

Subsidiary Legislation made under ss.29, 48 and 64.

## **Climate Action Fund Regulations 2026**

**LN.2026/066**

*Commencement*      **15.7.2026**

| Amending<br>enactments | Relevant current<br>provisions              | Commencement<br>date |
|------------------------|---------------------------------------------|----------------------|
| LN.2026/250            | rr. 3, 4(1), 5(3)-(6), 9(1)-(3), 22(1), (4) | 23.7.2026            |

**ARRANGEMENT OF REGULATIONS**

Regulation

**PART 1  
GENERAL PROVISIONS**

1. Title.
2. Commencement.
3. Interpretation.
4. Establishment and dissolution.
5. Regulation of procedure.
6. Disbursements.
7. Liability of members.
8. Powers and Competence of the Board.
9. Funding.
10. Sub-fund.

**PART 2  
EMISSIONS REDUCTIONS OF GENERATING STATION**

11. Determination of scheme year.
12. GEA annual emission reductions target.
13. Calculation of carbon emission.
14. Monitoring plan.
15. Quantification of achievement of reduction targets.
16. Independent verification of emissions.

**PART 3  
OFFSETTING CARBON EMISSIONS**

17. Contributions to the GEA Sub-fund.
18. Payment of contributions.
19. Banking of overachievement.
20. Objective of the GEA Sub-fund.
21. Rules applicable to the sub-fund.
22. Annual reports.

*In exercise of the powers conferred upon him under sections 29, 48 and 64 of the Climate Change Act 2019, and after having consulted the Minister with responsibility for Finance, and in order to make provision for the purposes of the implementation of Article 219(4) of the Agreement in respect of Gibraltar between the European Union and the European Atomic Energy Community of the one part and the United Kingdom of Great Britain and Northern Ireland in respect of Gibraltar, the Minister has made the following Regulations–*

**PART 1  
GENERAL PROVISIONS**

**Title.**

1. These Regulations may be cited as the Climate Action Fund Regulations 2026.

**Commencement.**

2. These Regulations come into operation on the Implementation Date.

**Interpretation.**

3. In these Regulations–

“Act” means the Climate Change Act 2019;

“carbon emissions” means the total emissions of the Generating Station, expressed in tonnes of carbon dioxide equivalent, as calculated and verified in accordance with regulation 5;

“carbon credit” means carbon credit under an internationally recognised carbon credit scheme approved by the Minister

“baseline emissions” means the total carbon emissions for the year 2020;

“Board” means the Board established under section 48(3) of the Act;

“Climate Action Fund” and “Fund” means the Climate Action Fund established under regulation 4;

“EU Emissions Trading System” means the system for greenhouse gas emission allowing trading established by Directive 2003/87/EC of the European Parliament and of the Council, as amended from time to time or as implemented in Gibraltar;

“Excess” has the meaning given to that term in regulation 17(2);

“GEA Sub-fund” means that part of the Fund that applies to the GEA and is established under regulation 5;

“Generating Station” means any electricity generating station owned, controlled or managed by the GEA;

“GEA” means the Gibraltar Electricity Authority established under the Gibraltar Electricity Authority Act 2003;

“Implementation Date” has the meaning given in section 3 of the Treaty on Gibraltar and the European Union Act 2026;

“Minister” has the meaning given in the Act;

“Monitoring and Reporting Regulation 2018” means Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council, as that Regulation had effect immediately before IP completion day (within the meaning of the European Union (Withdrawal Agreement) Act 2020);

“Overriding Objective” has the meaning given in the Act;

“project” means either:

- (a) an activity, programme, or initiative that reduces, avoids, or removes greenhouse gas emissions in Gibraltar which generates measurable reductions of greenhouse gas emissions; or
- (b) an activity, programme, or initiative that reduces, avoids, or removes greenhouse gas emissions outside Gibraltar which generates measurable reductions of greenhouse gas emissions, provided it has been validated and verified by a project verification body ;

"project verification body" is defined as a body that is accredited under an internationally recognised carbon credit standard, and is independent of the GEA, or such body or person as the Minister may designate by notice in the Gazette to act as a project verification body for the purposes of these Regulations;

“reduction targets” mean those targets prescribed in regulation 12(1) and (2);

“scheme year” has the meaning given in regulation 11; and

“Verification Regulation 2018” means Commission Implementing Regulation (EU) 2018/2067 of 19 December 2018 on the verification of data and the accreditation of verifiers pursuant to Directive 2003/87/EC of the European Parliament and of the Council, as that Regulation had effect immediately before IP completion day (within the meaning of the European Union (Withdrawal Agreement) Act 2020).

