

# SL(5)270 – The Carbon Accounting (Wales) Regulations 2018

## Background and Purpose

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These Regulations are part of a suite of five regulations made under Part 2 of the Environment (Wales) Act 2016 ('the Act'). Part 2 of the Act requires Welsh Ministers to meet targets for reducing emissions of greenhouse gases from Wales.

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 Act.

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 placed in the Welsh credit account, a carbon unit can only be taken out 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.

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 which have been cancelled.

## Procedure

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Affirmative.

## Technical Scrutiny

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No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

## Merits Scrutiny

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One point is identified for reporting under Standing Order 21.3(ii) in respect of this instrument. In the event of a 'no deal' Brexit, there is a risk that the UK will not maintain access to the registries system established under EU legislation, which is to host the Welsh credit account. Paragraph 2 of Part 1 of the Explanatory Memorandum states as follows:

"The Carbon Accounting (Wales) Regulations 2018 utilise the UK Registry to host the Welsh credit account. The UK Registry is governed by Commission Regulation (EU) 389/2013 establishing a union registry pursuant to Directive 2003/87/EC establishing a system for greenhouse gas emissions trading within the European Union. In a Technical Note of 12 October 2018, the UK Government confirmed that in the event of 'no deal' there is a risk that the UK will not maintain access to the registries system, established under this EU legislation. The UK Government is considering contingency measures for this scenario and will issue further advice later in 2018. The Welsh Ministers may need to amend the Carbon



Accounting (Wales) Regulations 2018 to make alternative provision for registering and keeping track of carbon units held by the Welsh Ministers in those circumstances.”

## Implications arising from exiting the European Union

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One point is identified for reporting under Standing Order 21.3 in respect of this instrument, as noted above.

## Government Response

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No government response is required.

### **Legal Advisers**

**Constitutional and Legislative Affairs Committee**

**14 November 2018**

