Impact Assessment for the Energy Bill 2010/11

Introduction

Problem

1. Energy is essential in almost every aspect of our lives and for the success of our economy. The Annual Energy Statement published on 27 July 2010[1] builds on the commitment in the Coalition Programme for Government and sets out the UK's plan to support the transition to a secure, safe, low-carbon, affordable energy system in the UK, and mobilize commitment to ambitious action on climate change internationally. As outlined in the statement, the UK faces four long-term issues for energy and climate change policies:

   - Saving energy through the Green Deal and supporting vulnerable consumers;
   - Delivering secure energy on the way to a low carbon energy future;
   - Managing our energy legacy responsibly and cost-effectively; and
   - Driving ambitious action on climate change at home and abroad.

2. The UK is committed to achieving a 34% reduction in its CO2 emissions by 2020 relative to 1990 and at least an 80% reduction by 2050. Moving to a secure, more efficient, low-carbon energy system in a cost-effective way is extremely challenging, but achievable. This requires major investment in new technologies to renovate our buildings, the electrification of much of our heating, industry and transport, and cleaner power generation. It requires major changes in the way energy is used by individuals, by industry, and by the public sector.

3. The UK has a large number of properties, domestic and non-domestic, that through lack of investment, have poor energy efficiency ratings. This is despite the fact that investment can produce savings on future energy bills. Domestic and non-domestic buildings account for a quarter of carbon emissions and there remains a considerable amount of cost-effective abatement-potential from energy efficiency measures, which is currently being underexploited.

4. To ensure our energy security, the UK has a well established energy market regulatory framework within which companies make investments in energy infrastructure and targeted incentives are provided to support low carbon technologies. Nevertheless, demand for fossil fuels is set to increase, and with the UK's own oil and gas resources declining, unless we act now to further enhance our energy security and encourage investment in low carbon generation, we will become more vulnerable to high and volatile oil and gas prices.

[1] http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/aes/aes.aspx

Fit with recent energy climate change legislation

5. How the provisions of this Bill fit with the existing regulatory landscape is covered in the following section on Policy proposals, and in the individual IAs on each measure. It is worth noting here however that DECC will shortly be consulting on its Electricity Market Reform package, this together with the conclusions of the review of the role of Ofgem and the review of environmental regulations for oil and gas exploration could all require further legislation.

Intended effect

6. The Annual Energy Statement is being taken forward through a broad programme of activities and new measures, both legislative and non-legislative. The purpose of this Bill is to provide for a step change in the provision of energy efficiency measures to homes and businesses, and make improvements to our framework to enable and secure, low carbon energy supplies and fair competition in the energy markets.

7. In particular, this Bill will take forward important elements of the Statement and government policy relating to:

- **tackling barriers to investment in energy efficiency** by launching the Green Deal and measures to maximise uptake; introducing a new Energy Company Obligation from 2012 to underpin the Green Deal; extending powers to direct the roll out of smart meters; requiring cheapest tariff information on energy bills; and making energy performance data from Energy Performance Certificates more widely available.
- **enhancing energy security** by improving third party access to UK oil and gas infrastructure; requiring information from generators and suppliers that will enable the estimation of future electricity security; strengthening market incentive mechanisms for ensuring sufficient gas is available during a Gas Supply Emergency; putting in place a Special Administration Regime for gas and electricity suppliers; and maximising our ability to exploit the UK Continental Shelf.
- **enabling investment in low carbon energy supplies** by enabling implementation of the enduring offshore electricity transmission regime beyond 2010; by giving investors in new nuclear increased certainty over their obligations; by removing barriers to the reuse of capital assets for the purpose of carbon dioxide storage and transport; extending the Renewable Heat Incentive primary powers to Northern Ireland; and ensuring the security of civil nuclear facilities.

Policy proposals

8. All of the policy proposals where costs and benefits have been identified have an individual Impact Assessment (IA) which discusses the options, the rationale and outlines the costs and benefits in more detail. The individual IAs are set out in the sections following this

introduction. The Regulatory Policy Committee (RPC) has had an opportunity to comment on the impact assessments, and the final IAs reflect their comments.

