

Title: Third Package: Gas Storage and LNG Facility Impacts Lead department or agency: Department of Energy and Climate Change Other departments or agencies: n/a	Impact Assessment (IA)
	IA No: DECC0006
	Date: 14/01/2011
	Stage: Final
	Source of intervention: EU
	Type of measure: Legislation
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The EU Third Energy Market Package (the 'Third Package') came into force on 3 September 2009 and includes Directives and Regulations on gas and electricity. The Directives will need to be transposed into GB law and the Regulations will be directly applicable from 3 March 2011. This impact assessment forms part of a suite of impact assessments on the Third Package and focuses on the parts of the Package that are targeted at gas storage and liquefied natural gas (LNG) facilities. All Member States have to comply with EU legislation and therefore GB needs to transpose the requirements into UK law.

What are the policy objectives and the intended effects?

For gas storage and LNG, the high-level objectives of the Third Package are to increase the access to, and transparency of, gas storage and LNG facilities in a consistent way throughout the European Union. These changes will allow all market participants to stay informed of the current status of individual storage and LNG facilities, while ensuring they have access to these flexible supply sources when needed. By doing so, the Package should enhance investment signals, as well as creating greater security of supply, and more competitive prices and services.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

There is a choice between implementing the key provisions through the Gas Act 1986 (legislation) or through the introduction of licences for Storage System Operators. The consultation document contained both options and these were discussed with stakeholders during the consultation. Following responses to our consultation, the preference of most stakeholders was to implement the provisions through legislation.

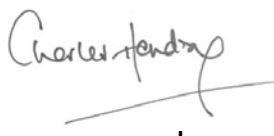
The key reasons cited by respondents for preferring legislation, were uncertainty of a licensing approach and the risk to investment, duplication of provisions with other licensing schemes, increased administrative burden, and the perceived potential for regulatory creep under a licensing regime. Some respondents also mentioned that the current regulatory framework was tried, tested and should be trusted going forward.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For Final Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:



Date: 12/01/2011

Description:

Price Base Year 2010	PV Base Year 2011	Time Period Years 20	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: -£0.99

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low				
High				
Best Estimate	N/A		£0.067	£0.99

Description and scale of key monetised costs by ‘main affected groups’

Implementation through legislative change avoids the licence fee and the administrative costs of applying for the licence. Businesses will still need to ensure compliance, and this may require legal and auditing services, although no evidence has been provided to suggest that these would be in addition to companies’ existing arrangements.

Costs to Ofgem are presented above. They have been provided by Ofgem and relate to additional costs to powers of enforcement. Costs of processing TPA exemptions, and information handling and disclosure, have been assessed as marginal.

Other key non-monetised costs by ‘main affected groups’

- Any loss of economies of scope due to any restrictions on the ability of vertically integrated firms to coordinate activities across different functions (for example shared services)
- Any changes to the access requirements and services offered by storage sites with negotiated third-party access (nTPA)
- Additional information provided by LNG and storage facilities

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low				
High				
Best Estimate	N/A		N/A	N/A

Description and scale of key monetised benefits by ‘main affected groups’

Other key non-monetised benefits by ‘main affected groups’

The changes to storage and LNG practices due to the Third Package will increase competition, create greater movement of gas between markets, and will reduce the market power of certain market participants. Benefits will be perceived by investors, through greater regulatory certainty; storage users, through greater transparency and non-discriminatory access; and end consumers, through greater security of supply and competitive pricing as highlighted in the European Commission's own impact assessment.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

The consultation responses contained little firm evidence to inform DECC's estimate of the costs and benefits of implementing the Third Package obligations in respect of obligations on gas storage and LNG operators. The loss of economies of scope could be more significant than judged here depending on the size and diversity of operations the vertically integrated unit (VIU) is engaged in. DECC has not attempted to assess the impact on future facilities, as this would require predicting the number and timing of projects, as well as which obligations would be relevant to them.