**Establishment and dissolution.**

4.(1) The Climate Action Fund established by the Climate Action Fund (Establishment) Notice 2026 shall continue as the Climate Action Fund for the purposes of the Act and these Regulations.

(2) The Fund may be dissolved by the Minister by Notice in the Gazette.

(3) Unless provided for in any other enactment, where the Fund is dissolved-

(a) any monies held by it are to be paid into the Government’s Consolidated Fund;

(b) title in any property is deemed to have been transferred to the Government.

**Regulation of procedure.**

5.(1) Subject to any provision in the Act or in these Regulations, the Board may regulate its own procedures.

(2) A meeting of the Board is quorate when the Chairperson and at least one other member is present.

(3) Any matters arising at a meeting of the Board are to be decided by a majority of the members present and in the case of an equality of votes, the Chairperson shall have a casting vote.

(4) The Board must ensure that minutes of every meeting are kept and once signed by the Chairperson, the minutes shall be rebuttable evidence of the proceedings to which they relate.

(5) The Minister shall publish in the Gazette notice of any appointment of a member or an alternate member of the Board.

(6) A member of the Board may resign by written notice to the Minister at any time during their appointment.

**Disbursements.**

6. All disbursements from the Fund shall be authorised by the Board who shall ensure such disbursements are made in advancement of the Overriding Objective.

**Liability of members.**

7.(1) No personal liability shall attach to any member of the Board in respect of anything done or omitted to be done, in good faith.

(2) The Board, and its members, shall be immune from suit in respect of any act or omission in the performance of its functions unless the act or omission is shown to have been in bad faith.

**Powers and Competence of the Board.**

8.(1) The Board may do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any function conferred on it by or under these Regulations or any other enactment.

(2) Without limiting subregulation (1) or the general powers conferred on the Board by these Regulations, in order to satisfy its functions, the Board shall have the following powers and competencies-

- (a) to make rules for the meetings of the Board and its transactions;
- (b) to appoint a secretary and such sub-boards as it considers necessary to carry out its functions, including joint committees with other bodies, and to confer on the sub-committee's power and authority to act for the Board;
- (c) compile, prepare, print, publish, issue, circulate and distribute such reports, guidance, or other literary matter as may be conducive to the attainment of the objects of the Board or the advancement of the Overriding Objective;
- (d) instruct, engage, delegate to or otherwise seek the advice or assistance of any expert, advisor or other professional or expert;
- (e) request information, inspect records, and carry out investigations relating to the any matter relating to the Climate Action Fund or these Regulations; and
- (f) to make rules consistent with the powers conferred on the Board.

**Funding.**

9.(1) The Fund as at the end of any calendar month shall not be allowed to fall into an overall cumulative deficit.

(2) The Fund shall not borrow at any time.

(3) The Fund shall meet all of its expenditure from the sources described in section 48(2) of the Act, which for the avoidance of doubt includes sources provided for by these Regulations.

**Sub-fund.**

10.(1) The Climate Action Fund includes a sub-fund to be known as the “GEA Sub-fund”.

(2) Part 3 of these Regulations set out the purposes of and the procedures applicable to the operation of the GEA Sub-fund.

(3) Any monies paid into the GEA Sub-fund must be applied in accordance with the rules set out in regulation 21.

**PART 2**  
**EMISSIONS REDUCTIONS OF GENERATING STATION**

**Determination of scheme year.**

11.(1) The initial scheme year shall commence on the date on which these Regulations come into force and shall end on 31 December of the same calendar year.

