



To Whom it may concern,

The UK ETS Authority will be consulting on changes to free allocation policy later this year as part of our review. In the Developing the UK ETS Government Response, the UK ETS Authority set out that final decisions on future changes to free allocation policy would be published in a response to the free allocation review consultation by the end of 2024. Currently, the free allocation application window (which aligns with the Hospital and Small Emitters (HSE) and Ultra Small Emitters (USE) application windows and the window for installations not applying to either free allocations or the HSE or USE scheme to submit information) is between 1 April 2024 and 30 June 2024.

In order to provide certainty to UK ETS operators about what free allocation rules will be during the second allocation period from 2026, we are proposing to move these application windows to 1 April 2025 – 30 June 2025. This will enable the UK ETS Authority to put forward final proposals on future free allocation rules, allowing operators to determine, eligibility, what free allocations they are applying for, which data to submit and to decide whether or not they should submit an application under the HSE or USE schemes. We do not anticipate that this will result in any delay to 2026 free allocation distribution and the UK ETS Authority will endeavour to distribute free allocations ahead of the 28 February 2026 deadline. We will also update the timings for calculation of free allocations and publication of the allocation table to ensure this occurs on or before the 28 February 2026 free allocation distribution.

The UK ETS Authority is seeking views on the above proposals to change the application window for free allocations, HSE and USE schemes and timings for calculation of free allocations and publication of the allocation table. If you have any feedback please respond at [emissions.trading@energysecurity.gov.uk](mailto:emissions.trading@energysecurity.gov.uk) by 24/11/2023.

The UK ETS Authority

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