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):		In scope
New AB: N/A	AB savings: N/A	Net: N/A	Policy cost savings: N/A		No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	03/03/2011				
Which organisation(s) will enforce the policy?	Ofgem				
What is the annual change in enforcement cost (£m)?	0.067				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
Does the proposal have an impact on competition?	Yes				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs: N/A		Benefits: N/A		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties ¹ Statutory Equality Duties Impact Test guidance	No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	Yes	10
Small firms Small Firms Impact Test guidance	No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	Yes	11
Justice system Justice Impact Test guidance	Yes	11
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	European Commission Impact Assessment on Third Legislative Package
2	DECC's Call for Evidence
3	Consultation on the Implementation of the EU Third Internal Energy Package
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual recurring cost	-	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total annual costs	-	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Transition benefits	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual recurring benefits	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total annual benefits	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Strategic Overview and Rationale for Intervention

The EU Third Energy Package (the 'Third Package') came into force on 3 September 2009 and includes Directives and Regulations on gas and electricity. The Directives will need to be transposed into GB law and the regulations will be directly applicable from 3 March 2011.

This impact assessment forms part of a suite of impact assessments on the Third Package; it focuses on the parts of the package that are targeted at gas storage and liquefied natural gas (LNG) facilities.

There are a range of requirements in the Third Package which are intended to have the effect of reducing market power, increasing competition, increasing efficient investment and the use of assets, helping gas to flow where it is needed most, and enhancing security of supply. The UK wholesale gas market is already one of the most competitive in Europe, and many of the measures in the Third Package are already in place. Since 2004, the UK has returned to being a net importer of gas, and a significant amount of gas now comes to the UK from the EU. These links with Europe, allied with declining indigenous production, mean that it will become increasingly important for the UK's security of gas supply and the affordability of our gas supplies that the UK can source sufficient gas at competitive prices from the EU. Greater access to storage and LNG facilities throughout the EU will help the UK achieve this by increasing the gas potentially available to the UK market.

Background and Assessment of the Relevant Articles

This impact assessment is for the articles in the Gas Directive and Gas Regulation which specifically target storage and LNG operations (for example, the measures which affect transmission system operators are considered in a separate impact assessment). The key requirements of the Gas Directive and Regulation (and whom they might apply to) are as follows:

1. Legal and functional unbundling is required for those vertically integrated storage and LNG operators that are technically and economically necessary (TEN) for the efficient running of the system. The TEN requirement is already the test as to whether negotiated Third Party Access (nTPA) is required for gas storage; therefore for this impact assessment it has been assumed that if nTPA is presently required then legal and functional unbundling would also be required under article 15 of the Gas Directive.

Of the nine commercially operational gas storage sites, two are required to have nTPA - Rough and Hornsea, both of which are already legally unbundled.

DECC is aware that Centrica Storage Limited (the legally unbundled company that owns the Rough gas storage facility), whilst separate from the vertically-integrated parent company's operations, also operates the York field in the middle North Sea, around 8km north of Rough. Because the York field deals with the production of gas, Centrica Storage Limited is in the process of separating it from Rough.

2. Commercially sensitive information needs to be treated appropriately. The UK's common law of confidence already prevents the disclosure by an undertaking of confidential information that is not their own. However, all vertically integrated storage and LNG facilities need to ensure that certain information which could be commercially advantageous is not shared with other part of the business.

3. The arrangements for access to storage for gas storage facilities with nTPA have been altered. These arrangements would presently apply to the Rough and Hornsea storage facilities. Ofgem has recently issued a guidance document on the third party access regime for gas storage facilities², on which it is seeking stakeholder views.

4. Under the Gas Regulation, all storage and LNG facilities operators must provide a range of data that must be made publicly available. LNG and storage operators of TEN facilities are required to facilitate the trading of capacity to ensure that the storage capacity is being utilised. Storage operators must ensure that a range of storage services are available at TEN storage facilities.