(2) Each subsequent scheme year shall be a period of twelve consecutive months commencing on 1 January and ending on 31 December of the following calendar year, until 30 December 2030.

(3) The Minister may, by notice in the Gazette vary the dates on which scheme years commence and end, provided that each scheme year shall comprise a period of not less than twelve consecutive months.

**GEA annual emission reductions target.**

12.(1) In the initial scheme year, the GEA must reduce its carbon emissions by at least 2% compared to the baseline emissions, calculated on a pro-rata basis to take into account that the initial scheme year is a period of less than 12 months.

(2) In every subsequent scheme year, the GEA must reduce its carbon emissions by an additional 2% compared to the baseline emissions, such that the reduction targets compound annually from the baseline emissions.

(3) The GEA shall take all reasonable steps to achieve the reduction targets, including but not limited to—

- (a) improving energy efficiency within the operation of the Generating Station;
- (b) transitioning to renewable energy sources;
- (c) implementing sustainable procurement practices;
- (d) reducing emissions from transport and fleet operations relevant to the operation of the Generating Station; and
- (e) such other measures as may be appropriate to reduce carbon emissions.

**Calculation of carbon emission.**

13.(1) The GEA shall calculate its carbon emissions for each scheme year in accordance with a methodology approved by the Minister, which methodology must be equivalent to the standard established by the Monitoring and Reporting Regulation 2018.

(2) The calculation of carbon emissions shall include direct emissions from sources owned or controlled by the GEA used in connection with the Generating Station.

(3) The GEA shall maintain accurate and complete records of all data necessary for the calculation of its carbon emissions, including but not limited to—

- (a) fuel consumption records;
- (b) electricity and energy consumption data;
- (c) refrigerant usage and leakage data;
- (d) vehicle mileage and fuel records; and
- (e) such other data as may be required by the approved methodology.

(4) Records maintained under paragraph (3) shall be retained for a period of not less than ten years from the end of the scheme year to which they relate.

**Monitoring plan.**

14.(1) The GEA shall, within ninety days of the date on which these Regulations come into operation, submit to the Minister for approval a monitoring plan for the Generating Station.

(2) The monitoring plan shall set out how the GEA's carbon emissions are to be monitored on an ongoing basis and must comply, so far as relevant to the Generating Station, with the requirements of Articles 11 to 13 of the Monitoring and Reporting Regulation 2018.

(3) The Minister shall approve the monitoring plan if satisfied that it is capable of accurately monitoring the carbon emissions of the Generating Station; and may require such amendments to the plan as the Minister considers necessary before granting approval.

(4) The GEA shall monitor its carbon emissions in accordance with the approved monitoring plan and shall not depart from the approved methodology without the prior written consent of the Minister.

(5) The GEA shall review and, where necessary, update the monitoring plan at least once in every scheme year, and any material amendment to the plan must be submitted to the Minister for approval under this regulation.

**Quantification of achievement of reduction targets.**

15.(1) Within ninety days of the end of each scheme year, the GEA shall—

- (a) calculate its total carbon emissions for that scheme year;
- (b) compare its carbon emissions against the reduction target; and
- (c) determine whether the GEA has achieved the reduction target for the scheme year;
- (d) where the reduction target has not been achieved, quantify the Excess; and
- (e) prepare a report in writing containing the details stipulated in this regulation and identifying any material errors, omissions, or misstatements in the GEA's emissions data.

(2) The GEA shall submit the report prepared under subregulation (1)(e) to the Minister within one hundred and twenty days of the end of each scheme year.

(3) The GEA shall provide any additional information or documentation as the Minister shall request if they consider it necessary to assess compliance with these Regulations.

