STATUTORY INSTRUMENTS

2019 No. 107

EXITING THE EUROPEAN UNION CLIMATE CHANGE

The Greenhouse Gas Emissions Trading Scheme (Amendment) (EU Exit) Regulations 2019

Sift requirements satisfied	10th January 2019
Made	23rd January 2019
Laid before Parliament	25th January 2019
Coming into force in accordance with regulation 1	

The Secretary of State makes these Regulations in exercise of the powers conferred by section 8(1) of the European Union (Withdrawal) Act 2018(1).

The requirements of paragraph 3(2) of Schedule 7 to that Act 2018 (relating to the appropriate Parliamentary procedure for these Regulations) have been satisfied.

PART 1

Introduction

Citation and commencement

1. These Regulations may be cited as the Greenhouse Gas Emissions Trading Scheme (Amendment) (EU Exit) Regulations 2019 and come into force on exit day.

PART 2

Amendment of the Greenhouse Gas Emissions Trading Scheme Regulations 2012

Amendment of the Greenhouse Gas Emissions Trading Scheme Regulations 2012

2. The Greenhouse Gas Emissions Trading Scheme Regulations 2012(2) are amended in accordance with this Part.

Amendment of regulation 3

3.—(1) In regulation 3(1)—

- (a) in the definition of "authority", omit paragraph (d);
- (b) in the definition of "allowance", omit "82(1)";
- (c) for the definition of "aviation activity" substitute—

""aviation activity" means an activity listed in the table in Annex 1 to the Directive under the section titled 'Aviation', excluding the activities listed under points (a) to (k) of that section, and for the purposes of this definition, that section is to be read as if —

- (a) for "territory of a Member State to which the Treaty applies" there were substituted "territory of a Member State to which the Treaty applies or the United Kingdom or Gibraltar";
- (b) in point (a) and in point (j), for "a Member State" there were substituted "a Member State or the United Kingdom; and
- (c) in point (k), for "1 January 2013" there were substituted "1 January 2015";";
- (d) omit the definition of "banned non-UK operator";
- (e) in the definition of "change of status notice", for ", 8(4) or 9(1)" substitute "or 8(4)";
- (f) in the definition of "the Directive", omit "and as adapted by Annex 20 to the EEA agreement";
- (g) in the definition of "excluded installation"—
 - (i) for "which is" substitute "which was";
 - (ii) before "deemed" insert ", before exit day,";
 - (iii) omit "or paragraph 9(1)";
- (h) in the definition of "the Free Allocation Decision", at the end insert "as it had effect immediately before exit day";
- (i) at the end of the definition of "installation", insert ", and for the purposes of this definition, Annex 1 to the Directive is to be read as if for "in a storage site permitted under Directive 2009/31/EC(3)" in each place in which those words occur, there were substituted "in a storage site permitted under Chapter 3 of Part 1 of the Energy Act 2008(4) or other domestic legislation which immediately before exit day implemented Directive 2009/31/ EC"";
- (j) after the definition of "KP registry administrator" insert-

 ⁽²⁾ S.I. 2012/3038, amended by S.I. 2013/755 (W. 90), 2013/1037, 2013/3135, 2014/3125, 2015/912, 2015/933, 2015/1388 (W. 137), 2015/1849, 2016/28, 2017/1207, 2018/306 and S.R. 2066 No. 28.

⁽³⁾ Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/ EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006.

^{(4) 2008} c. 32.

"Kyoto Units" means assigned amount units, emission reduction units, certified emission reductions and removal units for the purposes of the Kyoto Protocol;";

- (k) in the definition of "regulated activity", after paragraph (b) insert "and for the purposes of this definition, Annex 1 to the Directive is to be read as if "in a storage site permitted under Directive 2009/31/EC" in each place in which those words occur, there were substituted "in a storage site permitted under Chapter 3 of Part 1 of the Energy Act 2008 or other domestic legislation which immediately before exit day implemented Directive 2009/31/ EC"";
- (l) in the definition of "regulator", omit paragraph (d);
- (m) at the end of the definition of "specified emissions", insert "and for the purposes of this definition, that Annex is to be read as if for "in a storage site permitted under Directive 2009/31/EC" in each place in which those words occur, there were substituted "in a storage site permitted under Chapter 3 of Part 1 of the Energy Act 2008 or other domestic legislation which immediately before exit day implemented Directive 2009/31/EC"";
- (n) in the definition of "the UK Registry", at the end insert "and on or after exit day for the purpose of ensuring the accurate accounting of Kyoto units".
- (2) In regulation 3(4) for sub-paragraph (b) substitute—
 - "(b) an installation that, if it was situated in a Member State, by virtue of Article 10a(3) of the Directive, would not be eligible for an allocation.".

Amendment of regulation 8

- **4.** In regulation 8—
 - (a) in paragraph (1), after "2013" insert "before exit day";
 - (b) omit paragraphs (2) and (3);
 - (c) in paragraph (6) omit "Subject to paragraph (7),";
 - (d) omit paragraph (7);
 - (e) in paragraph (8) omit "Subject to paragraph (9),";
 - (f) omit paragraph (9).

Amendment of regulation 12

5. In regulation 12(4), omit "Subject to paragraph 3(2)(b) of Schedule 4,".

Amendment of regulation 13

- 6. In regulation 13, for paragraph (6)(b), substitute—
 - "(b) an installation that, if it was situated in a Member State, by virtue of Article 10a(3) of the Directive, would not be eligible for allocation.".

Amendment of regulation 15

- 7. In regulation 15—
 - (a) in paragraph (3)(b), omit the words from "(except" to the end;
 - (b) in paragraph (4)—
 - (i) in sub-paragraph (a)(ii), for "(4) and (6) to (8)" substitute "(6) and (7)";
 - (ii) in sub-paragraph (b)(ii), for "(5) and (7) to (9)" substitute "(7) and (8)".

- 8. In regulation 16—
 - (a) in the heading, for "2020" substitute "2018";
 - (b) in paragraph (1), for "in the trading period 2013 to 2020" substitute "ending on or before 31st December 2018";
 - (c) in paragraph (6), after "scheme year", insert "ending on or before 31st December 2018,".

