

# FAQs: baseline data collection

*This document aims to assist operators in their free allocation (FA) applications during the baseline data submission window. The submission window opened on the 1<sup>st</sup> of April 2025 and will close on the 30<sup>th</sup> of June 2025.*

*This document is intended to provide guidance for operators of installations. You should always consult the legislation to ensure that you are complying with the relevant requirements.*

*This document covers FAQs in relation to:*

- 1. Verification*
- 2. Monitoring Methodology Plans (MMPs)*
- 3. Hospital and Small Emitters (HSEs)/ Ultra-Small Emitters (USEs) also making an FA application*
- 4. Electricity generators*
- 5. Baseline Data Report (BDR)*
- 6. Related policy questions*
- 7. Contacts/ further information*

## Verification

### **1. What are my verification requirements?**

Your baseline data report, which forms part of your Free Allocation (FA) application, requires verification by a UKAS-accredited verifier.

### **2. Do I need a site visit as part of my verification?**

According to Articles 21 and 31(3)(d) of the Verification Regulation (VR) as modified by the UK ETS Order, site visits are required for the verification of BDRs. The purpose of a site visit is to gather sufficient evidence to conclude, with reasonable assurance, whether the operator's BDR is free from material misstatements.

However, where all data have been verified by the same verification body during annual emission report and/or activity level report verification, a verifier may decide that it is not necessary to carry out further site visits if this is justified by the verifier's risk assessment. Note that this does not constitute a waiver of the site visit.

Note that if you have added a new sub-installation since the verifier visited your site in relation to your emission/activity level report, or the installation does not currently have an approved MMP in place, it is likely that your verifier would want

to conduct a further site visit as part of verifying your BDR under their responsibilities under Articles 21 and 31 of the VR 2018.

If you are a USE, it is likely that you have not previously had a verifier carry out a site visit. In this case, a verifier would be unable to conclude that a site visit isn't necessary, and one would need to be carried out in respect of your USE application and BDR.

It will be up to the verifier carrying out the verification to decide whether they are content that their responsibilities under Articles 21 and 31(3)(d) of the VR have been satisfied by the previous site visits.

**3. Does the verification report have to be uploaded by the operator or by the verifier?**

The verification report should be uploaded by the Verification Body.

## Monitoring Methodology Plans (MMPs)

**4. Should I submit an MMP with my BDR?**

You are required to submit an MMP as part of your FA application, unless your MMP has already been approved by your regulator under Article 8 of the Free Allocation Regulation (FAR).

This means that you likely will be required to submit an MMP as part of your BDR FA application in either of the following situations:

- Your installation is not currently an FA installation,
- Your MMP has been previously approved by your regulator but there has since been a significant modification (see Article 9(5) FAR) which has not yet been approved by your regulator. For example, if you expect to receive free allocation or additional free allocation due to changes to your electricity generator status from 01 January 2026, then you will need to complete an MMP or revise your existing MMP and attach it to your BDR application (rather than revise your MMP as part of a permit variation in METS).

It is important that you submit an MMP in all cases where your MMP has not already been approved by your regulator under Article 8 of the FAR. Failure to do so may result in your FA application being invalid.

MMPs should be completed using the excel template and uploaded into the BDR task in METS, alongside the rest of your FA application.

## HSEs/USEs also applying for free allocation

**5. In which cases should HSE or USE applicants for the 2026-2030 period also apply for FA?**

HSE or USE installations that re-join the main scheme during any part of the period 2026-2030 will only be eligible for FA if operators have submitted a full verified BDR in the 2025 submission window. This is in addition to your USE or HSE application. Therefore, if you consider that you may exceed your emissions threshold at any point during the 2026-2030 period, you may find it prudent to also apply for FA by 30<sup>th</sup> June 2025.

**6. With the start of the next allocation period moving from 2026 to 2027, how would this influence organisations who are looking to change from the HSE scheme to the main UK ETS? How will the scheme work for 2026?**

If an eligible installation on the 2021-2025 HSE or USE lists is planning or expecting to be removed from either list in 2025 or 2026 and wishes to apply for FA for the 2026 scheme year, the operator should submit their FA application (i.e. a full verified BDR and MMP) during the 1 April to 30 June 2025 window. The 2023 activity data from the BDR will be used to determine FA for 2026. This will be allocated in 2026.