9. In many cases, individual proposals contribute to more than one policy objective. For the purposes of this Impact Assessment, however, we have grouped individual measures under the primary policy objective that they target, while referring to any additional benefits in the text.

10. A number of the policies in the Energy Bill relate to the creation of enabling powers for the Secretary of State. For example, all the primary powers related to the Green Deal are enabling powers for the Secretary of State to make decisions through secondary legislation, the precise form of which will be determined following the adoption of primary legislation.

11. The approach we have taken is to assess the costs and benefits that directly arise from the primary legislation, and then as far as possible, based on the potential future policy we have tried to set out illustrative costs and benefits in order to help facilitate the debate. There is considerable uncertainty surrounding the estimates of costs and benefits arising from secondary legislation so the illustrative scenarios presented in this IA should only be seen as indicative and in no way pre-empting the future secondary legislation. Further detail will be presented in impact assessments accompanying secondary legislation as required in due course.

Tackling barriers to investment in energy efficiency

12. Government intervention is needed to correct market failures and overcome financial and behavioural barriers that act to reduce the take-up of cost-effective energy and thermal efficiency measures, while ensuring that equity considerations are adequately addressed. The Green Deal package of policies is a solution to the problem of a current lack of investment in cost-effective energy saving measures in homes and non-domestic buildings.

13. To enable the take-up of cost-effective energy efficiency measures, the proposals in the Bill will enable the creation of:

    a. a new financing mechanism (Green Deal Finance) funded by a charge on consumers' energy bills that would be expected to be less than the cost savings resulting from the installation of the measure, and would pass to the next owner occupier or tenant if they move from the property. Energy companies will be acting in a pure agent capacity for Green Deal providers, sharing revenue collected on a proportionate basis with the Green Deal provider in case of consumer default;

    b. a Green Deal accreditation regime for assessors and installers;

    c. an Energy Company Obligation (ECO) from the end of 2012 that would be designed to work alongside Green Deal finance in order to offer and target appropriate measures at those households which are likely to need additional support, in particular those containing vulnerable people on low incomes and those in hard to treat housing; and

d. provisions to improve energy efficiency of the Private Rented Sector (PRS), as it has the highest percentage of worst performing (G rated) properties.

14. As well as encouraging greater energy efficiency through specific Green Deal measures we know consumers are concerned about the cost of their energy and we think it is important that they have the information they need to control costs and consumption. Ofgem has introduced a number of changes to the information presented on consumers' bills, including the provision of an annual statement, but more can be done to empower consumers, and put them in control of their energy costs.

15. The proposals in the Bill will give powers that would allow the Government to require energy companies to provide information on the cheapest tariff on energy bills. The detail of this policy will be determined by secondary legislation should a voluntary agreement not be possible, and will be implemented alongside other changes to the bills that form part of the Green Deal, such as information regarding Green Deal repayments, and household comparison information to further encourage energy efficiency.

16. Energy Performance Certificates (EPCs), Display Energy Certificates (DECs) and Air Conditioning Reports (ACRs), are currently made available to the Energy Savings Trust, Trading Standards Officers and anyone who can provide a document reference number. Making energy performance data additionally available to accredited Green Deal providers will enable them to provide information, support, offers and advice to consumers who currently have an EPC. The proposals in the Bill will give the Secretary of State powers to amend the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007, with a view to removing unnecessary restrictions on access to data from EPCs, DECs and ACRs.

17. Further to developing the Green Deal the Government is continuing to support the roll-out of smart meters. The Secretary of State has broad powers to implement and direct the roll-out of smart meters under sections 88-91 of the 2008 Energy Act, however these powers currently expire in November 2013. The proposals in the Bill will amend the smart meter powers in the Energy Act 2008 so that they expire in November 2018 rather than November 2013. This will ensure the Government has the appropriate powers to address any unforeseen issues which arise in the later stages of roll out and to ensure the business case is achieved.

18. The powers will also be amended to include powers to amend transmission licenses since work carried out during Phase 1 of the smart metering programme suggests that this may be necessary to ensure the effective introduction of the new central communications arrangements which will support all smart meters. The proposed amendment will ensure that the Secretary of State has the necessary powers to introduce these new arrangements in the most effective manner if they are required.