Amendment of regulation 20

- 9. In regulation 20—
 - (a) before the definition of "the 2009 Regulations", for "Schedules 7 to 10" substitute "Schedule 9";
 - (b) after the definition of "the 2009 Regulations" insert-

""aircraft operator" means the person who operates an aircraft at the time it performs an aviation activity or, where that person is not known or is not identified by the owner of the aircraft, the owner of the aircraft;";

- (c) omit the definitions of "benchmarking plan" and "benchmarking year";
- (d) in the definition of "Commission list", for "as amended from time to time" substitute "as it had effect immediately before exit day";
- (e) in the definition of "excluded aviation activity", in paragraph (b)(i), after "EEA state" insert ", the United Kingdom or Gibraltar";
- (f) omit the definition of "non-UK operator";
- (g) after the definition of "excluded aviation emissions" insert-

""ICAO" means The International Civil Aviation Organisation;

"Notifying State" means a State that has submitted to ICAO a request for the registration of, or change in, the ICAO three-letter designator of an aircraft operator over which that State has jurisdiction;";

- (h) in the definition of "outermost region flight", in paragraph (b)—
 - (i) at the end of sub-paragraph (i) omit "or";
 - (ii) at the end of sub-paragraph (ii), insert "or";
 - (iii) after sub-paragraph (ii), insert-

"(iii) the United Kingdom or Gibraltar;";

(i) for the definition of "UK administered operator" substitute-

""UK administered operator" means-

- (a) in respect of any period before exit day, a person who was, subject to regulations 22 to 25—
 - (i) identified in the Commission list, and
 - (ii) specified in that list as an aircraft operator administered by the United Kingdom;
- (b) in respect of any period on or after exit day, a person who-
 - (i) immediately before exit day was-
 - (aa) identified in the Commission list; and

- (bb) specified in that list as an aircraft operator administered by the United Kingdom; and
- (cc) has its registered office, or is resident, in the United Kingdom; or
- (ii) where sub-paragraph (i) does not apply, is an aircraft operator which
 - (aa) has an ICAO three-letter designator in respect of which the United Kingdom is the Notifying State, as listed in the ICAO document 8585/185 titled Designators for Aircraft Operating Agencies, Aeronautical Authorities and Services(5); or
 - (bb) has no ICAO three-letter designator, but holds an air operator certificate granted by the United Kingdom Civil Aviation Authority ("UK AOC"); or
 - (cc) has no ICAO three-letter designator or UK AOC, but has its registered office, or is resident, in the United Kingdom;".

10. In regulation 21(1), for "Schedules 7 to 10" substitute "Schedule 9".

Amendment of regulation 22

- 11. In regulation 22—
 - (a) in paragraph (1), at the beginning insert "Subject to paragraph (1A),";
 - (b) after paragraph (1) insert—

"(1A) Paragraph (1) does not apply on or after exit day.";

(c) in paragraph (6)(b), after "effect" insert "on or after exit day, or if earlier,".

Amendment of regulation 23

12. In regulation 23, after paragraph (4) insert—

"(5) This regulation does not apply on or after exit day.".

Amendment of regulation 25

- 13. In regulation 25—
 - (a) for paragraph (1) substitute—

"(1) This paragraph applies where the Secretary of State is satisfied that a Person ("P") is regulated under legislation which immediately before exit day implemented the Directive in Gibraltar.";

(b) in paragraph (4)—

(i) omit "(b) or";

(ii) at the end of sub-paragraph (a), omit "and";

(iii) omit sub-paragraph (b).

⁽⁵⁾ ICAO document 8585/185, Designators for Aircraft Operating Agencies, Aeronautical Authorities and Services. Available at: https://store.icao.int/designators-for-aircraft-operating-agencies-aeronautical-authorities-andservices-doc-8585-185-multilingual.html. Copy available for inspection at the Department for Business, Energy & Industrial Strategy, 1 Victoria Street, London SW1H 0ET.

14. In regulation 26(2), omit "or an unlisted operator".

Amendment of regulation 27

15. In regulation 27, for "regulations 28 and 29" substitute "regulation 29".

Omission of regulation 28

16. Omit regulation 28.

Omission of regulation 30

17. Omit regulation 30.

Amendment of regulation 32

18. In regulation 32—

- (a) in paragraph (4), for "or third sub-paragraphs" substitute "sub-paragraph";
- (b) in paragraph (7), for "commences aviation activities during the scheme years 2015 to 2023" substitute "undertakes no aviation activities other than excluded aviation activities".

Omission of regulations 32A, 32B and 32C

19. Omit regulations 32A, 32B and 32C.

Amendment of regulation 33A

20. In regulation 33A(1)(b), omit "or 32A".

Amendment of regulation 34

21. In regulation 34(1), omit ", 32A or 32B".

Amendment of regulation 35

22. In regulation 35—

- (a) in paragraph (5), for "to 2023" substitute "onwards";
- (b) in paragraph (6)(a), omit "for the scheme years beginning with 2013 and ending with 2023";
- (c) in paragraph (7)(a)(ii), after "EEA state" insert ", the UK or Gibraltar".

Amendment of regulation 37

23. In regulation 37, omit paragraph (3A).

Omission of regulation 38

24. Omit regulation 38.

25. In regulation 39—

- (a) in paragraph (1)(b), after "imposed", insert "before exit day";
- (b) in paragraph (4), for "Schedules 9 and 10" substitute "Schedule 9".

Omission of regulation 40

26. Omit regulation 40.

Amendment of regulation 41

27. In regulation 41, after "scheme year", insert "up to and including the scheme year 2018".

Amendment of regulation 42A

28. In regulation 42A—

- (a) in paragraph (2), after "with 2015", insert "and ending with 2018";
- (b) in paragraph (3), omit "and ending with 2023".

Amendment of regulation 42B

- **29.** In regulation 42B—
 - (a) in paragraph (1), after "scheme year" insert "up to and including the scheme year 2017";
 - (b) in paragraph (4)(a)(i), omit "where the non-compliance year is any scheme year beginning with 2013 and ending with 2023,";
 - (c) omit paragraph (4)(a)(ii).

