



Department
of Energy &
Climate Change

DECC Fifth Statement of New Regulation

January – June 2013

17 December 2012

Fifth Statement of New Regulation

The Fifth Statement of New Regulation demonstrates DECC's drive to build a proportionate & effective regulatory framework which provides the confidence that businesses need without unnecessary burdensome regulation. In total, eleven new regulations are being announced of which nine are deregulatory. DECC's better regulation activities are expected to save hundreds of millions of pounds over the next twenty years. This SNR demonstrates that DECC is pushing forward with its Red Tape Challenge measures; the commitment to transpose the amended EU ETS Directive under the Environment Theme has now been completed and four Energy Theme measures can also be announced in this Statement.

Summary of measures

On 17 December 2012 the Department for Business, Innovation and Skills (BIS) published the Government's Fifth Statement of New Regulation. DECC is publishing this document to give more details of the regulatory measures DECC intends to introduce in the first half of 2013.

We are improving or scrapping four regulations as part of the Government's Red Tape Challenge. In addition DECC is also introducing five measures designed to reduce costs to business. This includes implementing two EU-derived measures and three "OUTS" under the "One in Two Out" accounting system. There is one very small "IN" which increases the burden on business, in the region of £0.02m per annum¹.

Simplifying and reducing the burden on business

The CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) is designed to incentivise the take up of cost-effective energy efficiency measures for large non-energy intensive organisations in the public and private sectors. Following stakeholder feedback that highlighted concerns over the complexity of the scheme, overlaps with other regulatory mechanisms and administrative burdens, Government committed to simplify the scheme. There are 3 broad groups of simplifications: measures that influence qualification criteria; fuel supply rules and purely administrative costs. It is estimated that overall, these measures will deliver administrative savings of approximately £272m² up to 2030. This represents a 55% reduction in administrative costs, thereby delivering significant benefits to business.

http://www.decc.gov.uk/en/content/cms/emissions/crc_efficiency/crc_efficiency.aspx

¹ Figure not verified by the Regulatory Policy Committee (RPC)

² Figure not verified by the Regulatory Policy Committee (RPC)

The Government is offering small emitters and hospital installations the opportunity to 'opt out' from the EU Emissions Trading Scheme (ETS) from 2013. Almost a quarter of EU ETS installations in the UK have chosen to join the Small Emitter and Hospital Opt Out scheme, which will save industry an estimated £39 million³ from 2013-2020. The Opt-out scheme aims to alleviate the disproportionately higher administrative burden per tonne of CO₂ emitted faced by these smaller installations. The Opt-out Scheme offers deregulatory savings through:

- Replacement of requirement to surrender allowances with an emission reduction target
- Simplified monitoring, reporting and verification requirements, including removal of requirement for third party verification
- No requirement to hold an active registry account
- Less burdensome rules for target adjustment following an increase in installation capacity

The EU ETS remains the primary means by which Government will meet its ambitious carbon emission reduction targets in the EU, and the opt-out will help ensure that the policy is implemented in a proportionate manner. Although almost a quarter of UK EU ETS installations may be eligible to opt out they collectively account for just 1% of UK EU ETS emissions.

An amendment to the Planning Act 2008 will simplify applications for consent of minor works to electric lines above ground, reducing the time taken to determine consents, so that the process is proportionate to the scale of projects, whilst still rigorously examining each application.

Red Tape Challenge

The Red Tape Challenge is a cross-Government programme to reduce or improve the stock of government regulation. DECC has commitments under the Defra-led Environment Theme and leads the Energy Red Tape Challenge Theme.

On the **Environment Theme**, DECC has made significant progress in reducing the burden to business. This includes the EU Emissions Trading Scheme (ETS) opt-out for small emitters and hospitals, mentioned above.

Furthermore, DECC has also made a good start on the **Energy Theme** with five new Red Tape Challenge measures set out in this SNR on top of the eight measures that have already been delivered. A further 119 Red Tape Challenge Energy Theme measures will be delivered over the lifetime of this Parliament and DECC retains an 'open door' to new suggestions on how the regulatory framework can be further improved.

See the [Statement in full](#) for an overview of the cross-Government picture of regulations due to come into force before 31 June 2013.

