

Update on implementation of changes to UK ETS permanent cessation rules

Last week the UK ETS Authority published an initial response to the 2023 Free Allocation Review, confirming changes to free allocation rules in the case of permanent cessation of activity.

Legislation to implement these changes has now been laid in draft for approval by all four UK parliaments, before being made.

ETS operators who think they could be affected by these changes should take necessary action to prepare ahead of the planned in force date for these provisions of 6 February 2025.

Under the new rules, the volume of free allocation which an operator is entitled to in the final year in which operations are carried out at a sub-installation is calculated by reference to the level of activity at the sub-installation in that final year. In order to continue to incentivise decarbonisation, operators will be able to keep their full final year's entitlement where the permanent cessation of operations at a sub-installation is part of a series of changes which result in a material increase in the carbon efficiency of activities which continue to be carried out at the installation.

Guidance for operators covering new permanent cessation rules will be published on gov.uk ahead of the legislation coming into force.

Read the response [here](#) for full details of the changes.