

OFFICIAL

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**REPORTING OF INDIRECT COST COMPENSATION PAYMENTS MADE TO
INDUSTRY IN THE UK IN 2018**

1. Article 10a(6) of the revised EU Emissions Trading Scheme Directive¹, which took effect on 8 April 2018, requires member states to publish annually, from 2018, the amount of compensation paid to sectors exposed to “genuine risk of carbon leakage due to significant indirect costs that are actually incurred from greenhouse gas emission costs passed on in electricity prices”.
2. The Department for Business, Energy and Industrial Strategy has set out below the total amount of compensation paid as a result of indirect costs resulting from the EU ETS in 2018.
3. As the total compensation is less than 25% of UK EU ETS auction revenue in the relevant year, this does not trigger the additional member state reporting requirement detailed in paragraph 2 of Article 10a(6).

EU ETS Indirect Cost Compensation awarded in 2018 (£ Sterling)

Sector	Number of Businesses	EU ETS compensation
Iron & Steel	9	7.5 million
Chemicals	12	6.7 million
Paper	30	4.9 million
Non-ferrous metals	6	0.4 million
Other	3	0.2 million

¹ Directive 2003/87/EC