## Electricity generators

**7. I'm currently an electricity generator – what do I do?**

You should answer the questions on Sheet A 'eligibility to free allocation', and Sheet I which contains questions designed to help you work out whether you are eligible to receive FA or not. You should contact your regulator if you have questions or wish to confirm your status. If you want to apply to receive FA (from 2026), you must submit the full BDR, verification report and MMP (if not already approved under Article 8).

If you do not wish to apply for free allocation, please complete Sheet A (installation data) and Sheet D.1.2 (emissions data).

**8. Does the cogeneration tool need completing for operators who are not classified as electricity generators (for example, if they use 100% of electricity from CHP onsite)?**

The cogeneration tool does need completing if you have CHPs on site. The purpose of the Cogeneration tool is to split emissions and fuel between heat and electricity production. This is important to ensure emissions are attributed correctly.

**9. How can I find out if an installation is classed as an electricity generator? If it is, am I entitled to free allocation?**

Only operators that produce electricity for sale for consumption outside the boundaries of the installation and have combustion as a regulated activity (and no other regulated activity) may be considered electricity generators under the FAR.

Operators that generate electricity for sale for consumption outside the installation are not considered electricity generators for the purpose of the FAR if the following apply:

- the electricity generated is “relevant CHP electricity” (electricity produced at the installation by cogeneration in a cogeneration unit certified under the standard applying from time to time for the purposes of the Combined Heat and Power Quality Assurance Programme) or
- the electricity generated represents no more than 5% of the total electricity (not including relevant CHP electricity) produced at the installation in the relevant period.

Please refer to Sheet I which will help you determine whether you have electricity generator status.

If an operator is classed as an electricity generator under the FAR, then they may be entitled to free allocation but only for measurable heat, if one or both of the following apply:

- the installation produces measurable heat by means of high-efficiency cogeneration
- the installation produces measurable heat which is exported for the purposes of district heating.

“High efficiency cogeneration” means production of heat and electricity from cogeneration units certified under the standard applying from time to time for the purposes of the Combined Heat and Power Quality Assurance Programme that provide primary energy savings during the period of certification of at least 10% during that period.

Please refer to Sheet I of the BDR, which will help you determine whether you may be eligible to receive FA. We recommend that you work through the questions on Sheet I and then contact your regulator if you are still unsure.

**10. Would electric generation from natural gas be eligible for free allocation within the second allocation period and therefore should these operators apply for free allocation?**

Natural gas used to produce electricity or natural gas used to produce heat which is used to produce electricity is not eligible for FA.

**11. Can current operators who receive FA become an electrical exporter up to the 5% limit? If so, how is the 5% limit calculated?**

The criteria in Article 2c 4(b) of the FAR will be assessed based on the installation’s net electricity produced from fuels, total exported electricity, and relevant CHP electricity during the baseline period. Operators should complete Sheet E of the BDR, specifically IV; this sets out the electricity balance of the installation per Annex IV 2.5 of the FAR, from which the total amount of electricity produced, consumed and exported can be established. The BDR pulls this data through to Sheet I where there is an indicative table to illustrate whether you meet the 5% limit, but you should check that you agree with this assessment and confirm with your regulator.

If the electricity is considered “relevant CHP electricity” (i.e. covered by CHPQA), then any amount can be exported.

## BDR installation data

### **12. Do vented CO<sub>2</sub> emissions need to be included in the BDR?**

Vented CO<sub>2</sub> emissions were out of scope of the UK ETS during the baseline period therefore these emissions do not need to be included.

### **13. If the installation has undergone significant changes, will changes to the baseline period be considered?**

The baseline is fixed for those years where activity has been undertaken. However, where a new permit has been issued, the timings of that may affect the number of baseline years. Article 15(7) of the FAR applies for installations that have been operating for less than 2 calendar baseline years. Where changes have occurred during the baseline years, those are included within the baseline and the average over the 5 years is used to inform the historic activity level.

