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# Technical and operational consultation: UK ETS Authority response

A joint response from the UK  
Government, Scottish Government, Welsh  
Government and the Department of  
Agriculture, Environment and Rural Affairs  
for Northern Ireland

30 January 2025

# Introduction

The UK Emissions Trading Scheme (UK ETS) was established on 1st January 2021 by the UK ETS Authority ('the Authority'), comprised of the UK Government, Scottish Government, Welsh Government, and the Department of Agriculture, Environment and Rural Affairs for Northern Ireland (DAERA). Alongside our commitments to increase the ambition of the scheme, it is also important that we continue to improve its operations to ensure it is working as effectively as possible.

In September 2024 the Authority issued a targeted consultation on three technical and operational amendments to the scheme regarding data publication, data sharing, and ultra-small emitter (USE) eligibility criteria for the period 2026-30. The consultation closed on 15 October 2024.

We received a total of 27 responses to the proposals, which included responses from installation operators, aviation operators, traders, and trade associations.

This Authority Response summarises the responses received and sets out the Authority's decisions and rationale on each of the proposals.

We have also consulted with the Climate Change Committee (CCC), the Financial Conduct Authority (FCA), and the Information Commissioner's Office (ICO), who were content with the proposals where relevant to them.

# Proposal 1: Publication of Registry transaction data

The UK ETS Authority is currently obliged to publish an annual summary of transactions made between Registry accounts, three years in arrears. The first publication of this summary data is due as soon as reasonably practicable after 30 April 2025. The Authority proposed to replace this with an obligation to publish the full history of completed transactions between Registry accounts, other than internal transfers between two central UK ETS Authority accounts, after a three-year delay as in the current obligation. This would increase transparency, allowing external bodies to analyse the functioning of the market in UK Allowances (UKAs) and make better allowance purchasing decisions. It would also ensure continuity in transition from the EU ETS to the UK ETS, with EU ETS transactions being published to the same timetable. A similar level of transparency would also allow more effective comparison between the two schemes.

**Q1. Do you agree with the proposal to annually publish the details of all UK ETS transactions made using the Registry, three years in arrears, starting from May 2025 ('Proposal 1')? Please provide reasons where possible.**

## Summary of responses

There were 24 responses to this question, of which 12 (50%) expressed strong or partial agreement with the proposal and 12 (50%) expressed strong or partial disagreement with the proposal.

Of those who supported the proposal, several stated that increased transparency would bring benefits to the whole UKA market, allowing better market analysis and understanding by all involved. Three respondents mentioned the benefits of regulatory alignment with the EU ETS, both in continuing the standards that were in place for past UK participants in that scheme and in alignment for the future.

There was some disagreement on whether maintaining the three-year delay on publication would be sufficient to protect commercial sensitivity, with two respondents saying that they thought this was an adequate length of time, and three suggesting it would not be, without suggesting alternative timeframes.

Of those who opposed the proposal, commercial and competitive disadvantages at an individual company level was the most common reason given. Three respondents were worried that the UKA transaction data would reveal their commercial strategies with regards to UKA purchases, which could lead to altered market behaviour.

Two respondents mentioned the increased possibility of speculative trading and their concerns that this might increase the price of UKAs.

Some respondents requested assurances that the publication would not breach the Cement Market Data Order 2016.

Two mentioned that they were worried that personal or sensitive information would be published, including names of personnel, financial details of transactions, or protected account IDs.

## Authority Response

We intend to proceed with this legislative change, with some minor amendments. The Authority notes that respondents' opinions were divided on this proposal. In response to concerns about potential sensitivity of the data, we will not proceed with the requirement to publish the 'account name' (which account holders can set themselves), but will still publish the 'name of the account holder' for the transferring and receiving account. We can confirm that the unique identifier that is published will not be the confidential account number, nor will the unique identifier allow this to be identified, but will be a separate ID. The publication will not be in breach of the Cement Market Data Order 2016.

The information on completed allowance transfers (not including transfers between two central UK ETS Authority accounts) that the UK ETS Authority will be required to publish is:

- the name of the account holder, account type and unique account identifier of the account from which the allowances are transferred;
- the name of the account holder, account type and unique account identifier of the account to which the allowances are transferred;
- the number of allowances transferred;
- the transaction type;
- the date and time when the transfer completed;
- the transaction ID.

