



Offshore Petroleum Regulator for Environment & Decommissioning

EU ETS permit holders

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Dear Operator,

UK Emissions Trading Scheme

The UK Government and Devolved Administrations announced on Monday 14 December 2020 that a UK Emissions Trading Scheme (UK ETS) would be established from 1 January 2021 to replace the EU Emissions Trading System (EU ETS). The Greenhouse Gas Emissions Trading Scheme Order 2020 ([SI 2020/1265](#)¹) (the UK ETS Order) is the statutory instrument that commences the implementation of the UK ETS.

The UK ETS Authority has also published [guidance](#)² applicable to all UK operators. Additional guidance will be published in due course to facilitate compliance obligations with the UK ETS.

Set out below is further information to about the permitting aspects of the UK ETS.

Permit Conversion from EU ETS to UK ETS

Before the end of the year, OPRED will convert your EU ETS permit into a greenhouse gas emissions permit which satisfies the requirements of the UK ETS Order. The converted permit will come into effect on 1 January 2021.

Free Allocation

The UK ETS Order was amended ([SI 2020/1557](#)³) to include the requirements for free allocation of allowances and monitoring methodology plans. The amendment Order is expected to come into force on 31 December 2020.

When the amendment Order comes into force, the permit will require a further variation to reflect the requirements of the Order. To enable this, OPRED will vary your permit in January 2021, to include conditions relating to the free allocation of allowances and attach the monitoring methodology plan. This variation is applicable to those installations that have applied for a free allocation of allowances ('FA installation') for the period 2021-2025 as defined in the Order. This becomes relevant only from the point at which the UK ETS Authority publishes the allocation table for the 2021-2025 period and includes an entry for your installation.

Please note, that the [Free Allocation Regulation](#)⁴ (FAR) continues to apply under the UK ETS Order. The requirement to monitor activity levels in accordance with the FAR and the Monitoring and Measurement Plan (MMP) associated with each installation remains.

¹ The Greenhouse Gas Emissions Trading Scheme Order 2020
<https://www.legislation.gov.uk/uksi/2020/1265/contents/made>

² Published guidance <https://www.gov.uk/government/publications/participating-in-the-uk-ets>

³ UK ETS amendment Order <https://www.legislation.gov.uk/uksi/2020/1557/contents/made>

⁴ Free Allocation Regulation https://eur-lex.europa.eu/eli/reg_del/2019/331/oj

The inclusion of the free allocation conditions and approved MMP (if relevant) in your permit does not necessarily mean that your application for a free allocation of allowances will be determined as valid by the UK ETS Authority. This decision will be made by the UK ETS Authority as soon as possible in 2021.

Activity Level Report Submission Date Change for 2021

For installations where free allocation has been applied for, a permit condition will be added requiring the submission of a verified activity level report. This report is now due to be submitted on or before **30 June 2021** which reports activity levels for 2019 and 2020. Please note that this deadline is different to the date currently specified in the [Activity Level Changes Regulation](#)⁵ which states the 31 March. For activity levels due in 2022 and for every scheme year thereafter, the deadline for the report is 31 March in the following year. The activity level report will be made through ETSWAP and the template for this will be published in due course.

Permit Variation and Transfer Applications

You are requested to continue to refrain from submitting either a permit variation or a transfer application through ETSWAP **until after OPRED has re-issued your permit in January 2021**. You should continue to submit notifications as appropriate and in line with previous instructions.

Obligations Under Existing EU ETS Permits

The permit conversion and subsequent variation does not affect obligations under existing EU ETS permits in respect of emissions in 2020 or earlier.

You must still comply with obligations under your EU ETS permit in relation to 2020 emissions, and you must submit a verified report of 2020 reportable emissions on or before 31 March 2021 and surrender allowances equal to those emissions by 30 April 2021.

For installations that are undergoing a permit surrender, your permit will not be converted into a Greenhouse Gas Emissions permit under the UK ETS, and compliance obligations within the Surrender Notice remain valid.

Contact details

If you have any queries on the above, please contact OPRED at: BST@beis.gov.uk.

Kind regards
Environmental Management Team

⁵ Activity Level Change Regulation https://eur-lex.europa.eu/eli/reg_impl/2019/1842/oj