STATUTORY INSTRUMENTS

2026 No. 694

CLIMATE CHANGE

The Climate Change Act 2008 (Credit Limit) Order 2026

Made - - - -	*25th June 2026*
Coming into force - -	*26th June 2026*

The Secretary of State makes this Order in exercise of the powers conferred by section 11(4) and (5) of the Climate Change Act 2008 ("the Act")(**1**).

A draft of this instrument was laid before and approved by a resolution of each House of Parliament, in accordance with sections 11(6) and 91(1) of the Act.

Before the draft was so laid, the Secretary of State—

(a) took into account the advice of the Committee on Climate Change under section 34(1)(b) of the Act in relation to the 2028-2032 budgetary period in accordance with section 11(7)(a) of the Act; and

(b) consulted the Scottish Ministers, the Welsh Ministers and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland in accordance with section 11(7)(b) of the Act.(**2**)

Citation, commencement and extent

1.—(1) This Order may be cited as the Climate Change Act 2008 (Credit Limit) Order 2026.

(2) This Order comes into force on the day after the day on which it is made.

(3) This Order extends to the United Kingdom.

Limit on the net amount of carbon units

2.—(1) The limit on the net amount of carbon units(**3**) that may be credited to the net UK carbon account for the 2028-2032 budgetary period is 0 carbon units.

(2) Carbon units credited to or debited from the net UK carbon account in connection with the operation of the EU ETS in respect of each year of the 2028-2032 budgetary period in accordance with regulations made under section 27(3) of the Act do not count towards the limit in paragraph (1).

(**1**) 2008 c. 27.

(**2**) See the definitions of "national authority" and "the relevant Northern Ireland department" in sections 95(1) and 96(1) of the Act.

(**3**) "Carbon unit" has the meaning given to it in section 26(1) of the Act.

(3) In this article, "EU ETS" means the EU Emissions Trading System established by Directive 2003/87/EC of the European Parliament and of the Council(**4**) and includes any replacement for that emissions trading system that has effect for any part of the 2028-2032 budgetary period.

Katie White
Parliamentary Under-Secretary of State
Department for Energy Security and Net Zero

25th June 2026

(**4**) OJ No. L 275, 25.10.2003, p.32; as last amended by Regulation (EU) 2024/795 (OJ No. L 795, 29.2.2024, p.1).

EXPLANATORY NOTE

(This note is not part of the Order)

The UK's progress against its emission reduction targets is assessed by reference to the 'net UK carbon account'. Under section 27 of the Climate Change Act 2008 (c. 27) ("the Act") the net UK carbon account is reduced when carbon units are credited to it. 'Carbon unit' means a unit of a kind defined in regulations made under section 26(1) of the Act.

This Order sets a limit on the net amount of carbon units that may be credited to the net UK carbon account for the 2028-2032 budgetary period of 0 carbon units. Article 2(2) sets out certain carbon units which are excluded from the level of the limit. Those are carbon units that may be credited to and debited from the net UK carbon account in connection with the operation of the EU Emissions Trading System during the 2028-2032 budgetary period. In the event these units are used, they would be credited or debited in accordance with regulations made under section 27(3) of 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.