

**UK ETS Free Allocation Review update (published on behalf of the UK ETS Authority).**

**Subject:** UK ETS 2025 Baseline Data Collection and applying for HSE/USE status – video and upcoming webinars

Between 1 April and 30 June 2025, all installation operators within scope of the UK Emissions Trading Scheme (UK ETS) are required to submit data to their regulator ahead of the next allocation period. This data collection period is also used as the application window for free allocation and for Hospital or small emitter (HSE) and Ultra-small emitter (USE) status.

The baseline data collection is an essential part of the free allocation application, and failure to submit this report by the deadline will result in an operator not receiving free allocation at any point during the second allocation period. It is essential that applicants for HSE or USE status submit all data required to apply to join these lists for the 2026-2030 period in this window.

To support operators in the data submission preparations, the UK ETS Authority is providing a video (and slides below) outlining which sections of the BDR can be used to support your data submissions/ applications.

[Watch the baseline data reporting video here](#)

The UK ETS Authority is also hosting webinars on this topic. Please see registration details below, and questions should be submitted in advance via the link.

[Register to attend the webinars here](#)

**Webinar Dates**

**Free Allocation Applicants**

- 25 March 13:30 – 14:30
- 02 April 10:00 – 11:00

**Hospital and Small Emitters (HSEs)**

- 27 March 10:00 – 11:00

**Ultra Small Emitters (USEs)**

- 27 March 13:30 – 14:30

Further information and guidance on the baseline data reporting process can be found [here](#).

Kind Regards  
UK ETS Authority



March 2025

# Baseline data collection

1 April – 30 June 2025

# Baseline data collection



## What is the baseline data collection?

- In legislation, *all* operators in scope of UK ETS will be required to submit data. This is an essential first stage of the Free Allocation (FA) application process\*.
- As announced by the UK ETS Authority, the start of the second allocation period will be moved from 2026 to 2027. Please see the section 'FA applicants' for more information.
- It is also the Ultra Small Emitter (USE) and Hospital and Small Emitter (HSE) application window to apply to join the HSE/ USE lists for the 2026-2030 period.
- **There is also a data submission requirement for those who are not applying for FA, nor HSE status nor USE status.**

## When is it?

- Between 1 April to 30 June 2025

## What is the 'BDR'?

- Based on the 2019 NIMS template used by UK installations under the EU ETS, the Baseline Data Reporting template (the BDR) mostly remains unchanged; however, it has been modified to ensure all operators (excluding existing USEs applying for only USE status) can meet their data submission requirements.

***\* Please note that if you do not submit a 'full' BDR, alongside a positive verification report and Monitoring Methodology Plan (MMP), if this has not been previously approved by the regulator, you will not be eligible to receive FA at any point in the next allocation period.***

# Legislative requirements

- **Operators not applying for FA nor USE/HSE status** – your requirements fall under [Article 27A](#) of the UK ETS Order.
- **Applicants for Hospital or Small Emitter status** – your requirements fall under Schedule 7 to the UK ETS Order.
- **Applicants for Ultra Small Emitter status** – your requirements fall under [Schedule 8 to the UK ETS Order](#).
- **Electricity generators** – the change of definition comes under [Article 2b](#) and [2c of the FAR](#).
- **FA applicants** – your requirements fall under [Article 4 of the Free Allocation Regulation](#) (the FAR) and are listed in Annex 4 of the FAR (parameters for baseline data collection).

# How should I use this recording?

This recording aims to help you understand the BDR template – *the legislation should always be used in the first instance and clarifications should be sought from your regulator if you are unsure on your specific circumstances (email addresses at the end of this recording).*

1. Please watch '**All installations**' section.
2. You should then watch **the parts of the recording relevant to your installation**. This is in the following order:
  - HSE applicants
  - USE applicants
  - Electricity generators
  - FA applicants
  - USE and HSE applicants also applying for FA
  - Existing USEs
3. Please watch the '**verification**' and '**supporting materials**' sections.
4. Prepare for your BDR submission, **consulting a verifier if needed** and attend the webinars for more information.



