*Draft Regulations laid before Parliament under paragraph 10(3) of Schedule 3 and 331(3) of the Energy Act 2023, for approval by resolution of each House of Parliament.*

DRAFT STATUTORY INSTRUMENTS

# 2024 No.

# ENERGY

# The Carbon Dioxide Transport and Storage (Determination of Turnover for Penalties) Regulations 2024

*Made - - - -*

*Coming into force in accordance with regulation 1(1)*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 32 and 331(2) of, and paragraph 10(2) of Schedule 3 to, the Energy Act 2023(**a**).

In accordance with paragraph 10(3) of Schedule 3 to and section 331(3) of that Act a draft of these Regulations has been laid before, and approved by a resolution of, each House of Parliament.

**Citation, commencement and extent**

**1.**—(1) These Regulations may be cited as the Carbon Dioxide Transport and Storage (Determination of Turnover for Penalties) Regulations 2024 and come into force on the day after the day on which they are made.

(2) These Regulations extend to England and Wales, Scotland and Northern Ireland.

**Interpretation**

**2.** In these Regulations—

"the Act" means the Energy Act 2023;

"applicable turnover" means the amounts, ascertained in conformity with UK generally accepted accounting principles and practices, which are—

(a) derived by the licence holder from the provision of goods and services falling within the licence holder's ordinary activities (whether or not such activities are authorised by a licence); and

(b) computed on an accruals basis so that the amounts referred to in paragraph (a) above relating to the period for which applicable turnover is being determined are taken into account, without regard to the date of invoice or receipt of payment,

(**a**) 2023 c. 52.

after deduction of trade discounts, value added tax and any other taxes directly related to turnover;

"business year" means a period of more than six months in respect of which—

(a) a licence holder publishes accounts; or

(b) if no such accounts have been published for the period, prepares accounts;

"carbon dioxide transport and storage revenue support contract" has the same meaning as in section 59(2) of the Act;

"date of notice" means the date on which the economic regulator(**a**) gives notice under paragraph 4(4) of Schedule 3 to the Act;

"publicly-owned company" has the same meaning as in section 6 of the Freedom of Information Act 2000(**b**).

**Determination of turnover for the purposes of paragraph 10 of Schedule 3 to the Act**

**3.**—(1) Subject to paragraphs (2) to (5) below, for the purposes of paragraph 10 of Schedule 3 to the Act, the turnover of the licence holder shall be the applicable turnover for the business year preceding the date of notice.

(2) Where the business year preceding the date of notice does not equal 12 months the turnover shall be the amount which bears the same proportion to the applicable turnover during that business year as 12 months does to the period of that business year.

(3) Where there is no preceding business year the turnover shall be the applicable turnover of the licence holder for the period of 12 months ending on the last day of the month preceding the month in which the date of notice falls.

(4) Where in the application of paragraph (3) above the licence holder has applicable turnover for a period of less than 12 months the turnover shall be the amount which bears the same proportion to the applicable turnover during the period for which the licence holder has applicable turnover as 12 months does to that period.

(5) Financial assistance of any kind granted by a public body or a publicly-owned company to a licence holder which relates to one of the licence holder's ordinary activities shall be included in the calculation of turnover if the financial assistance—

(a) is directly linked to the provision of goods and services by the licence holder; or

(b) is provided under a carbon dioxide transport and storage revenue support contract.

Minister of State
Department for Energy Security and Net Zero

(**a**) In section 1(2) of the Act, the economic regulator means the Gas and Electricity Markets Authority or the GEMA for the purpose of Part 1 of the Act.
(**b**) 2000 c. 36.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Paragraph 4 of Schedule 3 to the Energy Act 2023 ("the Act") provides that where the economic regulator (the Gas and Electricity Markets Authority) is satisfied that a carbon dioxide transport and storage licence holder has contravened or is contravening any relevant condition or requirement imposed on the licence holder, the economic regulator may impose on the licence holder a penalty of such amount as is reasonable in all the circumstances of the case not exceeding 10 per cent of the licence holder's turnover.

Regulation 3 sets out how a carbon dioxide transport and storage licence holder's turnover is to be determined for the purposes of calculating the maximum amount of a penalty as set out in paragraph 10 of Schedule 3 (maximum amount of penalty) to the Act.

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

An Explanatory Memorandum has been published alongside these Regulations on the UK legislation website at www.legislation.gov.uk.

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