



## 2022 CHAPTER 31

### PART 3

#### Reports and Statements against Targets and Budgets etc

##### *Carbon budgets*

##### **Proposals and policies for meeting carbon budget**

**29.—(1)** The Department must prepare and publish a report for each budgetary period setting out proposals and policies for meeting the carbon budget for that period.

(2) References in this Act to a “climate action plan” are to a report under this section.

(3) The report must set out proposals and policies covering the areas of responsibility of each Northern Ireland department.

(4) When developing policies each department must ensure they are consistent with the targets set out in the carbon budget.

(5) Having consulted the relevant sector-specific advisory groups, each Northern Ireland department must provide the Department with—

- (a) its proposals and policies in its areas of responsibility, and
- (b) such other assistance as the Department requires in the preparation of the report.

(6) Each Northern Ireland department must provide its proposals and policies for a budgetary period before the end of the first nine months of that period.

(7) The Department must lay the report for a budgetary period before the Assembly before the end of the first year of that period.

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(8) The Department must publish the report for public consultation for a period of not less than 16 weeks ending on a day which is not less than 10 working days before that report is laid before the Assembly.

(9) The Department must lay the results of the public consultation in subsection (8) before the Assembly at the same time as it lays the report.

### **Requirements for proposals and policies under section 29**

**30.—**(1) In deciding its proposals and policies for the purposes of section 29, each Northern Ireland department must—

- (a) have regard to the desirability of co-ordinating those proposals and policies with corresponding proposals and policies in other parts of the United Kingdom, in the Republic of Ireland (recognising that the island of Ireland is a single biogeographic unit) or elsewhere;
- (b) consult such persons as it considers appropriate (including, where appropriate, any public body responsible in any other jurisdiction for providing advice or making recommendations in connection with adaptation to, or the mitigation of the effects of, climate change);
- (c) commission a financial, social, economic and rural impact assessment on the effects of the proposals and policies; and
- (d) give due regard to the special economic and social role of agriculture, including the distinct characteristics of biogenic methane.

(2) In deciding its proposals and policies for the purposes of section 29, each Northern Ireland department must also have regard to—

- (a) the just transition principle (see subsection (3)), and
- (b) the desirability of using and supporting nature-based projects (see subsection (5)), whether alone or together with other types of action.

(3) The just transition principle is the importance, in taking action to reduce Northern Ireland emissions and increase Northern Ireland removals, of doing so in a manner which, so far as possible, achieves the objectives of—

- (a) supporting jobs and the growth of jobs that are climate resilient and environmentally and socially sustainable,
- (b) in particular, supporting the agriculture sector and other sectors of the economy in Northern Ireland that are likely to be most affected by action to reduce those emissions and increase those removals,
- (c) supporting low-carbon investment and infrastructure,
- (d) developing and maintaining consensus through engagement with (among others) workers, trade unions, communities, non-governmental organisations and representatives of the interests of business and industry,

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- (e) creating decent, fair and high-value work in a way which does not negatively affect the current workforce,
  - (f) contributing to a resource-efficient and sustainable economy,
  - (g) supporting persons who are most affected by climate change, particularly those who may have done the least to cause it or may be the least equipped to adapt to its effects,
  - (h) reducing, with a view to eliminating, poverty, inequality and social deprivation,
  - (i) eliminating gender inequality and advancing equality of opportunity between men and women,
  - (j) supporting the social and economic needs of people in rural areas, and
  - (k) taking into account the future generations principle.
- (4) In this section—
- (a) “climate resilient” when used in relation to jobs and job growth, refers to the ability of social, economic and environmental systems to adapt to the effects of climate change;
  - (b) “environmentally and socially sustainable”, when used in relation to jobs and job growth, refers to the creation and promotion of jobs in a way which conserves and improves natural resources in accordance with the future generations principle;
  - (c) the “future generations principle” means acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- (5) “Nature-based projects” are projects to protect, restore or sustainably manage ecosystems in order to—
- (a) promote both human well-being and biodiversity, or
  - (b) provide other environmental, social and economic benefits.
- (6) Each climate action plan must explain how the proposals and policies set out in the plan take account of the just transition principle.
- (7) Each climate action plan must explain how the Department intends to mitigate any negative effects uncovered in the relevant financial, social, economic and rural impact assessment.
- (8) The duty under subsection (2) is in addition to, and does not limit, the duty under section 25 of the Northern Ireland (Miscellaneous Provisions) Act 2006 (sustainable development).
- (9) The Department may by regulations amend subsection (3).

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### **Just Transition Fund for Agriculture**

**31.—(1)** The Department must by regulations establish a scheme for the administration of a fund to be known as the “Just Transition Fund for Agriculture” for the purpose of providing advice and financial assistance to the agriculture sector to deliver its contribution under proposals and policies for the purposes of section 29.