# All installations

- Non-FA/ non HSE/ non-USE
- HSE applicants
- USE applicants
- FA applicants

# All installations

- Installation identification details,
- Permit information,
- Regulated activities, NACE codes,
- Whether you are applying for HSE/USE status
- Whether you are eligible to receive free allocation
- Whether you wish to apply to receive free allocation

***Please continue to see what other parts of the BDR should be completed in addition to this.***

## What parts of the BDR does this correspond to?

1. A\_Installation Data Sheet



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# HSE applicants (2026-2030)

# HSE applications

## What do you need to submit?

### Schedule 7 to the UK ETS Order

- Installation identification details,
- details of any permit in force,
- Reportable emissions data
- Whether you are applying under Condition A, B or C:
  - **Condition A:** primarily provides services to a hospital or intends to do so after 1 November 2025
  - **Condition B:** regulated activity began on or before 1st January 2021;
  - **Condition C:** regulated activity began after 1st January 2021 or will do before 1 November 2025
- Relevant evidence to demonstrate that you meet Condition A, B or C.

## What parts of the BDR does this correspond to?

- A\_Installation Data Sheet
- D\_Emissions:
  - D.1.2 aggregated emissions data
- I Specific:
  - II HSE applicants' supporting evidence



# USE applicants (2026-2030)

*(Existing ultra small emitters, see separate template and guidance)*

# USE applications (not existing USEs)

## What do you need to submit?

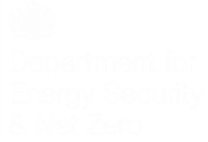
### Schedule 8 to the Order

- Installation identification details,
- Details of any permit in force,
- Reportable emissions data
- Evidence that the installation meets USE criteria
  - a regulated activity begins to be carried out at the installation on or before 1st January 2024\*; and
  - the installation's reportable emissions in each of the relevant scheme years do not exceed the maximum amount (2021, 2022, 2023 and/or 2024).

\*This has changed from 2021

## What parts of the BDR does this correspond to?

- A\_Installation Data Sheet
- D\_Emissions:
  - D.1.2 aggregated emissions data
- Sheet I:
  - 2024 data if needed.



# Electricity generators (changes from 2026)

# Electricity generators

Definition has changed to allow the following types of installation to apply to receive free allocation:

- Installations which have not produced electricity for sale in the baseline period,
- Installations that will no longer produce electricity for sale from the date of application until 31 December 2030,
- Installations which export 5% or less of their total generated electricity,
- Installations that produce electricity certified under the Combined Heat and Power Quality Assurance Programme and produces electricity for consumption at the installation,
- Installations which have not exported measurable heat produced by means of high-efficiency cogeneration in the baseline period but will start to do so in following scheme years.

## What parts of the BDR does this correspond to?

- Please answer carefully the 'eligibility to free allocation' section in Sheet A, and Sheet I.
- If these responses suggest you could be eligible to FA from 2026, the whole BDR must be completed to apply for free allocation.
- If not, you are only required to submit the information under Article 27A of the Order (See part 1).



# FA applicants



# FA applicants



## What do you need to submit?

The information required to make an application for free allocation is listed in Annex IV of the FAR:

<https://www.legislation.gov.uk/eur/2019/331/annex/IV>

This equates to all Sheets in the BDR apart from B+C (if using aggregated data) and Sheet I if not relevant.

## For which years am I applying?

- The UK ETS Authority has recently announced to operators that the start of the second allocation period will be moved from 2026 to 2027.
- That means that for most operators in receipt of FA, the 2021-2025 FA rules will continue to apply in 2026, and no additional data needs to be submitted to apply for FA in 2026 – your BDR will calculate preliminary FA for the 2027-2030 period.
- However, there are certain installations for whom the BDR will also calculate 2026 FA. This is
  - (i) an installation was not an FA installation (within the meaning of article 4A of the UK ETS Order) for the 2021-2025 allocation period,
  - (ii) an electricity generator that provides a statement that the condition in Article 2b(2) of the FAR will be met, and
  - (iii) an electricity generator that does not meet the definition of ‘electricity generator’ in Article 2c(3) of the FAR by virtue of Article 2c(4) of the FAR.

**This completed BDR must be submitted on or before the 30 June 2025 alongside a verification report and an MMP (if this has not been previously approved).**



# USE and HSE applicants also applying for FA

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If UK ETS operators think that they may exceed the thresholds for HSE or USE eligibility during the 2027-2030 period and would then need to rejoin the main UK ETS scheme, they must apply for FA during this application window if they wish to receive FA when they are subject to the main UK ETS.

