
 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Emissions Performance Standard	
Lead Department/Agency	Department of Energy and Climate Change	
Stage	Final	
Origin	Domestic	
Date submitted to RPC	07/06/2011	
RPC Opinion date and reference	27/06/2011	RPC11-DECC-0971
Overall Assessment	RED	
<p>The IA is not fit for purpose. It is not clear from the IA why this regulation is being introduced, the circumstances in which it would be effective or why it is justified, given the cost to regulators and business from its introduction.</p>		
<p>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</p>		
<p>It is not clear from the evidence and analysis presented in the IA why this specific regulation is being introduced, given the presence of other interventions in this policy area (page 10). The IA states that the policy will have an impact “if it changes a generator’s decision about whether to invest in an unabated plant” or if it “changes the generator’s ability to run a load factor that is dictated by the wholesale electricity market” (page 18). However, the IA then says “The analysis suggests that the proposed options for EPS do not have an effect on investment in new plants or their load factors compared to the baseline” (page 18). The proposal is presented as a “regulatory backstop” (page 1) and the only benefit presented in the IA is “further clarity on the regulatory environment for fossil fuel power stations” (page 5).</p> <p>In order to justify the introduction of the regulation, the IA should present the circumstances in which this “backstop” would be required, the probability of these circumstances occurring and what the costs and benefits of regulation would be when this occurred. While we note that there will be a further IA at the final legislative stage, these are issues that should be addressed at this stage, particularly as this follows a formal consultation.</p>		
<p>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</p> <p>The IA says this proposal is an IN of £0.05m. It is not yet possible to confirm this as robust without further clarity relating to the points raised above. No OUT has been identified.</p>		
<p>Signed</p> 	<p>David Parker, Member</p>	