
 <b>Regulatory Policy Committee</b>	<b>OPINION</b>	
<b>Impact Assessment (IA)</b>	Future Management of the Compulsory Stockholding Obligation in the UK	
<b>Lead Department/Agency</b>	Department of Energy and Climate Change	
<b>Stage</b>	Consultation	
<b>Origin</b>	Domestic	
<b>IA Number</b>	DECC 0117	
<b>Date submitted to RPC</b>	07/12/2012	
<b>RPC Opinion date and reference</b>	23/01/2013	RPC12-DECC-1636
<b>Overall Assessment</b>	<b>AMBER</b>	
<p>The IA is fit for purpose. The explanation of how costs and benefits have been derived should be strengthened ahead of consultation. For an OUT to be validated at final stage the department will need to address the issues set out in the final box of this opinion.</p>		
<p><b>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</b></p> <p><i>Costs and Benefits</i> – The IA presents the total NPV figures and charts profiling benefits. However, the IA should show how the costs and benefits have been calculated and the actual numbers for benefits over time. This would help provide for a more meaningful consultation.</p> <p>The IA should also explain further why benefits increase substantially from about 2025. Provision of the actual numbers for benefits over time would also assist verification of the figures in the summary sheets and enable an assessment of what the EANCB would look like over different appraisal periods.</p>		
<p><b>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</b></p> <p>The impact assessment states that “<i>this gives a positive NPV...for business, so we believe the policy to be a net OUT</i>” (paragraph 80). Although, this proposal would appear to be net beneficial to business it is not clear that this results directly from a regulatory change as the underlying Compulsory Stockholding Obligation seems to be unchanged.</p> <p>To claim an OUT at final stage, the IA will need to demonstrate that this is in scope (e.g. not out of scope as a spending decision); that the creation of the agency which will levy oil companies does not make this an IN with a zero net cost; and that the benefits to business result from amendment of existing regulation rather than increased efficiency of meeting existing regulation.</p> <p>The evidence supporting the estimated Equivalent Annual Net Cost to Business (EANCB) will have to be further strengthened so that it can be validated at final stage.</p>		
<b>Signed</b>		<b>Michael Gibbons, Chairman</b>