## What do I need to submit?

- Evidence that you meet the HSE/ USE criteria listed in Schedule 7 or Schedule 8 to the UK ETS Order. **(See slide 8 for HSE or 10 for USE)**
- All of the information set out in Annex IV of the FAR, which includes a monitoring methodology plan (unless the MMP is already approved under Article 8 FAR) and a verification report.

## What parts of the BDR does this correspond to?

- All sheets of the BDR must be worked through.
- This must be submitted on or before the 30 June 2025 alongside a verification report and an MMP (if this has not been previously approved).
- If you are an existing USE, you should complete the separate USE template to fulfil your monitoring obligations in addition to the BDR if applying for FA in case you were to join the main scheme.



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# Existing USEs applying for USE status (2026-2030)

# USE data collection template



Existing USEs are provided with a specific template that enables them to submit the evidence that their annual emissions during 2021, 2022 and 2023 were below the 2500 tCO<sub>2</sub> threshold.

As existing USEs do not have a permit and do not have accounts in METS as other installations do, we have designed a specific template to support existing USEs to meet their data submission requirements.

Please see here: <https://www.gov.uk/guidance/opt-out-of-the-uk-ets-if-your-installation-is-an-ultra-small-emitter>



# Verification Requirements

# Verification



Operator	Verification required?
Non-FA	No
HSE	Will have been required to provide verified or self-declared emissions reports to their regulator in each scheme year they were an HSE. <b>If these reports show that you meet Condition A, B or C for HSE status, you do not need to have these re-verified or re-declared.</b>
USE (current GHGE or HSE permit holders)	Existing HSEs/ GHGEs will have been required to provide verified or self-declared emissions reports to their regulator in each scheme year. <b>If these reports show that you meet USE status, you do not need to have these re-verified or re-declared.</b>
HSE/USE applying for FA in case they were to join the main scheme	Yes*
FA	Yes*
Electricity generator	If applying for FA – your BDR must be verified* If not applying for FA – does not need to be verified (if applying for USE or HSE status, please see row (2) or row (3))
USE (current USE)	Yes

*\*A monitoring methodology plan will also be required if this hasn't already been approved by your regulator.*



# Supporting materials

# Where can I find supporting materials?

There is a dedicated page on the baseline data collection which you can find at the following link:

- <https://www.gov.uk/government/publications/uk-ets-2025-baseline-data-collection-and-hseuse-scheme-status-how-to-meet-the-data-submission-requirements>

The USE guidance and template can be found at the following link:

- <https://www.gov.uk/guidance/opt-out-of-the-uk-ets-if-your-installation-is-an-ultra-small-emitter>

This includes the following:

- The guidance document *UKETS 12* which explains how to report the required data
- The guidance document *UKETS 13* which explains the requirements for monitoring and reporting all data required for the free allocation of UK allowances and the Baseline Data Collection
- The verification report template
- The baseline data reporting template

*The links to legislation were provided at the start of this presentation.*



# Webinars

# Webinars

Webinars will be arranged to provide an opportunity to ask questions. You will have to register to attend and details of how to do this are set out in the email containing this recording.

They will be held at the following dates/ times:

## **Free Allocation Applicants**

- 25 March 13:30 – 14:30
- 02 April 10:00 – 11:00

## **Hospital and Small Emitters (HSEs)**

- 27 March 10:00 – 11:00

## **Ultra Small Emitters (USEs)**

- 27 March 13:30 – 14:30



# Contacts



If you have any questions on your individual circumstances, please contact your regulator using the below email addresses:

**For sites in England** - the Environment Agency (EA) at [etsdatacollection@environment-agency.gov.uk](mailto:etsdatacollection@environment-agency.gov.uk)

**For sites in Scotland** - the Scottish Environment Protection Agency (SEPA) at [emission.trading@sepa.org.uk](mailto:emission.trading@sepa.org.uk).

**For sites in Wales** - National Resources Wales (NRW) at [GHGHelp@naturalresourceswales.gov.uk](mailto:GHGHelp@naturalresourceswales.gov.uk).

**For sites in Northern Ireland** - the Northern Ireland Environment Agency (NIEA) at [emissions.trading@daera-ni.gov.uk](mailto:emissions.trading@daera-ni.gov.uk).

**For offshore facilities** - the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) at [OPRED@energysecurity.gov.uk](mailto:OPRED@energysecurity.gov.uk).

If you have any questions on policy, please contact [emissions.trading@energysecurity.gov.uk](mailto:emissions.trading@energysecurity.gov.uk).