Amendment of regulation 44

30. In regulation 44(5), omit sub-paragraph (a).

Amendment of regulation 45

- 31. In regulation 45—
 - (a) in paragraph (4)—
 - (i) in sub-paragraph (a), omit "and";
 - (ii) omit sub-paragraph (b);
 - (b) in paragraph (6)—
 - (i) at the end of sub-paragraph (c) insert "or";
 - (ii) for sub-paragraph (d) substitute—
 - "(d) the administration of the UK Registry.";
 - (iii) omit sub-paragraph (e).

Amendment of regulation 47

32. In regulation 47(1)(a), omit "paragraph 8 of Schedule 7 or paragraph 8 of Schedule 8,".

33. In regulation 49(2), after "subsequent scheme year" insert "up to and including scheme year 2019".

Amendment of regulation 52

34. In regulation 52(2)—

- (a) after "such year" insert "up to and including the scheme year 2018";
- (b) after "(BxC)", insert "and for subsequent scheme years the civil penalty is A".

Amendment of regulation 54

35. In regulation 54, omit paragraph (5)(c).

Amendment of regulation 55

36. In regulation 55(1), after "scheme year" insert ", up to and including the scheme year 2018,".

Amendment of regulation 57

- **37.** In regulation 57(2)—
 - (a) after "penalty", insert "in relation to any scheme year up to and including the scheme year 2018";
 - (b) after "(BxC)", insert "and for subsequent scheme years the civil penalty is A".

Amendment of regulation 58

38. In regulation 58(4)—

- (a) after "penalty", insert "in relation to any scheme year up to and including the scheme year 2018";
- (b) after "(A+B)", insert "and for subsequent scheme years the civil penalty is 2 x A".

Amendment of regulation 58A

- **39.** In regulation 58A—
 - (a) after "where" insert "before exit day";
 - (b) for "fails" substitute "failed".

Amendment of regulation 58B

40. In regulation 58B—

- (a) after "where" insert "before exit day";
- (b) for "fails" substitute "failed".

Amendment of regulation 60

- **41.** In regulation 60(1)—
 - (a) in sub-paragraph (a), omit ", 32A(2) or 32B(2)";
 - (b) in sub-paragraph (b), omit ", 32A(3)(b), 32A(5)(b), 32B(3)(b) or 32B(5)(b)".

Omission of regulation 66

42. Omit regulation 66.

Amendment of regulation 67

43. In regulation 67—

- (a) in paragraph (1)—
 - (i) after "where" insert "before exit day";
 - (ii) omit sub-paragraph (b)(ii);
- (b) in paragraph (2)(b)—
 - (i) after "day" insert "before exit day";
 - (ii) for "fails" substitute "failed".

Amendment of regulation 70

44. In regulation 70(1)—

- (a) at the beginning of sub-paragraph (e), insert "before exit day";
- (b) at the beginning of sub-paragraph (g), insert "before exit day";
- (c) at the beginning of sub-paragraph (h), insert "before exit day".

Amendment of regulation 73

45. In regulation 73, omit paragraph (2)(o).

Amendment of regulation 74

46. In regulation 74—

(a) for paragraph (1) substitute—

"(1) A person who is aggrieved by a decision of the KP registry administrator may exercise the right to object to that decision by appealing to the appeal body."

(b) omit paragraphs (2) and (5).

Amendment of regulation 77

- 47. In regulation 77—
 - (a) in paragraph (2), omit "under the Registries Regulation 2013";
 - (b) in paragraph (3), for "or under the Registries Regulation 2013" substitute "or otherwise by the KP registry administrator".

Amendment of regulation 80

48. In regulation 80—

(a) before paragraph (2) insert—

"(A1) This regulation does not apply on or after exit day, other than paragraph (15).";

- (b) in paragraph (9), omit "or paragraph 10(2) of Schedule 7";
- (c) in paragraph (15)—

(i) omit "The registry administrator or";

(ii) in sub-paragraph (a), omit "in the Union Registry or".

Amendment of regulation 81

49. In regulation 81(1), for "meeting the obligations of the United Kingdom referred to in Article 5(1) of the Registries Regulation 2013 (obligations as a party to the Kyoto Protocol and under Article 6 of Decision No 280/2004/EC)" substitute "ensuring the accurate accounting of Kyoto units".

Amendment of regulation 82

50. In regulation 82—

- (a) omit paragraph (1);
- (b) in paragraph (2)—
 - (i) at the end of sub-paragraph (a), omit "or";
 - (ii) omit sub-paragraph (b);
- (c) omit paragraph (3).

Amendment of regulation 84

51. In regulation 84—

- (a) in paragraph (2), omit "the registry administrator or" and ", the Registries Regulations 2013";
- (b) in paragraph (3), omit ", the registry administrator".

Amendment of regulation 87B

52. In regulation 87B, omit paragraph (2)(b).

Insertion of regulation 90

53. After regulation 89 insert—

"Transitional provisions: permits granted before exit day

90.—(1) In the case of a permit granted before exit day, the regulator must vary the permit as necessary in relation to the scheme year 2019 and any subsequent scheme year to bring it into a form in which it could be granted under regulation 10 on or after exit day.

(2) Until such variations are made, the permit has effect as if any requirements included in the permit by virtue of paragraph 2(1)(e)(iii) or 2(7)(a) of Schedule 4 or paragraph 3(1)(e) of Schedule 5 do not apply in relation to the scheme year 2019, or any subsequent scheme year."