(2) The regulations may make provision—

- (a) for determining eligibility or entitlement for advice or assistance under the scheme;
- (b) regarding applications (if any) for advice or assistance under the scheme;
- (c) imposing conditions or restrictions in connection with the scheme;
- (d) requiring persons to provide specified information, or imposing other obligations on them, in connection with the scheme;
- (e) conferring functions on the Department or other public bodies in connection with the scheme;
- (f) about steps to be taken to bring the scheme to the attention of persons likely to be eligible for assistance under it;
- (g) about the enforcement of obligations imposed by or by virtue of the regulations (which may include a power for the Department to impose financial penalties);
- (h) about the general administration of the scheme, including provision for the review of decisions taken under the scheme and for dealing with disputes as to eligibility or entitlement under the scheme;
- (i) about any other matter which appears to the Department to be necessary or appropriate for the efficient and effective administration of the scheme.

(3) If the scheme provides for financial assistance, the regulations may make provision—

- (a) for the assistance to be given in any form, including, in particular, by way of a grant, loan or guarantee;
- (b) for determining the extent of assistance (including for the calculation of payments that are to be made);
- (c) for the assistance to be provided subject to such conditions as may be specified in, or determined in accordance with, the scheme;
- (d) for those conditions to include (in the case of a grant) conditions for repayment in specified circumstances;
- (e) for assistance to be provided—
  - (i) directly to those entitled to receive it under the scheme; or

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- (ii) indirectly (for example by being made to a public body on terms which require that body to provide financial assistance to those so entitled).

### **Proposals and policies: targets**

**32.**—(1) Climate action plans must contain targets to be achieved during the relevant budgetary period in the following areas—

- (a) soil quality, and
- (b) biodiversity;

but these targets are subject to subsection (2) of this section.

(2) Targets under subsection (1) must be set in a way best calculated to achieve the relevant carbon budget after taking the following matters into account—

- (a) international law, including, in particular, the United Nations Framework Convention on Climate Change;
- (b) the impact of such targets on the environment of Northern Ireland;
- (c) the impact of such targets on public health and well-being;
- (d) the impact of such targets on fiscal, economic and social circumstances specific to Northern Ireland;
- (e) the just transition principle;
- (f) the transboundary impact.

(3) Climate action plans must also include annual targets on—

- (a) greenhouse gas emissions, and
- (b) air quality.

### **Proposals and policies: further provision**

**33.** Proposals and policies under section 29 must ensure that the relevant carbon budget is achieved in the following sectors—

- (a) energy production and supply (including for residential, public and district heating and cooling purposes);
- (b) transport (including shipping and aviation);
- (c) infrastructure (including infrastructure for electric vehicular transport);
- (d) business and industrial processes;
- (e) residential and public (in relation to buildings in these sectors);
- (f) waste management;
- (g) agriculture;
- (h) land use and land-use change, including forestry;

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- (i) fisheries; and
- (j) the provision of financial assistance to any person in connection with—
  - (i) the promotion of economic development in Northern Ireland or any part of Northern Ireland; and
  - (ii) the provision of infrastructure, goods or services in Northern Ireland or any part of Northern Ireland;

provided that, when setting out proposals and policies in respect of energy production and supply, the advices and recommendations of the SEM Committee regarding matters in relation to which it has functions under Article 6(2) of the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007 must be obtained and must be taken into account.

#### **Proposals and policies: nature based solutions**

**34.** Proposals and policies under section 29 shall as far as is practicable, support nature based projects that enhance biodiversity, protect and restore ecosystems, and seek to reduce, or increase the removal of, greenhouse gas emissions or support climate resilience.

#### **Proposals and policies: workforce, employers and communities**

**35.—(1)** Each climate action plan must—

- (a) explain how the proposals and policies set out in the plan are expected to affect the workforce, employers and communities; and
- (b) include proposals and policies for supporting the workforce, employers and communities.

(2) The explanation, proposals and policies included under subsection (1) must make particular reference to small businesses.

(3) In subsection (2), a “small business” is a business that employs fewer than 50 persons.

(4) The Department may by regulations amend subsection (3); and such regulations may define a small business by reference to such matters (or combination of matters) as the Department considers appropriate (including, in particular, the number of its employees, its turnover and its balance sheet).

#### **Proposals and policies: carbon leakage**

**36.—(1)** In deciding its proposals and policies for the purposes of section 29, each Northern Ireland department must take into account—

- (a) the risk that implementation of those proposals and policies will result in carbon leakage, and
- (b) the desirability of eliminating or minimising that risk.

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(2) “Carbon leakage” means the transfer of the production of goods (including agricultural goods) and the provision of services to countries without comparable climate change policies.