² Ofgem, November 2010: "Guidance on the Third Party Access regulatory regime for gas storage facilities in Great Britain"

Table 1: Summary of Articles with Significant Potential Impact

Article	Key Requirements	Who It Applies to*
15 of the Directive: Legal and functional Unbundling	<ul style="list-style-type: none"> Create a separate legal company Separate management structure at the operational level Separate remuneration packages Common services, where unavoidable, must be contracted at market rates Compliance Program must be put in place 	TEN SSOs & LNG SOs
16 of the Directive: Commercially Sensitive Information	<ul style="list-style-type: none"> Confidentiality must be ensured Non-disclosure of activities to other parts of business Information necessary for competition should be made public 	<ul style="list-style-type: none"> All LNG SOs & SSOs VIU LNG SOs & SSOs All LNG SOs & SSOs
33 of the Directive: Access to Storage	<ul style="list-style-type: none"> Regulatory authority to determine and publish criteria for access regime Storage facilities available for third party access must be published by the regulatory authority and/or by the SSOs System users must be consulted on the proposed criteria 	<ul style="list-style-type: none"> Ofgem Ofgem/ TEN & SSOs Ofgem/ System Users
15 of the Regulation: Access Services	<ul style="list-style-type: none"> Information on access services to be made publically available Potentially provide a range of services (e.g. interruptible services, long and short term services, and bundled and unbundled service) Network users must offer guarantees as a pre-requisite for access Capacity limits should be justified on the basis of technical constraints 	<ul style="list-style-type: none"> TEN SSOs & LNG SOs TEN SSOs & LNG SOs All network users TEN SSOs & LNG SOs
17 of the Regulation: Capacity allocation	<ul style="list-style-type: none"> Maximum storage capacity will be made available to the market Capacity allocation mechanisms must be non-discriminatory and transparent; these must be published Measures must be taken to avoid capacity hoarding 	TEN SSOs & LNG SOs
19 of the Regulation: Transparency Requirements	<ul style="list-style-type: none"> Data, in quantified terms, on contracted, available, and total storage must be published Data must be published in a non-discriminatory way and must be meaningful Make public information on the inflows, outflows and available capacity, in a manner consistent with how services are offered Information on derivation of tariffs must be published 	<ul style="list-style-type: none"> TEN SSOs & LNG SOs TEN SSOs & LNG SOs All SSOs and LNG SOs TEN SSOs & LNG SOs
22 of the Regulation: Trading of Capacity Rights	<ul style="list-style-type: none"> Capacity must be freely tradable Trading must take place in a transparent and non-discriminatory manner. Contracts and procedures must be harmonised; details of which must be passed to the regulator Secondary market for trading must be available. 	TEN SSOs & LNG SOs

*TEN = technically and economically necessary for providing efficient access to the system; VIU = Vertically integrated Undertakings; SSOs = Storage system operators; LNG SOs = LNG storage operators.

Table 2 summarises the other articles which apply specifically to LNG or storage facilities where either GB is either already compliant or the potential impact of the measure is immaterial. These articles are not considered further in this impact assessment.

Table 2: Summary of Other Articles in the Gas Directive

Article	Key Requirements	Who It Applies to*
4	Non-discrimination in authorising the construction/operation of gas facilities.	DECC / Ofgem
8	The development of technical rules where required (such as safety requirements), for natural gas facilities.	Various government organisations
13	Non-discrimination between users and provision of sufficient information to TSO and system users.	SSOs and LNG SOs
32	LNG facilities must publish tariffs for the purposes of third party access, and these must be applied without discrimination between users.	LNG SOs
36	New Infrastructure may be granted, for a predefined period, exemption from offering third party access.	LNG SOs & TEN SSOs

* TEN = technically and economically necessary for providing efficient access to the system; VIU = Vertically integrated Undertakings; SSOs = Storage system operators; LNG SOs = LNG storage operators.

Options considered

Two policy options were presented at consultation stage, neither of which goes beyond the minimum implementation of the measures:

Option 1: Implement the measures solely through the legislative changes (with no new licensing regime) which would be enforced by Ofgem.

This option would see the Gas Directive and relevant provisions of the Gas Regulation be implemented into GB law through changes to legislation. Designation of SSOs and LNG SO would be fulfilled by DECC / Ofgem listing these operations. Ofgem would be given sufficient powers to enforce the requirements of the Gas Regulation and Gas Directive where present powers are judged insufficient.

Option 2: Implement the measures and introducing a licensing regime to be administered by Ofgem.

This option would see the Gas Directive and relevant provisions of the Gas Regulation be implemented into GB law through changes to legislation and the introduction of licences. Designation of SSOs and LNG SOs would be fulfilled by a licensing regime administered by Ofgem. This would involve Ofgem having sufficient powers to enforce the requirements of the Gas Regulation and Gas Directive and, ultimately, to remove undertakings' licence to operate.