19. In the interest of simplifying policy delivery, the powers in the Energy Bill will also repeal the Home Energy Conservation Act (HECA) in Scotland and Wales.

Table 1: Measures to remove barriers to investment in energy efficiency

Policy	Costs	Benefits
Green Deal (overall), including a new finance mechanism and accreditation of Green Deal providers	By themselves the primary powers do not impose costs on businesses, households or the public sector. Implementation after secondary legislation will cost businesses and households who invest in the energy saving measures. Additional costs will arise from: costs associated with arranging the Green Deal financial package; changes to billing; the possibility of increased queries from customers related to their bills; and the resource costs associated with any increased defaults. There could also be additional accreditation that will be required on top of any voluntary industry codes already in place.	Implementation of the policy after secondary legislation should lead to benefits to households and businesses as they invest in cost-effective energy efficiency measures. There will also be additional benefits to accrue to society through carbon savings. The finance mechanism and accreditation should lead to increased take up of energy efficiency measures, as well as a reduction in risk of damages and associated costs.
Energy Company Obligation (ECO)	There are no costs associated with the primary powers, however depending on the level of the ECO there is a potential for significant costs to suppliers in meeting the obligation which ultimately we expect to be borne by consumers.	There are not direct benefits from the primary powers, however they do enable future policy which has the potential to deliver benefits associated with energy and thermal efficiency measures.
Private rented sector	The costs of the policy will fall on tenants (as energy bill payers paying Green Deal charges, expected to be offset by reduced energy bills), landlords (covering charges during void periods) and local authorities (enforcing the regulations)	The benefits of the policy will accrue to tenants (reduced energy bills), landlords (improved properties that may attract higher rents, shorter void periods, or lower turnover rates), and society in general (improved air quality and reduced carbon dioxide emissions, reduced costs of treating illnesses associated with hard-to-heat rented homes).
Information on customer bills	There will be no costs associated with the primary legislation. If a voluntary agreement cannot be reached and secondary legislation is required then there are costs to suppliers of changing their bills, including up-front system changes printers, extra storage, IT staff costs	The specific option chosen as part of a voluntary agreement or through secondary legislation will determine the level of switching as a result of the cheaper tariff information. Consumers may benefit in terms of cheaper energy bills and there could

	and bill re-design. There will also be potential on-going costs from increased printer running costs. The magnitude of these will be determined through secondary legislation.	be improvements in the level of competition in the market.
Energy Performance Certificates	The cost of operating and developing the registers on which EPCs, DECs and ACRs are lodged is covered by the lodgement fee. The change in regulations will result in a one-off increase in workload for the Register Administrator but the current view is that the lodgement fee is already sufficient to cover this. Organisations receiving bulk data will incur some handling costs. However there is no obligation on such organisations to receive the data. There will be some costs for running an information campaign to inform current EPC holders how their data will be used and how to opt out.	Government departments, local authorities, researchers and business will benefit from having access to data allowing them to analyse the energy efficiency of buildings. Green Deal Providers will be able to target marketing material at the most receptive customers. Customers should also benefit from tailored advice. Wider access should raise awareness among the general public of the energy efficiency of buildings.
Smart meters	The amendment and extension of the existing Energy Act 2008 powers does not have any direct costs, however it does increase the regulatory uncertainty for code and licence holders during the rollout period. This should be mitigated by the fact that any use of the powers would be subject to detailed cost-benefit analysis, as well as to consultation with licence holders, Ofgem and other interested parties.	In the absence of the appropriate powers after November 2013, the Government will be unable to adjust the roll out strategy in the latter stages of the roll out if this proves necessary, nor amend transmission licences, hence increasing the risk that the roll-out will not be delivered efficiently. This would have an impact on the total costs of the roll out.
HECA	There are no costs associated with the repeal of HECA in Scotland and Wales.	The Repeal of HECA simplifies policy delivery and benefits accrue to Local Authorities and Devolved Administrations in the form of administrative savings.

Enhancing energy security

20. The proposals in the Bill will increase the effectiveness of monitoring of electricity security of supply. This will include making Ofgem responsible for providing estimates of future capacity need and for assessing the adequacy of plans to meet future capacity need, by giving them powers to require the necessary information from generators/suppliers. The Secretary of State will also be obliged to publish their assessment of the future capacity need and availability in the following four years.

