 2016.

The purpose of Part 2 of the Environment (Wales) Act 2016 is to require the Welsh Ministers to meet targets for reducing emissions of greenhouse gases from Wales. Section 29 requires that the Welsh Ministers ensure that the net Welsh emissions account for the year 2050 is at least 80% lower than the 1990 baseline. Section 33 provides that the net Welsh emissions account for a period is the amount of net Welsh emissions of greenhouse gases minus any carbon units credited to the account and plus any carbon units debited from the account during the period.

Regulation 3 defines which carbon units may be included in the net Welsh emissions account.

Regulation 4 enables the Welsh Ministers to open “the Welsh credit account” and provides that any carbon unit that is to be credited to the net Welsh emissions account must be held in that account. Once a carbon unit has been placed in the Welsh credit account thereafter it can only be taken out again for the purpose of cancellation, unless the registry

administrator is satisfied that certain conditions are met.

Regulation 5 sets out how carbon units may be credited to the net Welsh emissions account. They must be held in the Welsh credit account and the Welsh Ministers must declare them to be credited in accordance with regulation 5. This will require transfer to the “Voluntary Cancellation Account”.

Regulation 6 requires the Welsh Ministers to maintain a register containing details of the carbon units credited to and debited from the net Welsh emissions account and the details of carbon units cancelled in accordance with regulation 4.

In accordance with section 49 of the Act, the Welsh Ministers have obtained and taken into account the advice of the advisory body before laying draft regulations.

The Welsh Ministers’ Code of Practice on the carrying out of Regulatory Impact Assessments was considered in relation to these Regulations. As a result a regulatory impact assessment has been prepared as to the likely costs and benefits of complying with these Regulations. A copy can be obtained from the Welsh Government, Cathays Park, Cardiff, CF10 3NQ.

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2018 No. (W.)

CLIMATE CHANGE, WALES

**The Carbon Accounting (Wales)
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Made ***

Coming into force ***

A draft of this instrument was laid before and approved by a resolution of the National Assembly for Wales in accordance with section 48(3) of the Environment (Wales) Act 2016(1).

Before the draft was laid the Welsh Ministers obtained and took into account the advice of the Committee on Climate Change, in accordance with section 49(1) of the Act.

Accordingly, the Welsh Ministers, in exercise of the powers conferred by sections 33(2) and (3) and 36(1), (2) and (4) of the Environment (Wales) Act 2016, makes the following Regulations.

Title and commencement

1.—(1) The title of these Regulations is the Carbon Accounting (Wales) Regulations 2018.

(2) These Regulations come into force on the day after the day on which they are made.

Interpretation

2.—(1) In these Regulations —

(1) 2016 anaw 3.

“the Kyoto Protocol” (“*Protocol Kyotol*”) means the Kyoto Protocol to the UNFCCC signed at Kyoto on 11th December 1997;

“the Registries Regulation” (“*y Rheoliad Cofrestrfeydd*”) means Commission Regulation (EU) No 389/2013 establishing a Union Registry pursuant to Directive 2003/87/EC of the European Parliament and of the Council, Decisions No 280/2004/EC and No 406/2009/EC of the European Parliament and of the Council and repealing Commission Regulations (EU) No 920/2010 and No 1193/2011(1);

“the registry administrator” (“*gweinyddwyr y gofrestrfa*”) has the meaning given in regulation 8(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012(2);

“the UK registry” (“*cofrestrfa’r DU*”) means the registry established for the United Kingdom in accordance with the Registries Regulation;

“the UNFCCC” (“*Confensiwn Fframwaith y Cenhedloedd Unedig ar Newid yn yr Hinsawdd*”) means the United Nations Framework Convention on Climate Change signed in New York on 9th May 1992;

“the Welsh credit account” (“*cyfrif credyd Cymru*”) has the meaning given in regulation 4(1);

(2) In these Regulations “cancellation” of a carbon unit means voluntary cancellation in accordance with the Registries Regulation and a unit is “cancelled” if the Welsh Ministers instruct the registry administrator to transfer it to the account known as the “Voluntary Cancellation Account” in the UK registry.

Carbon units

3.—(1) For the purposes of Part 2 of the Environment (Wales) Act 2016 certified emission reductions are carbon units.

(2) Each carbon unit has a value of 1 tonne of carbon dioxide equivalent.

(3) In this regulation “certified emission reduction” means a unit issued under Article 12 of the Kyoto Protocol and the decisions adopted under the UNFCCC or the Kyoto Protocol.

Welsh credit account

4.—(1) The Welsh Ministers may instruct the registry administrator to open an account (“the Welsh credit account”) in the UK registry for the purpose of

(1) O.J. No L 122, 3.5.13, p 1.
(2) S.I.2012/3038.

holding carbon units which are to be credited to the net Welsh emissions account in accordance with regulation 5.

(2) The Welsh credit account must be used to hold a carbon unit that is to be credited to the Net Welsh Emissions Account.

(3) Subject to paragraph (4), carbon units in the Welsh credit account may only be transferred out of the Welsh credit account for the purposes of cancellation.

(4) The Registry administrator may transfer a carbon unit out of the Welsh credit account for purposes other than cancellation if satisfied that—

- (i) no declaration under regulation 5(2) has been made in respect of that carbon unit; and
- (ii) the carbon unit was transferred to the Welsh credit account in error.

(5) Any carbon unit transferred out of the Welsh credit account in accordance with paragraph (4) is to be returned to the account from which it was originally transferred.

Power to credit carbon units to the net Welsh emissions account

5.—(1) Carbon units may be credited to the net Welsh emissions account in accordance with this regulation.

(2) A carbon unit is credited to the net Welsh emissions account if—

- (a) it is in the Welsh credit account;
- (b) the Welsh Ministers declare that the carbon unit is credited to the net Welsh emissions account; and
- (c) following the Welsh Ministers' declaration the carbon unit is cancelled.

(3) A declaration under paragraph (2)—

- (a) must state the year in respect of which the carbon unit is to be credited; and
- (b) may be made in such manner and at such time as the Welsh Ministers considers appropriate.

(4) The Welsh Ministers may not make a declaration under paragraph (2) if they reasonably believe that the carbon unit has been used to offset greenhouse gas emissions which are not Welsh emissions.

Register of transactions

6.—(1) The Welsh Ministers must maintain a register containing information about the carbon units credited to the net Welsh emissions account under these Regulations.

(2) In relation to carbon units credited under regulation 5(2), the register must contain details of the—

- (a) date of cancellation;
- (b) date of transfer to the Welsh credit account;
- (c) date of any Welsh Ministers' declaration under regulation 5(2);
- (d) year in which the units are to be credited;
- (e) amount of units credited.

Delegation of functions

7. The Welsh Ministers may delegate to a person the performance of any function conferred or imposed upon them by these Regulations.

Name

Cabinet Secretary for Energy, Planning and Rural Affairs, one of the Welsh Ministers

Date