Option 1: Implement the measures solely through the legislative changes (with no new licensing regime) which would be enforced by Ofgem.

Costs

The present value of costs to Ofgem is estimated to be £0.99m. This relates to additional costs to powers of enforcement, which have been estimated by Ofgem at £67,000 per annum. Using a 3.5% discount rate over 20 years, this equates to a present value of just under a million pounds in 2010 prices. Processing TPA exemptions, and information handling and disclosure, have been assessed by Ofgem as marginal.

Where costs to business are concerned, the consultation responses contained little firm evidence to inform DECC's estimate. The following section provides a qualitative assessment of such costs broken down for each relevant Article of the Directive.

Impact on Business

Article 15 of the Directive: Few changes would be needed to current arrangements in order to comply with this article.

Article 16 of the Directive: As regards to limiting the amounts of information that can be shared between different parts of a vertically integrated firm, there may be some costs in terms of reduced economies of scope (for example, from the loss of shared services).

Article 17 of the Regulation: Few changes would be needed to current arrangements in order to comply with this article. Some costs are likely to be incurred due to the requirement to publish details on capacity allocation mechanisms. These costs are assumed to be small.

Article 19 of the Regulation: This is an extension of the existing rules on what information SSOs and LNG SOs must make publically available, and compliance costs are likely to be small. Some SSOs and LNG SOs currently publish detailed information that at least in part complies with the article. For others, or where certain information requirements are not currently met by any SSO or LNG SO, such information should be collected as part of normal commercial operations; making this information publically available is unlikely to involve significant expenditure.

Article 22 of the Regulation: This pertains to the trading of capacity rights. Presently, secondary trading is expected under nTPA for both storage and LNG, while other specified trading requirements should also be practiced by all under the current market arrangements. Only where companies do not collect adequate information on market trading are costs likely to be incurred. Otherwise, the sole cost under this article should involve providing information to the regulator in an appropriate format. These costs are assumed to be small.

Benefits

Changes to storage and LNG practices, due to the Third Package, will increase competition, create greater movement of gas between markets, and will reduce the market power for certain market participants. In the UK, benefits will be perceived by investors, through greater regulatory certainty; storage users, through greater transparency and non-discriminatory access; and end consumers, through greater security of supply and competitive pricing as highlighted in the European Commission's own impact assessment.

Implementation Benefits

The benefits of implementation through changes to legislation (and without using licences) are considered relative to the option of introducing licences, below.

- Legislation currently exists in the form of the Gas Act 1986 that can be amended in order to implement the provisions of the Third Package
- Legislation provides regulatory certainty, which is important for investors

Option 2. Implement the measures and introducing a licensing regime to be administered by Ofgem

This option also sees the introduction of the Third Package and therefore the costs and benefits of the measures themselves are relative to the first option.

However, in this option a licensing regime would be used to designate storage and LNG system operators and as a vehicle to enforce the relevant measures. The disadvantages and advantages of this are set out below and considered relative to option 1.

Cost

Implementation Costs

- a licence regime could increase regulatory risk and have an adverse effect on long-term

investment in LNG and gas storage infrastructure;

- it could be seen as an overly elaborate method of implementing a number of relatively light touch requirements;
- much of the material that would go into a licence already exists in legislation; this could be amended to meet the requirements of the Third Package, or it may be necessary to extract it to avoid being duplicated in a licence;
- the introduction of a new licence regime would require legislation; and
- potentially some duplication as offshore gas storage projects are already required to hold a licence from DECC (which were introduced under the Energy Act 2008 to simplify the consents regime for offshore gas infrastructure).

There would also be an additional administrative cost to licensees. Application fees for licences, as charged by Ofgem, cost between £450 and £1,050³. In addition to the cost of the licence, licensees might also experience some administration costs in making an application which might be one to twenty times the application fee (this is based on the estimated cost of applying for a gas transporter licence). Applying these costs to the 15 storage and LNG facilities that are existing or under construction would imply an additional administrative burden to the private sector in the range of £13,500 to £330,750 as detailed in Table 3 below.