(4) Where the GEA fails to maintain records in accordance with regulation 13, or where records are incomplete, inaccurate or otherwise inadequate, or where the report submitted under regulation 15(1)(d) and verified under regulation 16 identifies a material misstatement or qualification—

- (a) the Minister may, in accordance with the principles set out in Article 70 of the Monitoring and Reporting Regulation 2018, make a conservative estimate of the GEA's carbon emissions for the relevant scheme year;
- (b) any estimate made under sub-paragraph (a) shall be deemed to be the GEA's carbon emissions for the purposes of these Regulations;
- (c) the Minister shall notify the GEA of the estimate and the reasons for it; and
- (d) where the Minister is satisfied that there is a defect in a previous estimate, the Minister may withdraw that estimate and substitute a corrected estimate, which shall thereupon be deemed to be the GEA's carbon emissions for the purposes of these Regulations.

(5) Where the Minister makes an estimate under subregulation (4), the Minister may recover the reasonable costs of doing so from the GEA.

#### **Independent verification of emissions.**

16.(1) The report prepared by the GEA under regulation 15(1)(e) shall be verified by an independent verifier before submission to the Minister.

(2) Verification under subregulation (1) shall be carried out in accordance with, so far as relevant to the Generating Station, the requirements of the Verification Regulation 2018.

(3) For the purposes of this regulation, an independent verifier is a person who—

- (a) is accredited in accordance with the Verification Regulation 2018 or under an equivalent accreditation scheme recognised by the Minister; and
- (b) is independent of the GEA.

(4) The verified report shall state—

- (a) whether the verifier is satisfied that the GEA's carbon emissions have been calculated in accordance with the approved monitoring plan and the methodology referred to in regulation 13(1);
- (b) whether the emissions data are free from material misstatement; and

(c) any qualifications or reservations.

(5) The costs of verification under this regulation shall be borne by the GEA.

### **PART 3 OFFSETTING CARBON EMISSIONS**

#### **Contributions to the GEA Sub-fund.**

17.(1) Where the GEA fails to achieve the reduction target in any scheme year, it shall make a contribution to the GEA Sub-fund calculated in accordance with this regulation.

(2) The contribution payable shall be an amount sufficient to purchase one carbon credit for every tonne of carbon dioxide equivalent by which the GEA's carbon emissions exceed the reduction target in that scheme year ("the Excess").

(3) The contribution shall be calculated as follows—

$$C = E \times P$$

where—

C is the contribution payable in pounds sterling;

E is the Excess, expressed in tonnes of carbon dioxide equivalent, rounded up to the nearest whole tonne;

P is the carbon credit price determined in accordance with paragraph (4).

(4) The carbon credit price shall be—

(a) the average price per carbon credit available for purchase in the EU Emissions Trading System, as published by a recognised market for the final quarter of the relevant scheme year; or

(b) where no such price is available or the Minister considers that the published price does not necessarily reflect the true cost of carbon abatement, such price as the Minister may determine by notice in the Gazette.

(5) The carbon credit price determined under paragraph (4) shall not be less than £40 per carbon credit, or such higher amount as the Minister may prescribe by notice in the Gazette.

(6) Where the reduction target has not been achieved, the Minister shall, not later than thirty days after receipt of the report delivered under subregulation 15(1)(e) and verified under regulation 16, issue a notice to the GEA—

- (a) specifying the Excess and the contribution payable under this regulation; and
- (b) specifying the date by which the contribution must be paid, which shall be not less than sixty days from the date of the notice.

**Payment of contributions.**

18.(1) The GEA shall pay any contribution due under regulation 17—

- (a) by the date specified in the Minister's notice;
- (b) into the GEA Sub-fund; and
- (c) without set-off or withholding.

(2) Where the GEA fails to pay a contribution by the date specified—

- (a) interest shall accrue on the unpaid amount at the rate of 2 per cent per annum above the base rate of the Bank of England, calculated on a daily basis from the date on which payment was due until the date of actual payment; and
- (b) the unpaid amount together with any interest accrued under subregulation (a) may be recovered by the Government as a civil debt and paid into the GEA Sub-fund.

**Banking of overachievement.**

19.(1) Where the GEA's carbon emissions in a scheme year are less than the reduction target for that scheme year, the difference between the reduction target and the GEA's actual carbon emissions for that scheme year (expressed in tonnes of carbon dioxide equivalent) constitutes a "banked credit".

