



Offshore Petroleum Regulator  
for Environment & Decommissioning

Please see communications below from the UK ETS Authority.



HM Government



Scottish  
Government  
gov.scot



Department of  
**Agriculture, Environment  
and Rural Affairs**  
[www.daera-ni.gov.uk](http://www.daera-ni.gov.uk)



Llywodraeth Cymru  
Welsh Government

The UK ETS Authority – made up of the UK Government, Scottish Government, Welsh Government and the Department of Agriculture, Environment and Rural Affairs for Northern Ireland who jointly run the scheme – has published a consultation on developing the UK Emissions Trading Scheme (UK ETS).

The document sets out proposals to develop the UK ETS to ensure that it drives emission reductions towards our ambitious targets and continues to demonstrate the UK's leadership on carbon pricing. We are:

- Seeking views on whether our proposals are appropriate, proportionate and workable for participants. Your feedback will enable us to develop informed policy and legislation.
- Calling for evidence on a number of areas to inform future UK ETS policy development.

Read the consultation document [here](#) and respond on Citizen Space [here](#). The deadline for responses is 17 June.

### **Overview of the UK ETS consultation**

The consultation document covers the following areas:

Chapter 1 sets out proposals for changes to align the UK ETS cap and trajectory with our net zero target.

Chapter 2 considers the role of Free Allocation policy as a carbon leakage mitigation tool in the context of the net zero aligned cap. It also puts forward potential improvements to the current Free Allocation regime based on stakeholder views expressed in response to the 2019 consultation on carbon pricing and the call for evidence on free allocation in 2021. Recognising the

need for certainty in the near term, we are guaranteeing current levels of free allocation until 2026, subject to activity level changes.

Chapter 3 sets out proposals for bringing in unallocated allowances and/or the flexible share to the market.

Chapter 4 calls for evidence on potential drivers of evolving market conditions in the UK ETS and objectives for market stability policy as the scheme evolves.

Chapter 5 sets out the scope of the review into UK ETS aviation policy. This includes proposals on the future of aviation free allocation, considering responses to the 2019 consultation on carbon pricing, the 2021 call for evidence, and UK government commissioned economic research. It also considers how the use of Sustainable Aviation Fuels (SAFs) could be incentivised under the UK ETS and options for expanding the coverage of the scheme within the aviation sector.

Chapter 6 sets out proposals and calls for evidence on possible changes to the rules for sectors currently covered by the UK ETS to ensure more greenhouse gas emissions are covered by the scheme.

Chapter 7 sets out proposals to expand the scope of the UK ETS to the domestic maritime sector and calls for evidence on expanding the UK ETS to include waste incineration and energy from waste.

Chapter 8 calls for early views on the ETS as a potential mechanism to promote the growth of GGRs and the monitoring, reporting and verification requirements necessary to address greenhouse gas emissions in the land use and agriculture sectors. We do not propose expanding the UK ETS to agriculture.

Chapter 9 sets out proposed amendments to support effective operation of the UK ETS by addressing a number of operational issues identified during the development of policy and legislation for the scheme.

### **Citizen Space**

- We will be using the Citizen Space platform to collate responses. This is a site used by the Department for Business, Energy and Industrial Strategy to help you find, share and participate in consultations.
- Please note we will provide an overview of how to use Citizen Space during our initial informative workshops.

If you have questions about UK ETS policy, you can contact each of the four governments that comprise the UK ETS authority.

HM Government: [emissions.trading@beis.gov.uk](mailto:emissions.trading@beis.gov.uk)

Scottish Government: [emissions.trading@gov.scot](mailto:emissions.trading@gov.scot)

Welsh Government: [Decarbonisation&Energy.GovernmentBusiness@gov.wales](mailto:Decarbonisation&Energy.GovernmentBusiness@gov.wales) /  
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