Amendment of Schedule 4

- 54. In Schedule 4—
 - (a) in paragraph 1(1)—
 - (i) in paragraph (c)(ii), after "within" insert "the meaning of";
 - (ii) omit paragraph (f)(ii);
 - (b) in paragraph 2—

- (i) in sub-paragraph (1)(c)(ii), after "within" insert "the meaning of";
- (ii) in sub-paragraph (1)(e)(iii), at the beginning, insert "except in the case of a permit granted on or after exit day";
- (iii) in sub-paragraph (7)(a), after "that Schedule" insert "or in the case of a permit granted on or after exit day";
- (c) in paragraph 3
 - (i) in sub-paragraph (2), at the beginning insert "Subject to sub-paragraph (2A)";
 - (ii) after sub-paragraph (2) insert—
 - "(2A) Sub-paragraph (2) does not apply on or after exit day.";
 - (iii) omit sub-paragraphs (11) and (12);
- (d) in paragraph 4—
 - (i) in sub-paragraph (1), at the beginning insert "Subject to sub-paragraph (1A),";
 - (ii) after sub-paragraph (1) insert-

"(1A) Sub-paragraph (1)(c) does not apply in the case of a notice given to the operator on or after exit day.";

- (iii) omit sub-paragraphs (4) and (8);
- (e) in paragraph 5
 - (i) in sub-paragraph (1), at the beginning insert "Subject to sub-paragraph (1A),";
 - (ii) after sub-paragraph (1) insert—

"(1A) Sub-paragraph (1)(c) does not apply in the case of a notice given to the operator on or after exit day.";

(iii) omit sub-paragraphs (5) and (9).

Amendment of Schedule 5

55. In Schedule 5 —

- (a) in paragraph 3(1)(c)(ii), after "within" insert "the meaning of";
- (b) in paragraph 3(1)(e), at the beginning insert "except in the case of a permit granted on or after exit day";
- (c) in paragraph 5, after "scheme year", insert "up to and including the scheme year 2018";
- (d) in paragraph 6—
 - (i) after sub-paragraph (2) insert—
 - "(2A) An application under sub-paragraph (1) cannot be made on or after exit day.";
 - (ii) in sub-paragraph (4), for "subsequent scheme years" substitute "any scheme years up to and including the scheme year 2018";
- (e) in paragraph 7, before sub-paragraph (1) insert—
 - "(A1) This paragraph does not apply in relation to a scheme year commencing on or after 1st January 2019.";
- (f) in paragraph 8, omit sub-paragraphs (9) and (10);
- (g) omit paragraph 9.

Amendment of Schedule 6

56. In Schedule 6 in paragraph 1A —

- (a) omit "Subject to sub-paragraph (2),";
- (b) at the end of sub-paragraph (1)(c), omit "or";
- (c) at the end of sub-paragraph (1)(d), insert "; or";
- (d) after sub-paragraph (1)(d) insert—

"(e) on or after exit day.";

(e) omit sub-paragraph (2).

Amendment of Schedule 6A

57. In Schedule 6A, in paragraph 1, after "notice", insert "and ceases to apply on exit day".

Omission of Schedule 7

58. Omit Schedule 7.

Omission of Schedule 8

59. Omit Schedule 8.

Amendment of Schedule 9

60. In Schedule 9, in paragraph 1-

- (a) in the definition of "operating ban", after "imposed" insert "before exit day";
- (b) in the definition of "regulator expenses", in paragraph (a) omit ", or any sums under paragraph 2(4)(b) of Schedule 10 that have not been recovered under paragraph 2(5) of that Schedule".

Omission of Schedule 10

61. Omit Schedule 10.

Amendment of Schedule 11

- **62.** In Schedule 11—
 - (a) in paragraph 1(2)(c), omit "benchmarking plan (as defined by regulation 20);";
 - (b) in paragraph 7—
 - (i) for "is made" substitute "was made";
 - (ii) after "where an appeal is made" insert "before exit day"; and
 - (iii) at the end insert "and for that purpose, the references to Schedules 7 and 8 are references to those Schedules as they had effect immediately before exit day".

PART 3

Amendment of EU Regulations, Decisions and the EEA Agreement

Amendment of Commission Decision 2009/450/EC

63. Commission Decision 2009/450/EC of 8 June 2009 on the detailed interpretation of the aviation activities listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council is amended as follows—

- (a) in Article 1, for "listed in Annex I to Directive 2003/87/EC" substitute "as defined in regulation 3(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012";
- (b) omit Article 2;
- (c) in the Annex—
 - (i) in the heading, for "aviation activities listed in Annex I to Directive 2003/87/EC" substitute "definition of aviation activities";
 - (ii) in section 1, omit paragraph 3;
 - (iii) in section 2, in paragraph 4, for "Community Scheme" substitute "obligations in the Greenhouse Gas Emissions Trading Scheme Regulations 2012";
 - (iv) in section 2.7—
 - (aa) in paragraph 32, after "the Treaty applies" insert ", or the United Kingdom or Gibraltar";
 - (bb) in paragraphs 34 and 35, for "included in the Community scheme" substitute "required to meet the obligations in the Greenhouse Gas Emissions Trading Scheme Regulations 2012".

Amendment of Commission Regulation (EU) 606/2010

64. Commission Regulation (EU) No 606/2010 of 9 July 2010 on the approval of a simplified tool developed by the European organisation for air safety navigation (Eurocontrol) to estimate the fuel consumption of certain small emitting aircraft operators is amended as follows—

- (a) in Article 1(1), for "Article 14(3) of Directive 2003/87/EC" substitute "regulation 35(4) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012";
- (b) in Article 1(2)—
 - (i) for "Part 5 of Annex XIV to Decision 2007/589/EC" substitute "subparagraph 2 of Article 65(2) of Commission Regulation (EU) No 601/2012";
 - (ii) for "covered by Annex I to Directive 2003/87/EC" substitute "falling within the definition of "aviation activity" in regulation 3(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012";
- (c) at the end of Article 2, omit "This Regulation shall be binding in its entirety and directly applicable in all Member States.".

Amendment of Commission Regulation (EU) 600/2012

65. Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council is amended in accordance with regulations 66 to 96.

66. In Article 1—

- (a) in the first subparagraph, for "Directive 2003/87/EC" substitute "the 2012 Regulations";
- (b) omit the second subparagraph.

Amendment of Article 2

67. In Article 2, for "Article 14 of Directive 2003/87/EC" substitute "regulation 35(4) and Schedule 4, paragraph 2(1)(e)(ii) of the 2012 Regulations".

