



The Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2024 (“the Order”) was laid across all four parliaments this week. Subject to approval from all parliaments, the Order is expected to come into force on 1<sup>st</sup> January 2025, other than the provisions concerning expanding the scope of the scheme to include process emissions from CO<sub>2</sub> venting, which are expected to come into force on 1<sup>st</sup> April 2025, and we wish to inform operators of the upcoming changes that will be made to the scheme. These provisions will impact certain operators who may wish to prepare for changes now.

This Order makes several changes in line with prior commitments set out in the Developing the UK ETS Initial and Main Authority Responses (both linked here: <https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets>), implements proposals outlined in the Authority Response to consultation on amendments to existing civil penalties, and provides for legislative consistency now that the Northern Ireland Assembly is sitting.

The full details for each provision that will be implemented under the Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2024 can be found [here](#).

Overview:

**Expanding the scope of the scheme to include process emissions from CO<sub>2</sub> venting from the upstream oil and gas sector:** This brings all process emissions from the removal of carbon dioxide from extracted oil and gas into the UK ETS. It applies to all installations in the upstream oil and gas sector that are venting any quantity of CO<sub>2</sub> and are already in the UK ETS by virtue of the existing combustion threshold. This ensures that carbon dioxide process emissions from the sector are in scope of the UK ETS irrespective of whether they are released during flaring or are otherwise vented. Operators should note amendments to Schedule 2 of the Order and modifications to the Monitoring and Reporting Regulation 2018 and the Verification Regulation 2018. A webinar will be held on November 19<sup>th</sup> to focus on the detail of technical compliance with this requirement. [Register for the webinar here](#).

**Introducing a new enforcement notice called a deficit notice and introducing a new civil penalty:** The deficit notice and its associated penalty will be in place as an additional means to enforce the obligation of surrendering allowances, this will be provided for under new articles 44A and 65A. Should an operator fail to submit information under the

requirements of article 27A, they will be liable to a new penalty provided for by the addition of article 60A.

**Making changes to existing civil penalties:** This Order implements the proposals outlined in the Authority Response to consultation on amendments to existing civil penalties, to ensure that the scheme's penalties are fair, consistent and proportionate. We wish to draw attention to these changes, made through amendments to penalties in articles 53, 56, 57 and 60 of the Order.

**Legislating for the net zero cap under the Climate Change Act 2008:** In the absence of a sitting Northern Ireland Assembly, the number of allowances auctioned from 2024 onwards was reduced in line with the new net zero consistent cap through amendments to the Auctioning Regulations in late 2023. As the Assembly is now functioning, this Order implements the net zero consistent cap under the Climate Change Act 2008. These changes are provided for in amendments to articles 19, 20, 22 and 34G of the UK ETS Order and to article 16a of the Free Allocation Regulation.

In line with previous Authority decisions, the new article 23A of the Order and amendments to article 16a of the Free Allocation Regulation provide for the creation of a flexible reserve of allowances to be used for market stability intervention and Cross Sectoral Correction Factor mitigation.

**Expanding the scope of UK ETS aviation activity to include flights from Northern Ireland to Switzerland:** Flights departing from an aerodrome in Northern Ireland and arriving to an aerodrome in Switzerland will be included in the scope of the scheme. Relevant aviation operators should note the amendments to article 4 of, and Schedule 1 to, the Order that provide for this expansion.

**Extending the Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2023 to Northern Ireland:** The details of these provisions can be found in the Explanatory Memorandum linked [here](#), which we will now expand to cover Northern Ireland. This is provided for by changes to article 45.

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)