The Authority believes that the three-year delay will be sufficient to maintain commercial confidentiality so will be maintaining this, and notes that other publications, for example the emissions and surrenders report<sup>1</sup>, are published with no such time delay.

Names of all account holders, operators' annual emissions and numbers of allowances surrendered are already published each year. Three year old transaction information was published as part of the UK's participation in the EU ETS. The Authority does not think that implementing a similar publication requirement will give away information that will have a significantly detrimental commercial impact on

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<sup>1</sup> <https://reports.view-emissions-trading-registry.service.gov.uk/ets-reports.html>

individual operators. This publication will not reveal any production-specific data, so we believe that it is unlikely to reveal an operator's core commercial business strategy.

The Authority is not aware of any issues that have arisen from the ongoing publication of similar EU ETS transaction data, including those involving UK operators from before 2021, and none were highlighted in responses to the consultation. We are therefore of the view that this change is justified on the basis of the benefits of increased transparency and alignment with international standards.

# Proposal 2: Disclosure of UK ETS information by a national authority

## Summary of proposal

The national authorities, which together comprise the UK ETS Authority (UK Government, Scottish Ministers, Welsh Ministers, and DAERA), are prohibited from disclosing information collected under UK ETS legislation<sup>2</sup> ('UK ETS information'), except for certain purposes which are defined in the UK ETS Order<sup>3</sup>. The Authority proposed to add additional exceptions to this prohibition.

The first additional proposed exception would make it possible for a national authority to disclose such information where necessary or expedient for the purposes of developing or implementing policy related to the UK ETS. An example of a disclosure which we expect would meet this test would be to HM Treasury and HM Revenue and Customs for the purpose of developing and implementing a UK Carbon Border Adjustment Mechanism (UK CBAM),

The second proposed exception would make it possible for a national authority to disclose such information where necessary or expedient for the purpose of supporting the CCC in carrying out its statutory functions.

**2. Do you agree with the proposal to permit a national authority to disclose UK ETS information where necessary or expedient for the purpose of developing policies to limit, or encourage activities which reduce, or remove, greenhouse gas emissions; to counter carbon leakage; or which have as their purpose adaptation to the effects of climate change ('Proposal 2')? Please provide reasons where possible.**

**3. Do you agree with the proposal to permit a national authority to disclose UK ETS information to the Committee on Climate Change (CCC) where necessary or expedient to permit the CCC to perform its statutory functions under the Climate Change Act 2008? Please provide reasons where possible.**

**4. Do you agree that the use of commercial non-disclosure agreements will be sufficient to protect UK ETS information disclosed to third parties? Please provide reasons where possible.**

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<sup>2</sup> This is the UK ETS Order, Monitoring and Reporting Regulation, Verification Regulation, Free Allocation Regulation and Activity Level Changes Regulation.

<sup>3</sup> Greenhouse Gas Emissions Trading Scheme Order 2020, Article 75B, available here: <https://www.legislation.gov.uk/ukxi/2020/1265/article/75B>

## Summary of responses

Of the 27 respondents to the consultation, 19 provided responses to questions two and three, and 17 provided responses to question four.

Of those which responded to question two, on the proposal to permit disclosure for related policy development or implementation, 14 (74%) expressed strong or partial agreement with the proposal, while 5 (26%) expressed strong or partial disagreement. Of those which responded to question three, on the proposal to permit disclosure to support the delivery of the functions of the CCC, 12 (63%) expressed strong or partial agreement with the proposal, while 7 (37%) expressed strong or partial disagreement. Finally, of those which responded to question four, on the sufficiency of non-disclosure agreements (NDAs) to protect information where it is disclosed to third parties, 9 (53%) expressed strong or partial agreement, and 8 (47%) expressed strong or partial disagreement.

Respondents who supported disclosure for the proposed purposes cited the potential for improvement to policy development and implementation in related areas, and the potential benefit of providing information to the CCC to inform the advice it provides to Government. Some respondents also cited reduced reporting burdens resulting from information sharing within Government. There was also some support for the general principle of transparency.

Respondents who opposed disclosure for the proposed purposes cited concerns related to the security of commercially sensitive information. Some were of the view that operator-level information was not needed in the development or implementation of the relevant policies, while one respondent suggested that the disclosure of information to external contractors could create a risk of market manipulation.