21. Studies commissioned by the Department of Energy and Climate Change concluded that there are certain scenarios, with a low but not negligible probability, which could have a high impact on gas consumers in Great Britain. The impacts of such events could lead to involuntary gas supply disruption and / or very high wholesale prices. The Government has decided to reduce these risks through legislative changes to ensure that Ofgem can implement necessary changes rapidly. The Proposals in the Bill will grant powers to Ofgem to urgently review the current gas emergency arrangements with a view to strengthening the market incentive mechanism for ensuring sufficient gas is available.

22. Special administration regimes are an alternative to general administration law. They are generally designed to ensure uninterrupted and safe operation of essential services in the event of a company becoming insolvent. We have to date relied on the Supplier of Last Resort process to ensure supply to customers in the event of a supplier's insolvency which has been tested several times over the last few years when small suppliers have failed. However, although the arrangements have worked well to date, experience has shown that it is unlikely that they would work in the event of a large supplier becoming insolvent because of the volume of customers involved. The proposals in the Bill will create a special administration regime for gas and electricity suppliers as an adequate 'insurance policy' for the low probability, high impact event of a large energy supplier becoming insolvent.

23. The remaining hydrocarbon resources of the UK Continental Shelf are still substantial - perhaps as much as 20 billion barrels, compared to the 40 billion produced over the last four decades. But because production projects are now typically smaller, access to existing infrastructure is of increasing importance to the aim of securing full economic recovery of these resources. There is also a perception amongst many users of infrastructure that negotiations for access take too long and do not necessarily result in fair and reasonable terms being agreed. The proposals in the Bill will consolidate existing provisions for third party access to upstream oil and gas infrastructure, and streamlining of current procedures to facilitate determinations by the Secretary of State where required; with new provisions for notification of commercial negotiations, and to trigger determination procedures where negotiations have been unduly protracted.

24. Under current law, once an area has been designated as UK continental shelf it cannot be de-designated. The proposals in the Bill will give powers to de-designate areas of the UK

Continental Shelf in order to facilitate the exploitation of our Continental Shelf resources (important for oil, gas and renewable energy supply.

Table 2: Measures to enhance energy security		
Policy	**Costs**	**Benefits**
Electricity security	All the costs arise directly from the primary legislation and comprise upfront once-off costs in 2010-11 to run a consultation, as well as annual/ongoing costs to Ofgem to collect required information, conduct analysis and produce a report for the Secretary of State. Costs to industry are not anticipated to be material given the current system of information/ reporting requirements to National Grid.	The provision of better information to the Government will enable it to make more informed policy choices to ensure electricity security supply. Market participants could benefit from being able to make more informed choices with regards to when and how they chose to invest and operate in the market. Enhanced information could also reduce some barriers to entry into the market for new entrants.
Gas security	There are no costs that arise directly from these primary powers, however following future action by Ofgem there could be a transfer of risk from customers to shippers. It may be that this is reflected in higher costs of capital or other costs for shippers and some or all of this may get passed back to consumers in the form of higher prices. There could be potentially higher costs to some groups of customers or industry participants in the event of a Gas Deficit Emergency that would have benefited from a lower frozen cash-out price, and there may be some impacts on competition that Ofgem will have to be careful to mitigate in their design of the policy.	The benefits of action to be taken by Ofgem are that gas supplies are not unnecessarily constrained by the emergency arrangements; the responsiveness of demand is improved in an emergency; incentives improved for market participants to invest or contract in such a way to avoid an emergency; and, to ensure that those that bear the risks and costs of an emergency are those that can most influence it.
Special Administration Regime	The direct costs of the primary legislation will fall on Government and Ofgem in developing the policy. The cost of the proposal on business is negligible.	The risk of a large energy supplier failing is very low. However should this happen there will be benefits arising from the avoidance of very large transfers of cost from a failed supplier to other industry participants, reducing the risk of contagion.
Third party access to oil and gas infrastructure	Negligible	Benefits are expected to arise from more timely development of oil/gas fields.
UK continental	Negligible	Expected to be small and not

shelf		directly related to the measure but rather to other measures which it could enable.