Table 3: Costs to private sector from a licence regime administered by Ofgem

Cost range calculation (£)	Low	High
Licence fee	450	1,050
Admin cost (1 to 20 times licence fee)	450	21,000
Total cost per licensee	900	22,050
Total cost to private sector (to account for 15 storage sites)	13,500	330,750

Benefits

Implementation Benefits

- a licence would provide clarity on the new requirements in the Directive for LNG and gas storage operators while ensuring that Ofgem have the appropriate means of enforcement;
- future changes such as those required to address EU network codes (which are binding) or to implement other changes could be easier to implement via licensing rather than legislation; and
- a licence would consist of standard conditions that could be switched-on and off to reflect the size and type of each facility being licensed.

Risks and assumptions

DECC does not hold detailed information on the precise working and operations of all LNG and storage sites, and the consultation responses contained little firm evidence to inform DECC's estimates of the costs and benefits of implementing the Third Package obligations. It is possible, therefore, that there is a greater or lesser impact on market participants than assumed in this impact assessment. Specifically, the loss of economies of scope could be more significant than judged here depending on the size and diversity of operations the VIU is engaged in. Also, DECC has not attempted to assess the impact on future facilities, as this would require predicting the number and timing of projects as well as which measures would be relevant to them.

³ Ofgem, September 2010: "Promoting Choice and Value for all Gas and Electricity Customers: Guidance for Gas and Electricity Licence Applications"

Table 4: Summary of responses to Question 6 in the Consultation Document

Should the Gas Directive requirements for storage and LNG operators be introduced through a new licence regime or by amending existing legislation?	
In favour of legislation	61%
In favour of license regime	29%
Indifferent	11%

In response to the Government’s question as to whether the new requirements on gas storage and LNG operators should be implemented through amending legislation or through a new licensing regime, the majority of respondents supported amending legislation. The key reasons which were cited were uncertainty of a licensing approach and the risk to investment, duplication of provisions with other licensing schemes, increased administrative burden, and the perceived potential for regulatory creep under a licensing regime. Some respondents also mentioned that the current regulatory framework was tried and tested.

Some organisations supported the view that any new requirements from the Third Package should be implemented via a new licensing regime. However, these organisations also expressed the view that any new licence regime should not be onerous for the industry and should not discourage new investment.

Finally, a small proportion of respondents did not see much distinction between a licensing regime and legislation and simply called for clarity, fairness, and proportionality in the approach.

Preferred option

There are merits to both legislation and a licensing regime as described in detail in this impact assessment. DECC has selected to implement the obligations of the Third Package through legislative change, which is in line with the majority view expressed in the consultation responses.

Competition Assessment: Specific Impact Test

As per Office of Fair Trading (OFT) guidelines on assessing the impacts of regulation on competition in affected markets, the following section seeks to respond to four specific questions.

1. In any affected market, would the proposal directly limit the number or range of suppliers?
 No. The proposals are designed to increase competition in the provision of storage and LNG capacity. As such, the number of suppliers will not be directly or indirectly limited by the proposals. Greater regulatory certainty will enhance investment prospects, and make entry to the market easier by requiring legal and functional unbundling of established VIUs. Players in the wholesale market will benefit from the Regulations through provisions for non-discriminatory third party access to storage capacity, and non-discriminatory access to information relating to LNG and storage inflows, outflows, available capacity, and tariff derivation.
2. In any affected market, would the proposal indirectly limit the number or range of suppliers?
 No. See above.
3. In any affected market, would the proposal limit the ability of suppliers to compete?
 No. See above.
4. In any affected market, would the proposal reduce suppliers' incentives to compete vigorously?
 No. See above.

Social Impacts – Human Rights

To the extent that human rights may be engaged, we consider the approach to be compatible with the Human Rights Act 1998.

Social Impacts – Justice System

The Third Package is broadening the scope of obligations on gas and electricity undertakings and hence Ofgem's enforcement regime. As part of this regime, we are extending the scope of civil and criminal offences therefore there is a likely impact on courts' resources.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p>Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review] Please refer to the over-arching Impact Assessment</p>
<p>Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p>
<p>Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p>
<p>Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]</p>
<p>Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p>
<p>Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p>
<p>Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]</p>

Add annexes here.