(2) Banked credits may be carried forward and applied to reduce the Excess in any subsequent scheme year, such that the Excess for that subsequent scheme year shall be reduced by the amount of banked credits applied.

(3) Banked credits shall be applied in the order in which they were accrued, with the earliest banked credits being applied first.

(4) Where banked credits are applied under subregulation (2), the GEA shall record the application of those credits in the report prepared under regulation 15(1)(e), specifying—

(a) the scheme year in which the banked credit was accrued;

(b) the amount of the banked credit applied; and

(c) the remaining balance of banked credits, if any.

(5) Banked credits may not be transferred to any person other than the GEA and may not be traded or sold.

#### **Objective of the GEA Sub-fund.**

20.(1) The objective of the GEA Sub-fund is to apply funds to offset the carbon dioxide equivalent (CO<sub>2</sub>e) that equates to the Excess in any scheme year, as a minimum.

(2) In applying any monies for the purposes of subregulation (1) the Board must seek to invest in projects that are wholly or partially based in Gibraltar but where no such projects are available or where these would not provide the quantity of offsetting required the Board may invest in projects that are partially based in Gibraltar or which are entirely outside Gibraltar.

(3) In applying any monies for the purposes of subregulation (1), the Board shall have regard to—

(a) the environmental integrity and additionality of proposed projects;

(b) the potential benefits of proposed projects for Gibraltar, including employment, health, and biodiversity benefits; and

(c) such other matters as the Board considers relevant.

#### **Rules applicable to the sub-fund.**

21. Where monies are allocated to the GEA Sub-fund the Board must-

(a) identify a project that will result in the offsetting of the Excess for a particular scheme year;

(b) within one year of the end of a scheme year, invest in that project the sum contributed by the GEA in relation to that scheme year as a minimum;

(c) ensure that every project invested in under this regulation is designed to deliver verifiable emissions reductions within four years of the date of investment, unless

the Board, with the prior written approval of the Minister, determines that the nature of the project reasonably requires a longer period, in which case the Board shall specify the expected delivery date in its annual report under regulation 22;

- (d) where a project has not delivered verifiable emissions reductions within the period specified under sub-paragraph (c)—
  - (i) take all reasonable steps to secure the delivery of the emissions reductions; or
  - (ii) where the Board is satisfied that the project will not deliver the expected emissions reductions, reallocate the relevant monies to an alternative project;
- (e) maintain records so that every tonne of CO<sub>2</sub>e offset can be traced to the scheme year in respect of which the GEA made the contribution to the GEA Sub-fund;
- (f) where, at the end of the period referred to in regulation 21(c), the Board is satisfied that a project has delivered verifiable emissions reductions, ensure that the total verified emissions reductions achieved by projects funded from the GEA Sub-fund in respect of a particular scheme year are at least equivalent to the Excess for that scheme year; and
- (g) to the extent that any surplus remains in the GEA Sub-fund after the investments made under this regulation, the surplus may be transferred to the Climate Action Fund.

**Annual reports.**

22.(1) In addition to the report prescribed by section 48(8) of the Act, the Board must provide the Minister with an annual report relating to every project that the Board has invested in in the reporting year.

- (2) The report must include –
  - (a) the total contributions received during the year;
  - (b) the total expenditure from the GEA-Sub Fund during the year;
  - (c) a description of the projects funded by the GEA Sub-fund;

- (d) the estimated amount of CO<sub>2</sub>e offset achieved by each project that the Board has applied monies from the GEA Sub-fund, or where the project has not been completed by the time of the report, estimates of the expected CO<sub>2</sub>e to be offset;
  - (e) if any project has not been completed by the time of the report, the expected date of completion of the project; and
  - (f) the balance of the GEA Sub-fund at the end of the year.
- (3) The Minister shall lay a copy of the report prepared by the Board before Parliament as soon as reasonably practicable after it has been prepared.
- (4) For the purposes of section 48(8) of the Act, the Board shall maintain annual accounts of the Fund in accordance with the accounting policies of the Government, presented in pounds sterling.