



## **UK ETS Authority publishes consultations on market and free allocation policies**

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 launched two consultations on market and free allocation policies within the UK Emissions Trading Scheme (UK ETS).

The UK ETS Authority has also published a statutory review of the scheme's operation since its launch in 2021, and a joint response to the UK ETS recommendations in the Independent Review of Net Zero.

Read the announcement and Authority ministers' statement on the publications [here](#).

### **Overview of the publications and consultations**

#### **Consultation on Future Markets Policy**

The UK ETS Authority is seeking input on a number of proposals to develop future markets policy. This consultation seeks views on:

- Whether the Authority has identified the most significant risks to effective market functioning
- The suitability of different policy options to address the risks identified
- How individual market stability policies, including a potential Supply Adjustment Mechanism, should be designed to most effectively address market risks while minimising intervention and disruption in the market.

Read the consultation document [here](#) and respond on Citizen Space [here](#). The deadline for responses is 11 March 2024.

#### **Free Allocation Review**

The UK ETS Authority is seeking views on proposals to alter the free allocation methodology for the stationary sectors to better target those most at risk of carbon

leakage and ensure that free allocations are fairly distributed. This will broadly focus on four key areas:

- how we account for emissions and activity
- benchmarks
- the carbon leakage list
- additional factors we might want to introduce to free allocation methodology

Read the consultation document [here](#) and respond on Citizen Space [here](#). The deadline for responses is 11 March 2024.

*Separately, the UK Government has also [responded](#) to the consultation it ran earlier this year on addressing carbon leakage risk to support decarbonisation. The UK ETS Authority will work with the UK Government to ensure that policies taken forward, including a UK Carbon Border Adjustment Mechanism, work cohesively with the UK ETS.*

### **2023 Review of the UK Emissions Trading Scheme**

This report reviews the UK ETS in its first years of operation, and fulfils the legislative requirement set out in the Greenhouse Gas Emissions Trading Scheme Order 2020 (article 17). The review takes stock following the successful launch of the UK ETS on 1 January 2021 and follows a comprehensive programme of work to develop the scheme, including the key milestone of aligning the scheme with net zero.

Read the document [here](#).

### **Evaluation of the UK Emissions Trading Scheme: Phase 1 report**

This report is a summary of findings from the first phase of an independent ex-post evaluation of the UK ETS.

Read the document [here](#).

### **The long-term pathway for the UK Emissions Trading Scheme**

This document sets out the steps we are taking to develop the long-term pathway for the UK ETS. It affirms our commitment to continuing the UK ETS for the long term. We intend to legislate to continue the UK ETS beyond 2030 until at least 2050. The scheme will remain aligned with our net zero targets.

Read the document [here](#).

## Consultation Engagement

- The UK ETS Authority will be hosting a webinar in January to provide a high level overview of the two consultations. You will receive details via this mailing list.
- We will subsequently arrange smaller events to provide an opportunity for more detailed discussions on each proposal/policy area that may be relevant to you/your sector.

## How to Respond

1. Citizen Space – A dedicated platform used by the Department for Energy Security and Net Zero to help you find, share and participate in consultations.
2. Email - [ukets.consultationresponses@energysecurity.gov.uk](mailto:ukets.consultationresponses@energysecurity.gov.uk)

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

- UK Government: [emissions.trading@energysecurity.gov.uk](mailto:emissions.trading@energysecurity.gov.uk)
- Scottish Government: [emissions.trading@gov.scot](mailto:emissions.trading@gov.scot)
- Welsh Government: [ClimateChangeAndEnergyEfficiency@gov.wales](mailto:ClimateChangeAndEnergyEfficiency@gov.wales)
- Northern Ireland Department for Agriculture, Environment and Rural Affairs (DAERA): [DevelopETS@daera-ni.gov.uk](mailto:DevelopETS@daera-ni.gov.uk)