



Department
of Energy &
Climate Change

DECC Seventh Statement of New Regulation

January – June 2014

17 December 2013

Seventh Statement of New Regulation

The Seventh Statement of New Regulation (SNR 7) sees DECC taking a cost-effective approach to implementing key aspects of the European Union Energy Efficiency Directive and adjusting Petroleum Act licensing so as to be compatible with shale gas.

Background

The Seventh Statement of New Regulation (SNR7) covers regulations coming into force between 1 January 2014 and 30 June 2014. The Department for Business, Innovation and Skills (BIS) published SNR 7 on 17 December 2013. DECC is publishing this document to give more details of the One In Two Out (OITO), EU and Red Tape Challenge measures the Department intends to introduce in the first half of 2014.

Summary of measures

DECC plans to introduce four measures which are in scope of “One In, Two Out” (OITO). There are no “ins”, one “out” and three measures which are “zero net cost”. DECC is also implementing 57 Red Tape Challenge ‘scraps’ and ‘improves’ in the SNR7 period which, although not contributing to the OITO balance, will further improve the regulatory landscape for business. All of these measures are directly aimed at reducing the regulatory burden on business and none adds additional costs under OITO.

OUTs

Industry has told DECC that, even where unconventional gas (including shale gas) development has been shown to be acceptable on environmental, planning and other criteria, it could be inhibited by the current terms of Petroleum Act licences, which were designed for conventional oil and gas. DECC proposes to adjust those terms in such a way that future licences will be compatible equally with both conventional and unconventional oil and gas. This change will remove the burden on shale gas companies that would otherwise be imposed by the use of licences designed for a different technology, and by so doing will encourage and expedite shale gas development.

DECC also proposes to introduce two new types of licence: one that, for the first time, will license onshore exploration for all forms of native hydrocarbon and one that will remove an unintended burden on Underground Coal Gasification (for which Coal Authority acts as the lead Licensing Authority).

Both these changes replace a complete ban on companies' activity with a means by which DECC can license them, and so are Outs.

Zero Net Costs

Three aspects of the Energy Bill currently with Parliament are included as 'zero net cost' measures for SNR7. This is because the energy bill brings in enabling powers for these measures. If secondary legislation is brought forward that relates to these powers, it will be scored separately in a future SNR.

INs

DECC is not introducing any regulatory INs during this period.

European Union Measures

The EU Energy Efficiency Directive must be transposed by 5 June 2014. The Department of Energy and Climate Change has lead responsibility across Government for transposing the Directive, though there are elements that are led by other Government departments.

The Directive introduces a broad range of requirements for EU Member States. The Government is working closely with business and other stakeholders ahead of transposing those articles of the Directive that will give rise to new regulatory burdens, once implemented. We are committed to ensuring the requirements of the Directive are introduced in way that encourages take up of cost-effective energy efficiency measures, whilst minimising administrative costs on businesses. Already, we have consulted on our proposals to implement the Energy Savings Opportunity Scheme to meet the requirement under Article 8 for all large enterprises to undertake energy audits by 5 December 2015, and every four years thereafter. DECC will continue to liaise with key stakeholders as we finalise the policy design ahead of laying legislation in Parliament in spring 2014.

The Government is also currently consulting on transposing elements of the Directive related to Smart Metering (Articles 9 & 11); and will shortly be consulting on:

- Purchasing by Public Bodies (Article 6);
- Heat Metering (Articles 9, 10 and 11);
- Licence conditions for billing (Articles 10 and 11); and

- Co-generation (Article 14)¹.

In line with Coalition Government policy, there are no plans to 'gold plate' the Directive's requirements.

See the [statement in full](#) for an overview of the regulations due to come into force between 1 January 2014 and 30 June 2014 across all Government departments.

Impact Assessments

DECC publishes full Impact Assessments for all of its major regulatory measures, and for many of its more minor ones. These are scrutinised by the Regulatory Policy Committee (RPC), an independent body comprised of businesspeople and economists. The RPC has consistently rated DECC's Impact Assessments as 'fit for purpose'. In 2013 so far every full DECC Impact Assessment has achieved this standard, and the vast majority of them have received 'Green' ratings, the highest available. This demonstrates the robustness of DECC's analysis and is a performance we will work hard to continue.

¹ Defra led consultation.

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