Enabling investment in low carbon energy supplies

25. The proposals in the Bill will extend existing Secretary of State powers in the Energy Act 2004 (that expire on 19 December 2010) to enable the implementation of the enduring offshore electricity transmission regime beyond 2010 (currently the subject of a DECC-Ofgem consultation). The proposals will also extend to 2025 the life of the powers of Ofgem under the Electricity Act 1989 to make property transfer schemes to resolve any disagreements on the appointment of an offshore transmission operator where the transmission assets have been constructed by a generator. There is not a separate impact assessment to accompany the Energy Bill because the costs and benefits of using these powers have already been assessed in published DECC impact assessments accompanying the on-going consultation. However, a summary of the main costs and benefits associated with the on-going consultation is set out below.

26. The proposals in the Bill will amend the existing powers in the Energy Act 2008 that allow the Secretary of State to modify a nuclear operator's Funded Decommissioning Programme. The proposed amendments will provide an enabling power that will allow the Secretary of State to enter into an agreement at the time a Funded Decommissioning Programme (FDP) is approved that will set out the manner in which he will exercise his powers to modify an FDP in accordance with the principle of securing prudent provision. The aim of this amendment is to ensure that there is an appropriate balance between the Secretary of State's powers to protect the taxpayer and the operator's need for clarity over how those powers will be exercised.

27. There are two Carbon Capture Storage (CCS) impact assessments for the Energy Bill: CCS decommissioning for CO2 storage; and CCS compulsory rights powers.

a) CCS offshore decommissioning for CO2 storage

28. It is the responsibility of those who own and operate offshore facilities to decommission them when they are no longer required. Under existing legislation previous owners and operators of offshore facilities can also be made liable for their decommissioning even if the facilities are used for storing carbon dioxide. Carbon dioxide storage creates significant additional uncertainty about the magnitude and timing of decommissioning costs. The proposals in the Bill amend this position to give the SoS the power to create a clean break when there is a change of use from oil and gas production to carbon dioxide storage for CCS demonstration projects.

b) CCS compulsory rights powers

29. The Pipe-lines Act 1962 allows for the compulsory acquisition of rights from the owners of land through which a pipeline is constructed. Similar compulsory acquisition of rights is not available in the case where developers seek to get rights over land for a change of use of existing pipeline to transport carbon dioxide (rather than the fluid the pipeline originally transported). In the latter circumstances, a developer needs to get voluntary agreement from all landowners along the length of the pipeline in order to change the use of a pipeline. Failure to reach a voluntary agreement with any one of them could delay or even derail a project. The proposals in the Bill replicate the powers that are already available where a new pipeline is being constructed, for circumstances where an existing pipeline is intended to undergo a change of use to transport carbon dioxide. This will place developers seeking to re-use existing pipelines in the same position as those building new ones.

30. The UK has in place a comprehensive regulatory regime to ensure that security in the UK's civil nuclear industry is robust and effective. This is one of the Government's highest national security priorities. The security regime was set up in its current form in 2001-2003 when the construction of new nuclear power stations was not thought likely. As a result the new regime was concerned with locations including existing civil licensed nuclear sites where nuclear material or other radioactive material was already present. It did not take account of any new civil nuclear facilities which might be constructed.

31. Now new nuclear build is a realistic prospect with eight potential sites for new nuclear power stations identified in the draft nuclear national policy statement that the Government consulted on in October 2010. All of these sites are adjacent to existing civil nuclear facilities. Construction activity taking place in the vicinity of these existing facilities may have potential security implications, and it is also desirable that security measures are built into new nuclear facilities rather than retrofitted.

32. Under the Bill the powers in the Anti-terrorism, Crime and Security Act 2001 are widened so that the Nuclear Industries Security Regulations 2003 can be amended with regulation commencing at the start of ground clearance during the construction of new civil nuclear sites.