### **14. I am transferring my permit /will be in receipt of a permit transfer during the data collection period. How should the application be managed?**

The new operator should decide with the previous operator when to do the permit transfer and who should submit the BDR. Contact your regulator for advice and consider carefully when to do the permit transfer in METS. It is the responsibility of the operator to ensure that they have got the relevant data they need to complete the BDR exercise.

### **15. In cases of a permit transfer, should you use the date of first operation or date the current permit was first issued in the application?**

Please use the date of first operation.

### **16. When a sub-installation was shut down in the baseline period and will not be operational in the future, or if there have been other changes to a sub-installation during the baseline period, should it be excluded from the BDR?**

All data covering the years 2019-2023 should be included in the BDR, as this a complete report of all activity and emissions across the installation. If there has been a new sub-installation or if a sub-installation has ceased operating at any point during the baseline period, the regulator will only use the period after the change to calculate the new baseline FA. Please see the UK ETS 11 (Determining allocation at the installation level)<sup>1</sup> (pages 43 and 44) for more information.

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<sup>1</sup> <https://www.gov.uk/government/collections/uk-emissions-trading-scheme-uk-ets-technical-guidance-and-tools>

**17. If the operator is planning to decarbonise or to implement other major changes during the 2027-2030 period, should the operator state plans in the BDR or wait for retrospective FA adjustments?**

The BDR solely focuses on the 2019-2023 period so there is no need to state these plans in the BDR. Any changes after this point would be captured over that period via the Activity Level Changes process.

**18. Is flaring eligible to be included in the product benchmark for the offshore oil & gas production sector?**

Flaring data should be included in the fuel benchmark. Please note that only safety flaring is eligible for FA.

**19. Do I need to provide justification for any data gaps and a description of the method used to close them in the BDR template?**

Operators must include a list of all data gaps that occurred over the baseline period in Tab J section I (c) in the BDR template, together with relevant information such as a brief description of how the gap was filled and a justification.

**20. How should I manage a known error in my baseline period data that cannot be resolved during the application window?**

Operators in this situation should contact their regulator for advice.

## Related policy questions:

**21. When will the response to the Free Allocation Review be published with more information on changes to free allocation rules?**

When announcing the move to 2027 for the next allocation period, the UK ETS Authority committed to publish a full response to the Free Allocation Review consultation by the end of 2025. Depending on the outcome of the Free Allocation Review, some installations' eligibility to FA could change after the baseline data collection exercise has concluded. In addition, the indicative FA values produced by the BDR template may be subject to revision following the publication of any changes to the FA rules resulting from the Free Allocation Review and benchmark revisions (if applicable).

**22. Do Energy from Waste (EfW) installations complete the baseline data collection?**

The BDR is only for operators in sectors currently covered by the UK ETS. EfW operators do not need to submit this BDR in 2025. Data submission requirements will be communicated separately as part of the onboarding process for scheme expansion to new sectors.

## Contacts/ Further Information

**Where can I find the BDR template, verification report, and associated UKETS 12 guidance?**

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

**Where can I find the USE template, verification report, and associated guidance (for current USEs)?**

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

**When can I find other helpful guidance documents?**

Please visit: <https://www.gov.uk/government/collections/uk-emissions-trading-scheme-uk-ets-technical-guidance-and-tools> (Technical guidance section). Here you will find other useful guidance including:

- UKETS11 FAR: Determining allocation at the installation level
- UKETS13 FAR: Monitoring and reporting in relation to the free allocation rules
- UKETS14 FAR: Verification of FAR baseline data reports, annual activity level data and validation of MMPs

**If you have questions, comments or general queries related to UK ETS policy,** please contact: [emissions.trading@energysecurity.gov.uk](mailto:emissions.trading@energysecurity.gov.uk)

**If you have questions related to your specific circumstances, please contact your regulator using the below contact email addresses:**

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

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

For sites in Wales, please contact Natural Resources Wales (NRW) at: [GHGHelp@naturalresourceswales.gov.uk](mailto:GHGHelp@naturalresourceswales.gov.uk).

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

For offshore sites, please contact the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) at: [OPRED@energysecurity.gov.uk](mailto:OPRED@energysecurity.gov.uk)