Of those who responded positively on the use of NDAs to protect information disclosed to third parties, some were content that such agreements would be sufficient. Others saw NDAs as a minimum requirement and said that such disclosures should only take place in exceptional circumstances. One respondent proposed that, alongside the use of NDAs, there should be a mechanism to require reporting of any breaches of confidentiality. One respondent expressed concern that anonymisation of data may be ineffective in cases of small data sets.

## Authority Response

The Authority has decided to proceed with introducing the exceptions to the prohibition on disclosure of UK ETS information for the purposes outlined in the consultation. The Authority notes the support among respondents for the use of scheme information where necessary to inform the development and implementation of policy in related areas, and to inform advice provided to Government by the Climate Change Committee. The Authority also notes the support for measures which may reduce reporting burdens on operators.

With respect to any future disclosures by a national authority under the new exception to support other parts of Government in the development and implementation of related policies, the national authority will only be permitted to

disclose information to the extent that such a disclosure is, in the words of the legislation, either necessary or expedient for the purpose of developing or implementing the policy in question. Only the development or implementation of policies (i) to limit, or encourage activities that reduce or remove, greenhouse gas emissions; (ii) to counter carbon leakage; and/or (iii) to mitigate the effects of climate change will fall within scope of this exemption. Disclosure can only be made where such a policy is being developed or implemented by a national authority, Minister, HMRC Commissioner or Northern Ireland department.

The requirement only to disclose to the extent described above extends to the selection of exact data sets to be disclosed. For example, wherever possible and appropriate, data sets will be reduced, anonymised, and aggregated to ensure that the minimum amount of information is disclosed to allow the purpose for that disclosure to be achieved. Requirements for appropriate and best practice use of technology and various security processes will apply and will be appropriate to the level of risk assessed. For example, access by consultants will be time-limited and restricted to access through secure government channels. Any such access will continue to only be permitted under commercial contract with an NDA that contains appropriate penalty clauses for usage of that data outside of the agreed purpose.

The national authorities do not take any decision to disclose data lightly and will continue to apply a high bar to decisions on disclosure of UK ETS information.



# Proposal 3: obtaining ultra-small emitter status for the 2026-30 period

The USE scheme is designed to simplify compliance and reduce reporting complexity for emitters with less than 2,500tCO<sub>2</sub>e annual emissions. Current legislation mandates that to be eligible for the status for the 2026-30 period, a regulated activity must have begun to be carried out at an installation on or before 1 January 2021. The Authority proposed to amend this, to allow operators who began operations between 2 January 2021 and 1 January 2024 to apply for USE status for the 2026-30 period, with data submission requirements being related to their date of first operation. The window applications for USE status during the 2026-30 period will continue to be from 1 April to 30 June 2025.

**5. Do you agree with the proposal to permit applications for ultra-small emitter (USE) status for the 2026-30 allocation period with the requirements for submission of data as set out above? Please provide reasons where possible.**

## Summary of responses

There were 8 respondents to this proposal, 6 (75%) of which strongly agreed with the proposal, and 2 (25%) of which partially agreed with the proposal.

Of those who supported the proposal, several mentioned the reduced administrative burdens for small emitters, and the benefits of allowing increased numbers to qualify for the scheme. Those who partially agreed suggested further reforms to the USE scheme, including a more flexible application period for operators to join the scheme, which was not consulted on. Some respondents also made recommendations for a more holistic review of the USE scheme and requested clarity for its future beyond 2030.

## The Authority Response

The Authority will be moving forward with the proposed amendment as consulted on and will continue to monitor and evaluate the operation of the USE scheme. Therefore, operators who began a regulated activity between 2 January 2021 and 1 January 2024 will be eligible to apply for USE status and the data they are required to submit as part of their application will relate to the date when their regulated activity commenced.

We expect that this amendment will be in place in time for operators who began operations between 2 January 2021 and 1 January 2024 to apply for USE status for

the 2026-30 period during the 1 April to 30 June 2025 application window. For more information on how to apply, please see published guidance on gov.uk<sup>4</sup>.

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<sup>4</sup> <https://www.gov.uk/government/publications/participating-in-the-uk-ets/47608f6d-b70a-458a-8559-819fded1a8d6>

# Next Steps

The Authority will be moving forward with legislation to implement the above proposals. We expect that this legislation will come into force on 31 March 2025. This will allow the data collection and application period to go ahead as planned from 1 April to 30 June 2025, including the proposed updates to USE eligibility. The first publication of registry transaction data will take place as soon as reasonably practicable after 30 April 2025, ensuring continuity for all transactions published since the start of the UK ETS.