

DECC's 4th Statement of New Regulation

The publication of the Fourth Statement of New Regulation shows that DECC is introducing some important measures which will underpin our drive towards a low carbon economy.

For example, we have included in two important measures to help boost energy efficiency of our homes and businesses:

- The Energy Company Obligation, which replaces the Carbon Emissions Reduction Target, aims to develop the insulation market further bringing new business opportunities and green jobs
- Our Smart Meters policy will bring a wider range of benefits to business; allowing home and business consumers to manage their energy use more efficiently, saving energy and saving money.

Although Smart Meters is classified as an "IN" under the One-in, One-out methodology, our full impact assessment shows the policy delivers £800m of overall benefits to business, net of the new regulatory requirements.

We also plan to simplify the nuclear decommissioning financing and fees framework. This will reduce unnecessary paperwork burdens on operators without reducing safety and security of the decommissioning framework. This measure has been scored as an OUT by the RPC and its final value will be validated ahead of the next Statement of New Regulation.

Finally we have two measures which have been classified as Net Zeros under One-in, One-out but still bring important business benefits:

- The Transmission Constraint Licence Condition will restrict opportunities for electricity generators make gains from the transmission network at the expense of business and household consumers
- The amendment to the electricity generation licensing regime helps ensure the continuation of generation at a plant

See the [Statement in full](#) for an overview of the cross-Government picture of regulations due to come into force before 31 December 2012.

In 2013 and beyond, DECC will continue to pursue opportunities for burden reduction by further simplifying the CRC Energy Efficiency Scheme, by repealing obsolete regulations, and through implementing our [Red Tape Challenge](#) commitments. While more regulation will be needed in the future in order to meet our extremely ambitious Climate Change and energy targets, we will seek to introduce this regulation in a "smart" way, that encourages competition and innovation, and that realises benefits for the environment, society and the economy as a whole.

Statement of New Regulation 4: Table of measures

Statement of New Regulation 4			
Title of the measure	Purpose of measure	Date the measure is due to come in force	Equivalent Annual Net Cost to Business)
Ins			
Green Deal /ECO	ECO requires energy companies to invest in improving household energy efficiency and provide subsidy to low income and vulnerable households	October 2012	[£1,265,000,000] ¹
Smart Meters	Licence conditions to enable the roll-out of Smart Metering Systems to all households and businesses by the end of 2019. Smart meters will empower consumers to manage their energy consumption and will play an important role to meet some of the long-term challenges we face in ensuring an affordable, secure and sustainable energy supply.	November 2012	[£57,000,000] ²

¹ Classification of this measure as either taxation or regulation is yet to be decided. Government has therefore highlighted the impact of the measure in this Statement as a regulatory measure but is not scoring it. Government expects that the costs of the 'Energy Company Obligation' (ECO) will be identical to those of the 'Carbon Emissions Reduction Target', which will end in December 2012. Quantification of the impact of CERT will be carried out early in 2013. Any new net regulatory difference in cost between 'CERT' and 'ECO' would then be added to DECC's OIOO balance.

² Smart Meters is currently included as a provisional £57m "IN" however, this figure is dwarfed by the large business benefits arising from Smart Meters. This figure is likely to be amended downwards in future Statements of New Regulation.

Zero Net Cost			
Transmission Constraint Licence Condition	Restricts opportunities for electricity generators to exploit periods of transmission system constraint, and hence should result in lower electricity bills for business and domestic consumers	Oct-12	0.00
Amendment to exemption regime for electricity generators	Grants an exemption for a generator allowing them to benefit from reduced operating costs for a short time period	Oct-12	0.00
Outs			
Amendment to the Nuclear Decommissioning (Finance and Fees) Regulations	Simplifies the regulatory framework but providing nuclear operators more flexibility in meeting the 2011 requirements	Dec-12	0.00 ¹

¹ Final number to be validated by the RPC. Current estimate from the consultation stage IA is £50,000