Amendment of Article 3

68. In Article 3—

- (a) in the first subparagraph omit "Article 3 of Directive 2003/87/EC and";
- (b) before paragraph (1), insert—

"(A1) 'the 2012 Regulations' means the Greenhouse Gas Emissions Trading Scheme Regulations 2012;";

- (c) in paragraph (2), for "harmonised standards, within the meaning of point 9 of Article 2 of Regulation (EC) No 765/2008" substitute "EN ISO 14065:2013(6)";
- (d) in paragraph (3), omit the words from "without prejudice" to the end;
- (e) after paragraph (4), insert—

"(4a) 'aircraft operator' means the person who operates an aircraft at the time it performs an aviation activity or, where that person is not known or is not identified by the owner of the aircraft, the owner of the aircraft;

(4b) 'emissions' means the release of carbon dioxide gas into the atmosphere in relation to aviation activities and the release of greenhouse gas emissions specified in relation to the activities, other than aviation, listed in Annex I to Directive 2003/87/ EC;";

- (f) in paragraph (6), for "Article 14(3) of Directive 2003/87/EC" to the end, substitute "regulation 35(4) and Schedule 4 paragraph 2(1)(e)(ii) of the 2012 Regulations;";
- (g) after paragraph (6), insert—
 - "(6a) 'authority' has the same meaning as in the 2012 Regulations;

(6b) 'greenhouse gas emissions permit' has the same meaning as in the 2012 Regulations;

(6c) 'aviation activity' has the same meaning as in the 2012 Regulations;";

(h) after paragraph (11), insert-

"(11a) 'the CCS licensing regime' means Chapter 3 of Part 1 of the Energy Act 2008 and other domestic legislation which immediately before exit day implemented Directive 2009/31/EC;".

New Article 3a

69. After Article 3 insert— "Article 3a

⁽⁶⁾ ISO 14065:2013 specifies principles and requirements for bodies that undertake validation or verification of greenhouse gas (GHG) assertions, available at: https://www.iso.org/standard/60168.html. Copy available for inspection at the Department for Business, Energy & Industrial Strategy.

Interpretation

In this Regulation, references to a national accreditation body are references to the national accreditation body of the United Kingdom appointed in accordance with Article 4(1) of Regulation (EC) No 765/2008."

Amendment of Article 4

70. In Article 4—

- (a) for "the relevant harmonised standards, within the meaning of point 9 of Article 2 of Regulation (EC) No 765/2008, or parts thereof, the references of which have been published in the Official Journal of the European Union" substitute "EN ISO 14065:2013";
- (b) for "applicable harmonised standards" substitute "those standards".

Amendment of Article 7

71. In Article 7(3), omit "responsible for Directive 2003/87/EC".

Amendment of Article 10

72. In Article 10(1)(m)—

- (a) for "Directive 2009/31/EC" substitute "the CCS licensing regime";
- (b) for "required by that Directive and the reports required by Article 14 of that Directive" substitute "and reports required by that regime".

Amendment of Article 16

73. In Article 16(2)(c), omit "listed in Annex I of Directive 2003/87/EC".

Amendment of Article 17

74. In Article 17, omit paragraph 4.

Amendment of Article 27

75. In Article 27—

- (a) in paragraph 3—
 - (i) for paragraph (f) substitute—
 - "(f) aggregated emissions or tonne-kilometres per aviation activity and per aircraft operator and per activity, other than aviation, listed in Annex I of Directive 2003/87/EC per installation;";

(ii) omit subparagraph (o);

(b) in paragraph 5, for "a Member State" substitute "the competent authority".

Amendment of Article 37

76. In Article 37(1)(a), for "Member State in which the verifier is carrying out a verification" substitute "competent authority".

Amendment of Articles 40, 41, 42, 45, 46, 47 and 48

77. In Articles 40,41,42,45,46,47 and 48 for "harmonised standard" in each place it occurs substitute "standard".

Amendment of Article 49

78. In Article 49-

- (a) in paragraph 3, for "harmonised standard" substitute "standard";
- (b) omit paragraph 5.

Amendment of Articles 50 and 51

79. In Articles 50 and 51, for "harmonised standard" substitute "standard".

Amendment of Article 53

80. In Article 53(4), in the second subparagraph, for "Member States" substitute "The national accreditation body".

Amendment of Article 54

81. In Article 54—

- (a) in paragraph 1, for "national accreditation bodies appointed pursuant to Article 4(1) of Regulation (EC) No 765/2008" substitute "national accreditation body";
- (b) in paragraph 2, omit "appointed pursuant to Article 4(1) of Regulation (EC) No 765/2008";
- (c) in paragraphs 2 and 3 for "a Member State" substitute "the competent body";
- (d) in paragraph 3 omit the words from "in accordance with" to the end;
- (e) omit paragraph 4;
- (f) in paragraph 6 for "harmonised standard" substitute "standard".

Omission of Article 55

82. Omit Article 55.

Amendment of Article 56

83. In Article 56(4) for "harmonised standard" substitute "standard".

Amendment of Article 58

84. In Article 58(1)(a), for "harmonised standard pursuant to Regulation (EC) No 765/2008" substitute "standard".

Omission of Articles 64 to 67

85. Omit Articles 64 to 67.

Amendment of Article 68

86. In Article 68(1), for "Member States" substitute "The competent authority".

87. In Article 69 —

- (a) in paragraph 1, for "Member State" substitute "competent authority";
- (b) in paragraph 2—
 - (i) omit "pursuant to Article 18 of Directive 2003/87/EC";
 - (ii) for "a Member State, the Member State" substitute "the United Kingdom, the Secretary of State, with the agreement of the other authorities".

Amendment of Article 70

- **88.** In Article 70(1)
 - (a) omit "of each Member State";
 - (b) for "in those Member States" substitute "in the United Kingdom";
 - (c) omit point (d).

Amendment of Article 71

89. In Article 71—

- (a) for "the following parties:" substitute "the competent authority.";
- (b) omit points (a) and (b).

Amendment of Article 72

90. In Article 72(1), omit "of the Member State where the verifier is carrying out the verification" and "which has accredited that verifier".