(3) In subsection (2), “comparable climate change policies” are policies that are intended to achieve reductions in greenhouse gas emissions for the country in question which are equivalent to the targets set out in sections 1, 3 and 4, by the years set out in those sections.

### **Just Transition Commission**

**37.—**(1) The Department must by regulations establish a body to be known as the “Just Transition Commission”.

(2) The functions of the Commission are to—

- (a) oversee the implementation of the just transition elements of this Act, and
- (b) provide advice to the Northern Ireland departments on how to ensure that proposals, policies, strategies and plans required under this Act comply with the just transition principle.

(3) Regulations under subsection (1)—

- (a) must make provision for the constitution of the Commission (including, in particular, its membership, general powers and proceedings);
- (b) may provide that the Commission is established as a body corporate (and that section 19 of the Interpretation Act (Northern Ireland) 1954 applies to it with such modifications (if any) as may be prescribed in the regulations);
- (c) may make provision for the payment of remuneration and allowances to members of the Commission, and for the defraying of its expenses;
- (d) may make provision in relation to accounting, reporting and record-keeping by the Commission;
- (e) may make such further provision in relation to the Commission as the Department considers appropriate.

(4) Regulations made by virtue of subsection (3)(a) must provide for the members of the Commission to include a representative of each of the following—

- (a) the agricultural sector;
- (b) the fisheries sector;
- (c) academia;
- (d) trade unions;
- (e) youth groups;
- (f) civic society;
- (g) environmental groups.

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(But this does not prevent the regulations from providing for other persons to be members of the Commission.)

(5) Regulations under subsection (1) may also make provision about the functions of the Commission, including provision specifying—

- (a) how the oversight function is to be performed;
- (b) what the just transition elements of this Act are.

### **Interim progress reporting for budgetary period**

**38.**—(1) The Department must, during the course of each budgetary period, prepare and publish a report setting out what progress has been made in implementing the proposals and policies set out in the climate action plan prepared under section 29 for that period.

(2) Each Northern Ireland department must provide the Department with—

- (a) information on the progress it has made in its areas of responsibility in implementing its proposals and policies, and
- (b) such other assistance as the Department requires in the preparation of the report.

(3) Each Northern Ireland department must provide the information on its progress for a budgetary period before the end of the first 33 months of that period.

(4) The Department must lay the report for a budgetary period before the Assembly before the end of the third year of that period.

### **Final statement for budgetary period**

**39.**—(1) The Department must—

- (a) prepare a final statement for each budgetary period in accordance with this section, and
- (b) lay the statement before the Assembly before the end of the second year after that period.

(2) A final statement under this section must state, in respect of each greenhouse gas—

- (a) the total amount of Northern Ireland emissions,
- (b) the total amount of Northern Ireland removals, and
- (c) the total amount of net Northern Ireland emissions,

for the period.

(3) It must—

- (a) state the total amount of carbon units that have been credited to or debited from the net Northern Ireland emissions account for the period, and



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- (b) give details of the number and type of those units.
- (4) It must state the final amount of the net Northern Ireland emissions account for the period.
- (5) It must—
  - (a) state whether the Department has decided to carry an amount back or forward under section 28 so as to increase or reduce the carbon budget for the period, and
  - (b) if so, state the amount carried back or forward.
- (6) It must state the final amount of the carbon budget for the period.
- (7) Whether the carbon budget for a period has been met is to be determined by reference to the information in the statement for that period.
- (8) The statement must explain why the carbon budget for the period has, or has not, been met.
- (9) In particular, it must include an assessment of the extent to which the proposals and policies for meeting the carbon budget set out in the climate action plan under section 29 for the period—
  - (a) have been carried out, and
  - (b) have contributed to the carbon budget for the period being met or not being met.
- (10) The statement under subsection (8) and assessment under subsection (9) must cover the areas of responsibility of each Northern Ireland department.
- (11) Each Northern Ireland department must provide the Department with—
  - (a) an explanation of what it considers to be the reasons why the carbon budget for the period has, or has not, been met, so far as relating to its areas of responsibility,
  - (b) its assessment of the extent to which its proposals and policies for meeting the carbon budget—
    - (i) have been carried out, and
    - (ii) have contributed to the carbon budget for the period being met or not being met, and
  - (c) such other assistance as the Department requires in the preparation of the statement.
- (12) Each Northern Ireland department must provide its explanation and assessment for a budgetary period before the end of the first 21 months after that period.

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### **Proposals and policies where carbon budget not met**

**40.**—(1) This section applies if the Department has laid a final statement before the Assembly under section 39 in respect of a budgetary period for which the net Northern Ireland emissions account exceeds the carbon budget.

(2) No later than three months after laying the statement, the Department must lay before the Assembly a report setting out proposals and policies to compensate for the excess emissions in subsequent budgetary periods.

(3) Each Northern Ireland department must provide such assistance as the Department requires in the preparation of the report.