

23 July 2020

Reporting of Indirect Cost Compensation Payments made to Industry in the UK in 2019

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 2019.
3. The total compensation is greater than 25% of the UK EU ETS auction revenue due to the suspension of UK-related processes in the Union Registry of the EU ETS. As confirmed with the EU Commission, no further reporting under paragraph 2 of Article 10a(6) is required since no UK auctions were held in 2019.

EU ETS Indirect Cost Compensation awarded in 2019 (£ Sterling)

Sector	Number of Businesses	EU ETS compensation
Iron & Steel	10	19.2 million
Chemicals	12	17.3 million
Paper	30	12.8 million
Non-ferrous metals	6	1.0 million
Other	3	0.6 million

¹ Directive 2003/87/EC