³ Figure not verified by the Regulatory Policy Committee (RPC)

Energy Bill

The Energy Bill 2012-13 had its First Reading in Parliament on 29 November 2012. The Bill will establish a legislative framework for delivering secure, affordable and low carbon energy.

Provisions include:

- **Electricity Market Reform** - to put in place measures to attract the £110 billion investment needed to replace current generating capacity and upgrade the grid by 2020, and to cope with a rising demand for electricity.
- **Nuclear Regulation** - to place the interim Office for Nuclear Regulation (ONR) on a statutory footing as the body to regulate the safety and security of the next generation of nuclear power plants. This includes setting out the ONR's purposes and functions.
- **Government Pipe-Lines & Storage System** - to enable the sale of the Government Pipe-line and Storage System (GPSS).
- **Strategy & Policy Statement** – to ensure that Government and Ofgem are aligned at a strategic level through a Strategy and Policy Statement (SPS), as recommended in the Ofgem Review of July 2011.

A [Summary Impact Assessment](#) has been published. Energy Bill measures are not expected to come into force until after June 2013 and so are not included in the list of measures below.

Statement of New Regulation 5: Table of Measures

Title of the measure	Purpose of the measure	Date the measure is due to come into force	Equivalent Annual Net Cost to Business	Status
EU ETS Small Emitter and Hospital Phase III Opt-Out Scheme	To allow eligible installations to be excluded from the EU. ETS for Phase III (2013-2020) and participate in a UK scheme instead.	Jan-13	- £4.6m ⁴	Red Tape Challenge
The Greenhouse Gas Emissions Trading Scheme Regulations 2012 (2009/29/EC)	To transpose the amended EU ETS Directive implementing phase III of the System.	Jan-13	TBC	Red Tape Challenge
Energy Supply Company Administration	To implement rules for the Special Administration Regime for energy supply companies.	Apr-13	TBC	Zero Net Cost
Amendment to the Planning Act 2008 (electric lines above ground)	To simplify the development consent regime for minor works relating to electric lines above ground.	Apr-13	TBC	Deregulatory OUT
Licensing and Pipelines Consents (Fees Regulation)	To introduce statutory fees for cost recovery for providing consent and approvals for licences related to petroleum, offshore methane gas and carbon dioxide storage and	Apr-13	£0.02m ⁵	Regulatory IN

⁴ Figure not verified by Regulatory Policy Committee

⁵ Figure not verified by Regulatory Policy Committee

Title of the measure	Purpose of the measure	Date the measure is due to come into force	Equivalent Annual Net Cost to Business	Status
	pipeline works authorisations given by DECC.			
Energy Act 2010, Part 3 Section 25:	To repeal the duty that energy suppliers must inform domestic customers in advance of unilateral changes to their contracts. Power is now contained within Ofgem's rules.	Apr-13	TBC	Red Tape Challenge
Electricity (Register) Order 1990	To repeal this Order which prescribes the hours and fees for accessing the register maintained by the Director General of Electricity Supply. The information is now available online.	Apr-13	TBC	Red Tape Challenge
Chemical Weapons (Licence Appeal Provisions) Order 1996	To repeal the rules made under S20(4) of the Chemical Weapons Act for those appealing against a refusal by the SoS to grant, renew or vary, or the variation or revocation, of a license. This will be an administrative procedure in future.	Apr-13	TBC	Red Tape Challenge
Amendment to the Public Gas Transporter Works (Environmental Impact Assessment) Regulations 1999 & Gas (Transporter Pipe-line Works EIA) (Amendment) Regulations 2007 (this is two sets of	To remove duplication with the Infrastructure Planning (Environmental Impact Assessment) Regulations 2009.	Apr-13	TBC	Red Tape Challenge

Title of the measure	Purpose of the measure	Date the measure is due to come into force	Equivalent Annual Net Cost to Business	Status
regulations)				
Amendment to Section 36 of the Electricity Act 1989	To allow Power Station development consents granted under the Electricity Act 1989 to be varied to take account of technology and design changes that have occurred since the original consent was granted	May-13	TBC	Deregulatory OUT
Nuclear Decommissioning (Finance and Fees) Regulations	Simplifies the regulatory Framework by providing nuclear operations more flexibility in meeting the 2011 requirements	Feb-13	TBC	Deregulatory OUT