Omission of Articles 73 and 74

91. Omit Articles 73 and 74.

Amendment of Article 75

92. Article 75 is amended as follows—

- (a) in paragraph 1—
 - (i) in the first subparagraph omit "other national accreditation bodies,";

(ii) omit the second subparagraph;

(b) in paragraph 2 omit point (b).

Amendment of Article 78

93. At the end of Article 78, omit "This Regulation shall be binding in its entirety and directly applicable in all Member States.".

Amendment of Annex 1

94. In Annex 1—

(a) in the first subparagraph—

- (i) after "using" insert "aviation activities or in relation to the activities other than aviation";
- (ii) omit "other activities pursuant to Articles 10a and 24 of Directive 2003/87/EC";
- (b) in the table—
 - (i) in the rows for activity groups No 10 and 11, for "Directive 2009/31/EC" in each place it occurs substitute "the CCS licensing regime";
 - (ii) omit the rows for activity groups No 98 and 99.

Amendment of Annex 2

95. In Annex 2 for "the harmonised standard pursuant to Regulation (EC) No 765/2008" substitute "EN ISO 14065:2013".

Amendment of Annex 3

96. In Annex 3 for "the harmonised standard pursuant to Regulation (EC) No 765/2008" substitute "EN ISO 17011:2017(7)".

Amendment of Commission Regulation (EU) 601/2012

97. Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council is amended in accordance with regulations 98 to 132.

Amendment of Article 1

98. In Article 1, omit the words from "pursuant to" to the end.

Amendment of Article 2

99. In Article 2, for "greenhouse gas emissions specified in relation to the activities" substitute "carbon dioxide emissions in relation to aviation activities, greenhouse gas emissions specified in relation to the activities, other than aviation,".

Amendment of Article 3

100. In Article 3—

(a) after paragraph (1), insert the following—

"(1a) 'aviation activity' has the same meaning as in regulation 3(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012;";

(b) for paragraph (2), substitute—

"(2) 'trading period' has the same meaning as in regulation 3(1) of the Greenhouse Gas Emissions Trading Scheme Regulations 2012;";

(c) after paragraph (13), insert the following-

"(13a) 'the CCS licensing regime' means Chapter 3 of Part 1 of the Energy Act 2008 and other domestic legislation which immediately before exit day implemented Directive 2009/31/EC;";

⁽⁷⁾ ISO/IEC 17011:2017 specifies requirements for the competence, consistent operation and impartiality of accreditation bodies assessing and accrediting conformity assessment bodies. Available at: https://www.iso.org/standard/67198.html. Copy available for inspection at the Department for Business, Energy & Industrial Strategy.

- (d) in each of paragraphs (45) and (46), omit "listed in Annex I to Directive 2003/87/EC";
- (e) in each of paragraphs (51) and (52), for "under Directive 2009/31/EC" substitute "in accordance with the CCS licensing regime".

101. In article 4, for "Directive 2003/87/EC", substitute "the Greenhouse Gas Emissions Trading Scheme Regulations 2012".

Amendment of Article 5

102. In Article 5—

- (a) after "belonging to activities", insert "undertaken by installations";
- (b) after "Directive 2003/87/EC" insert ", aviation activities";
- (c) omit "and other relevant activities included pursuant to Article 24 of that Directive,".

Amendment of Article 9

103. In Article 9 for "Article 15 of Directive 2003/87/EC", substitute "Commission Regulation (EU) No 600/2012 of 21 June 2012 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council".

Substitution of Article 10

104. For Article 10 substitute— "Article 10

Coordination

Where there is more than one competent authority designated in the United Kingdom, each competent authority shall coordinate its work undertaken pursuant to this Regulation with the other competent authorities.".

Amendment of Article 12

105. In Article 12 omit paragraph 3.

Amendment of Article 13

106. In Article 13—

- (a) in paragraph 1—
 - (i) for "Member States" in both places where it occurs substitute "the competent authority";
 - (ii) in the first subparagraph omit ", without prejudice to Article 12(3)";
 - (iii) in the second subparagraph omit ", based on the templates and guidelines published by the Commission";
- (b) in paragraph (2) for "Member States" substitute "the competent authority".

107. In Article 18—

- (a) in paragraph 3(c)—
 - (i) for "Member State" substitute "United Kingdom";
 - (ii) after "adopted" insert "before exit day";
- (b) in paragraph (4)—
 - (i) for "EUR 2000" substitute "£1743";
 - (ii) for "EUR 500" substitute "£436".

Amendment of Article 20

- 108. In Article 20-
 - (a) in paragraph 1, in the second subparagraph, omit the words from "as well as" to the end;
 - (b) in paragraph 3—
 - (i) in the first subparagraph for "pursuant to Directive 2009/31/EC" substitute "containing a storage site permitted in accordance with the CCS licensing regime";
 - (ii) in the second subparagraph after "pursuant to" insert "domestic legislation which immediately before exit day implemented".

Amendment of Article 31

109. In Article 31(1)(b), for "Member State" substitute "United Kingdom".

Amendment of Article 35

110. In Article 35(1), omit the words "Annex VII will be reviewed" to the end.

Amendment of Article 39

111. In Article 39(3), for "Articles 2(j) and 15 of Directive 2009/28/EC" substitute "the Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations 2003(8) or the Electricity (Guarantees of Origin of Electricity Produced from Renewable Energy Sources) Regulations (Northern Ireland) 2003(9)".

Amendment of Article 48

112. In Article 48(2)—

- (a) omit "or included pursuant to Article 24 of that Directive";
- (b) for "not covered by that Directive" substitute "not covered by the Greenhouse Gas Emissions Trading Scheme Regulations 2012".

Amendment of Article 49

113. In Article 49(1), in points (a), (b) and (c), for "under Directive 2009/31/EC" in each place it occurs substitute "in accordance with the CCS licensing regime".

⁽⁸⁾ S.I. 2003/2562, amended by S.I. 2010/2715 and 2011/1043.

⁽⁹⁾ S.R. 2003 No. 470, amended by S.R. 2010 No. 374 and S.I. 2011/1043; there are other amending instruments, but none is relevant.