Summary of Estimated Discounted Compliance Costs (£m)			
	Low	**Central**	**High**
Estimated costs of the proposals	2.4	2.8	3.3

33. Northern Ireland has a target to increase the level of heat generated from renewable sources to 10% of total heat demand by 2020. This is a challenging target considering the current level of renewable heat is around 1.7%. It is widely agreed that Government Intervention is necessary to achieve this because many renewable energy technologies are less developed or deployed at a lower scale and have higher costs than traditional energy technologies. Without Government support, it is likely that the private sector will

not invest sufficiently. The provisions in the Bill will give the Northern Ireland Executive primary legislative powers to establish a Renewable Heat Incentive scheme along the lines of the wider GB scheme due to come into effect in July 2011. As well as providing a direct contribution to the UK's 15% share of the EU 2020 Renewable Energy Target, the policy is in line with longer-term energy and climate change goals.

34. Defra have laid an amendment to the Energy Bill which will allow National Park Authorities (NPAs) (including the Broads) to generate and sell limited amounts of renewable energy. This would allow NPAs to generate some income and it is assumed that this would be at the expense of the main power companies, from whom they would otherwise have bought that power, rather than local businesses or the voluntary sector. The scale of this generation of renewable energy is also expected to be very small. It has been agreed that this Government amendment would not require an impact assessment because:

- it is not regulatory in nature;
- it is bringing NPAs in line with the powers that local authorities already have; and,
- it is giving the NPAs the power to generate energy should they wish to and so is not placing a burden on them (i.e. they don't have to do it).

Table 3: Measures to enable investment in low carbon energy supplies		
Policy	**Costs**	**Benefits**
Offshore electricity transmission regime	Apart from small administrative costs to Ofgem and DECC, it is not expected to lead to any additional costs or benefits beyond those already identified for the enduring regime introduced in 2009 and assessed in the March 2009 IA[2].	Extending the powers will enable the 'enduring' regime to be changed following consultation should it not be possible before 19 December. By giving businesses additional flexibility and choice, the "generator-build" option could lead to an improved allocation of risk, thereby reducing financing costs. Extending the life of the property transfer powers could lead to any disputes being resolved more quickly. The benefits were outlined in more detail in the August 2010 IA.[3]
Nuclear operators' Funded Decommissioning Programme	It is not expected that these amendments will impose any costs that are significantly incremental to cost of compliance with the existing regime as set out in the Energy Act 2008.	The key benefits of this measure are to reduce the regulatory risk associated with the relatively unconstrained nature of the Secretary of State's existing powers to amend and FDP

[2] March 2009 Offshore Transmission Impact Assessment http://www.berr.gov.uk/files/file50576.pdf
[3] August 2010 Extension of the enduring offshore transmission regime Impact Assessment: http://www.decc.gov.uk/assets/decc/Consultations/offshoreElectricityTransmission/423-ia-offshore-transmission-regime.pdf

		potentially reducing the cost of capital. The exact benefits of this measure cannot easily be calculated for prospective nuclear operators, however, the cost of new nuclear generation is very sensitive to the cost of capital faced by investors.
CCS offshore decommissioning for CO2 storage	There is no overall additional cost to this policy. Decommissioning has to be carried out irrespective of who pays for it.	This measure removes a disincentive to convert an offshore facility from oil and gas to carbon dioxide. This is because the owners of offshore oil and gas facilities will decommission them rather than permit reuse for carbon dioxide storage. The benefit is the avoided cost of constructing and decommissioning new facilities.
CCS compulsory rights powers	There are no overall additional costs to this policy. There is a transfer between the developer and the landowner when a payment is made for the Servitude. Also legal costs for Compulsory Purchase Orders will be incurred both under the status quo (for the construction of new pipeline) and under this policy (for the change of use of existing pipeline).	Benefits will be in the savings resulting from the difference between the cost of constructing part of a new pipeline, where a landowner does not voluntarily agree to a change of use and the cost of changing the use of the existing pipeline in question.
Security at nuclear construction sites	An initial estimate of the likely compliance costs that industry would face under additional regulations is set out in the table below. These would comprise the costs of security measures and of inspections by the security regulator for civil nuclear industry, the Office for Nuclear Regulation (ONR). Such costs would be small in the overall economics of building new nuclear power stations. We would carry out a more detailed assessment of compliance costs when drawing up new regulations in the future. All costs would be associated with this secondary legislation. The direct costs of the primary	The benefits of this are that: • it will ensure that the coverage of the UK's security regime for the civil nuclear industry continues to be comprehensive; • it will ensure that the UK continues to meet its international commitments and obligations in the field of civil nuclear security (including the amended Convention on the Physical Protection of Nuclear Material); and • it will fulfil public expectations about security in the civil nuclear industry.