114. In article 50—

- (a) in paragraph 1, omit "included in Annex I to Directive 2003/87/EC";
- (b) omit paragraph 2.

Amendment of Article 51

115. In Article 51—

- (a) in paragraph 1—
 - (i) omit "covered by Annex I to Directive 2003/87/EC" in both cases where it occurs;
 - (ii) omit the third subparagraph;
- (b) omit paragraph 2.

Amendment of Article 53

116. In Article 53 —

- (a) omit the first four subparagraphs;
- (b) in the fifth subparagraph, for "Article 18 of Directive 2009/28/EC" substitute "Articles 12 and 13A of the Renewable Transport Fuel Obligations Order 2007(10)".

Omission of Article 56

117. Omit Article 56.

Amendment of Article 57

118. In Article 57(1), omit the second subparagraph.

Amendment of Article 67

119. In Article 67, omit paragraph 2.

Omission of Article 68

120. Omit Article 68.

Amendment of Article 70

121. In Article 70, omit paragraph 3.

Amendment of Article 71

- 122. In Article 71—
 - (a) for "national rules adopted pursuant to Directive 2003/4/EC" substitute "the Environmental Information Regulations 2004(11) or, as applicable, the Environmental Information (Scotland) Regulations 2004(12)";

⁽¹⁰⁾ S.I. 2007/3072, amended by S.I. 2011/2937 and S.I. 2013/816.

⁽¹¹⁾ S.I. 2004/3391, amended by S.I. 2015/1897, S.I. 2018/942 and the Data Protection Act 2018 c. 12.

⁽¹²⁾ SSI 2004/520, amended by SSI 2013/127 and the Data Protection Act 2018 c. 12.

(b) for "in Article 4(2)(d) of that Directive", substitute "in regulation 12(5)(e) or regulation 10(5)(e) of those Regulations respectively".

Amendment of Article 72

123. In Article 72(3), for "pursuant to Article 56 as well as reporting the tonne-kilometre data" substitute "for the purpose of reporting the tonne-kilometre data".

Amendment of Article 73

124. In Article 73—

- (a) in the first paragraph,
 - (i) after "listed", insert "for installations";
 - (ii) for "or aircraft operator" substitute "and every aviation activity carried out by an aircraft operator";
- (b) for point (d) substitute—
 - "(d) the UK Standard Industrial Classification (SIC) of Economic Activity, issued under section 9 of the Statistics and Registration Service Act 2007(13), and as updated from time to time.".

Amendment of Article 74

125. In Article 74-

- (a) in paragraph 1—
 - (i) in the first subparagraph, for "Member States" substitute "The competent authority";
 - (ii) omit the second subparagraph;
- (b) in paragraph 2 for "Member States" substitute "competent authority".

Amendment of Article 75

126. In Article 75—

- (a) in paragraph 1 for "a Member State" substitute "the competent authority";
- (b) in paragraph 2 for "Member States" substitute "the competent authority".

Amendment of Article 77

127. At the end of Article 77 omit "This Regulation shall be binding in its entirety and directly applicable in all Member States".

Amendment of Annex 1

128. In Annex 1, paragraph 2.1—

- (a) in point (a), omit "the administering Member State,";
- (b) in point (d), for "covered by Annex I to Directive 2003/87/EC", substitute "an aviation activity".

Amendment of Annex 2

129. In Annex 2, before section 2.1, in the first subparagraph omit "or included in the Union Scheme under Article 24 of that Directive".

Amendment of Annex 4

130. In Annex 4—

- (a) in section 1, subsection A, omit "or included in the Union Scheme under Article 24 of that Directive";
- (b) in each of the headings of sections 21, 22 and 23, for "Directive 2009/31/EC" substitute "the CCS licensing regime";
- (c) in section 21, subsection A, for "covered by Directive 2003/87/EC" substitute "listed in Annex 1 to Directive 2003/87/EC";
- (d) in section 22, in subsection B, in both places where it occurs for "Directive 2003/87/EC" substitute "the Greenhouse Gas Emissions Trading Scheme Regulations 2012";
- (e) in section 23—
 - (i) in subsection A—
 - (aa) in the first subparagraph, for "Directive 2009/31/EC" substitute "to the CCS licensing regime";
 - (bb) in the second subparagraph after "with" insert "domestic legislation which immediately before exit day implemented";
 - (ii) in subsection B.3 in the definition of "T_{end}", after "with" insert "domestic legislation which immediately before exit day implemented".

Amendment of Annex 9

- **131.** In Annex 9, section 2(7)
 - (a) in point (c)—
 - (i) after "storage permit", insert "for the storage site";
 - (ii) for "Article 9 of Directive 2009/31/EC", substitute "the CCS licensing regime";
 - (b) in each of points (d), (e) and (f)—
 - (i) after "with", insert "domestic legislation which immediately before exit day implemented".

Amendment of Annex 10

132. In Annex 10-

- (a) in section 1, in the final subparagraph, after "with" insert "domestic legislation which immediately before exit day implemented";
- (b) in section 2 -
 - (i) in subsection (1), after "Directive 2003/87/EC" insert "(read as if references in that Annex to "its administering state" and "in the administering state" were omitted and as if references to "aviation activities listed in Annex I" were references to "aviation activities")";
 - (ii) in subsection (6), for "aviation activities covered by Annex I to Directive 2003/87/ EC" substitute "aviation activities";

(iii) in subsection (8), for "Member State" substitute "state";

- (c) in section 3
 - (i) in subsection (1), after Directive 2003/87/EC" insert "(read as if references in that Annex to "its administering state" and "in the administering state" were omitted and as if references to "aviation activities listed in Annex I" were references to "aviation activities")";
 - (ii) in subsection (6), for "aviation activities covered by Annex I to Directive 2003/87/ EC" substitute "aviation activities";
 - (iii) in subsection (8), for "aviation activities listed in Annex I to Directive 2003/87/EC" substitute "aviation activities".

Amendment of Annex XX to the EEA Agreement

133. In Annex 20 to the EEA Agreement, omit paragraphs 21ala to 21alj, 21ao, 21ap, 21apb, 21apd, 21api and 21as.

PART 4

Revocation of EU Decisions and Regulations

Revocation of Commission Decision (EC) 2005/381

134. Commission Decision 2005/381/EC of 4 May 2005 establishing a questionnaire for reporting on the application of Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC is revoked.

Revocation of Commission Regulation (EC) 748/2009

135. Commission Regulation (EC) No 748/2009 of 5 August 2009 on the list of aircraft operators which performed an aviation activity listed in Annex I to Directive 2003/87/EC on or after 1 January 2006 specifying the administering Member State for each aircraft operator is revoked.

Revocation of Commission Decision 2010/670/EU

136. Commission Decision 2010/670/EU of 3 November 2010 laying down criteria and measures for the financing of commercial demonstration projects that aim at the environmentally safe capture and geological storage of CO2 as well as demonstration projects of innovative renewable energy technologies under the scheme for greenhouse gas emission allowance trading within the Community established by Directive 2003/87/EC of the European Parliament and of the Council is revoked.

Revocation of Commission Regulation (EU) 1031/2010

137. Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community is revoked.

Revocation of Commission Decision 2011/278/EU

138. Commission Decision 2011/278/EU of 27 April 2011 determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council is revoked.

Revocation of Commission Regulation (EU) 550/2011

139. Commission Regulation (EU) No 550/2011 of 7 June 2011 on determining, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, certain restrictions applicable to the use of international credits from projects involving industrial gases is revoked.

Revocation of Commission Regulation (EU) 1123/2013

140. Commission Regulation (EU) No 1123/2013 of 8 November 2013 on determining international credit entitlements pursuant to Directive 2003/87/EC of the European Parliament and of the Council is revoked.

Claire Perry Minister of State for Energy and Clean Growth Department for Business, Energy and Industrial Strategy

23rd January 2019

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made in exercise of the powers conferred by section 8 of the European Union (Withdrawal) Act 2018 in order to address failures of retained EU law to operate effectively and other deficiencies (in particular under paragraphs 2 (a), (b), (c), (d) and (g) of section 8) arising from the withdrawal of the United Kingdom from the European Union.

The functioning of the EU Emissions Trading Scheme ("EU ETS") depends on the monitoring and reporting of emissions by participants for each scheme year. It also requires the surrender by participants of a corresponding number of allowances in relation to their emissions for each scheme year. The issuing and surrender of allowances is dependent on EU systems and infrastructure, as such that aspect of the scheme will cease to apply to UK operators after the 2018 Scheme year in a no deal scenario. The monitoring, reporting, accreditation and verification obligations will continue to apply.

Part 2 makes amendments to the Greenhouse Gas Emissions Trading Scheme Regulations 2012 (the "2012 Regulations").

Regulation 3 amends the definitions section of the 2012 Regulations and Regulation 4 amends designations made pursuant to EU Regulations to reflect changes arising from the withdrawal of the United Kingdom from the EU.

Regulation 8 amends provisions relating to the allocation of allowances to reflect the fact that allowances will no longer be allocated for scheme years after exit day. To reflect this fact, regulations 56, 57, 58 and 59 amend schedules 6, 6A, 7 and 8 of the 2012 Regulations respectively, which set out the procedure for the allocation of allowances.

Regulation 9 amends regulation 20 of the 2012 Regulations to adapt the definitions relating to aviation to reflect the fact that the UK will no longer be an EU Member State after exit and to redefine UK administered operator to reflect this.

Regulations 11 and 12 provide that regulations 22 and 23 respectively cease to apply from exit day, and regulations 14, 16 and 18 amend regulations 26, 28 and 32 of the 2012 Regulations respectively, to remove provisions in relation to the designation, listing and transfer of UK administered operators which will no longer apply after exit day.

Regulations 17, 19, 20, 21, 23, 24 and 42, omit redundant provisions.

Regulation 27 amends regulation 41 of the 2012 Regulations to provide that operators of installations must surrender allowances in accordance with their surrender obligations for emissions emitted up to the end of the scheme year 2018, thereafter these obligations will not apply for subsequent scheme years. Likewise regulation 54 amends Schedule 4 to the 2012 Regulations to reflect this change within the provisions relating to permit conditions.

Similarly, regulation 28 amends regulation 42A of the 2012 Regulations to provide that UK aircraft operators must surrender allowances in accordance with their surrender obligations for emissions up to the end of the scheme year 2018, thereafter these obligations will not apply and regulation 29 amends regulation 42B to reflect this change.

Regulations 33, 34, 37 and 38 amend certain penalty provisions to omit the carbon pricing element of those penalties, given this will not apply after exit day.

Regulation 36 amends the penalty provision in regulation 55 of the 2012 Regulations to reflect that excluded installations will not have emissions targets after exit day. Regulation 55 amends Schedule 5 of the 2012 Regulations to provide that an operator of an excluded installation must not

exceed the emissions target up to the end of the scheme year 2018, but thereafter that obligation will not apply.

Regulations 46, 47, 48 and 50 amend regulations 74, 77, 80 and 82 of the 2012 Regulations to reflect the fact that the UK is not guaranteed access to the Union Registry after exit from the EU.

Part 3 amends EU Regulations, Decisions and the provisions relating to the EU ETS in Annex XX of the EEA Agreement, which are incorporated into UK law under the European Union Withdrawal Act, to ensure that the provisions in those apply correctly in the United Kingdom after exit from the European Union.

Regulations 66 to 96 amend Commission Regulation (EU) No 600/2012 on the Verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87. Those amendments ensure that the provisions in those regulation apply correctly in the United Kingdom after exit from the European Union.

Regulations 98 to 132 amend Commission Regulation (EU) No 601/2012 on the monitoring and reporting of greenhouse gas emissions. Those amendments ensure that the provisions in that regulation apply correctly in the United Kingdom after exit from the European Union.

Part 4 revokes EU Decisions and Regulations which will cease to apply on exit day because they relate to inoperable aspects of the EU ETS.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the private or voluntary sector is foreseen.