Northern Ireland RHI	legislation will fall on Government. As the scheme will be funded by Government there will be minimal impact on fossil fuel prices.	It is expected that there will be an increase in the level of renewable heat generated. There will also be related benefits such as reduced carbon emissions, displacement of existing fossil fuel supplies (predominantly heating oil) and “green jobs” within the supply chain for renewables.

Coal Authority

35. The Coal Authority has responsibility for: licensing coal mining activity, repairing subsidence damage, treating minewater pollution, disseminating certain mining and other information and managing former coalfield property. However, the Coal Authority is prohibited from undertaking any commercial mining operations itself. The proposals in the Bill will give powers to enable the Coal Authority to participate in the market and charge for services regarding subsidence damage repairs and the treatment of contaminated water in non-mining situations on a commercial basis. This may lead to a reduction in public funding for the Coal Authority as a result of increased commercial revenue.

Table 4: Measure related to the Coal Authority		
Policy	**Costs**	**Benefits**
Coal Authority vires	There are no direct costs associated with this measure. The Coal Authority may have an uncompetitive advantage over private contractors as they are the first to arrive to investigate the affected site. This may distort competition, although given the anticipated scale of revenues this impact will be negligible.	There may be a small net benefit for the provision of services regarding subsidence. This is the result of the lower marginal cost to the Coal Authority of completing a project after fulfilling its statutory obligation to make the site safe.

Equality Impacts

36. The impact of all the measures in the Energy Bill have been assessed for their impact on equality. Potential impacts have only been identified for the measures associated with the Green Deal, and as a consequence a full equality impact assessment has been carried out alongside the detailed IA. As a result of this discussion no negative impacts have been identified from the possible Green Deal policies that might result from the secondary legislation. However it is expected that there may be certain instances where a positive impact is seen. It will be important to look closely at likely outcomes during the development of secondary legislation.

Net costs to business (including One in One Out)

37. As part of the impact assessment process we have identified where we expect there to be a **no significant direct net cost** to business from regulation. In general the costs that directly accrue from the ***primary powers*** are very small with all the component parts identified as having a positive zero or negligible negative impact. As such in terms of one-in one-out the net direct effects of the Bill does not constitute an "in". Further discussion is contained in the detailed IAs.

38. However we do recognise that there could be indirect costs associated with the measures, such as the impact of any regulatory changes on the potential demand for the goods or services of businesses. For example, powers to allow the Coal Authority to charge for services regarding subsidence damage repairs and the treatment of contaminated water in non-mining situations on a commercial basis could lead to a reduction in the demand for services of existing private firms. This cost is not the result of a new regulatory or administrative burden on business and therefore no offsetting savings need to be identified under the One-in, One-out rules.

39. Also there could be potential additional costs to business that result from **secondary legislation.** The exact extent of these costs will be assessed in future impact assessments, however where known a discussion is attached in the following IAs. The most significant potential direct cost on business that may result from secondary legislation will be the associated with the Green Deal, and in particular the Energy Company Obligation. There will also be smaller costs associated with additional information on customer bills associated with cheaper tariff information, marketing the Green Deal, and the finance mechanism.

Public sector impacts

40. The impact assessments have identified where applicable any impacts on the public sector. As a result of the primary powers being taken there is expected to only be small resource implications. There are no costs imposed on the public sector as a result of the Green Deal primary powers, though they will need to be measured in more detail for the secondary legislation. In particular, for the powers related to the private rented sector DECC is committed to carrying out a local authority burdens assessment. There are expected to be some one-off development costs for Ofgem and DECC as a result of the electricity security measures and the special administration regime. Small administration savings should be expected for DECC and local authorities as a result of the HECA repeal.

Privacy impacts

41. There have only been impacts associated with privacy for the proposal to provide greater access to energy performance data. A full privacy impact assessment has been carried out.